

4Q 2022

Earnings Call Supplementary Slides





Safe Harbor

This presentation contains forward-looking statements. All statements contained in this presentation other than statements of historical facts, including, without limitation, future financial and business performance for the fourth quarter 2022, attractiveness of our product offerings and platform and the value proposition of our products, are forward-looking statements. The words “anticipate,” “believe,” “continue,” “estimate,” “expect,” “intend,” “guide,” “may,” “will” and similar expressions and their negatives are intended to identify forward looking statements. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy, short-term and long-term business operations and objectives and financial needs. These forward-looking statements are subject to a number of risks and uncertainties, including, without limitation, risks related to our rapid growth and ability to sustain our revenue growth rate, competition in the markets in which we operate, market growth, our ability to innovate and manage our growth, our ability to expand effectively into new markets, risks that the anticipated benefits of an acquisition may not be fully realized or may take longer to realize than expected, our ability to operate in compliance with applicable laws, as well as other risks and uncertainties set forth in the “Risk Factors” section of our latest Form 20-F filed with the Securities and Exchange Commission and any subsequent reports that we file with the Securities and Exchange Commission. Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties and assumptions, we cannot guarantee future results, levels of activity, performance, achievements or events and circumstances reflected in the forward-looking statements will occur. We are under no obligation to update any of these forward-looking statements after the date of this presentation to conform these statements to actual results or revised expectations, except as required by law. You should, therefore, not rely on these forward-looking statements as representing our views as of any date subsequent to the date of this presentation.

This presentation also includes certain guidance on non-GAAP financial measures. These non-GAAP financial measures are in addition to, and not as a substitute for or superior to measures of financial performance prepared in accordance with GAAP. There are a number of limitations related to the use of these non-GAAP financial measures versus their nearest GAAP equivalents. For example, other companies may calculate non-GAAP financial measures differently or may use other measures to evaluate their performance, all of which could reduce the usefulness of the Company's non-GAAP financial measures as tools for comparison. The Company provides a reconciliation of certain non-GAAP measures to the most directly comparable GAAP measures, which are available in the earnings press release for the relevant period and in the appendix of this presentation.

Therefore, please review the information contained in our press release, dated February 7, 2023, with respect to our earnings for fiscal year Q4 2022 (the “Q4 Press Release”). The Q4 Press Release contains additional information regarding our financial outlook and certain non-GAAP metrics and their reconciliations.

The information contained in this presentation, or delivered or to be delivered in connection with this presentation, does not constitute an offer, express or implied, or a recommendation to do any transaction, or make any investment, in our securities or in any securities of our affiliates or subsidiaries.



AudioCodes Scale&Reach

We are the
leading provider
of enterprise
voice cloud
Services



9

of Fortune Top
10 Global
Enterprises



#1

Microsoft Teams Phone Partner



65

of Fortune 100
Companies are
Customers



966

Employees as
of 12/31/22



120

Countries



4Q'22 Financial Highlights

- Total revenues of **\$70.7M** vs. \$66.1M in 4Q'21, up **6.9%** yoy
- Non-GAAP EPS of **\$0.36*** vs. \$0.39 in 4Q'21
- Non-GAAP Gross Margin of **65.8%*** vs. 67.6% in 4Q'21
- Non-GAAP Operating Margin at **17.7%*** vs. 20.4% in 4Q'21
- Service revenues of **\$28.6M** vs. \$24.4M in 4Q'21, up **17.2%** yoy

* Impacted by higher supply chain costs



4Q'22 and FY 2022

Business Performance



The decorative graphic on the left side of the slide features a line chart with data points at 16.9, 19.0, 30.2, and 39.9, and a final point at 50. Below the chart are three stacks of coins of increasing height.



Microsoft
business grew
12% yoy in 4Q and
18% yoy in 2022



Customer
Experience (CX)
business declined
7% yoy and up **3% yoy**
in 2022



Conversational
AI business
increased **> 15% yoy**
in 2022



Service provider/
Other business
grew **12% yoy** in
4Q and **14% yoy** in
2022



4Q'22 Operational and Customer Highlights



AudioCodes again ranked #1 Enterprise SBC vendor in 3Q'22 by Omdia

OMDIA



Signed a 48-month contract with a Fortune 500 global manufacturer, expanding the scope of our Live Premium subscription to an additional 6.5k users in EMEA on Microsoft Teams voice

 audiocodesLive



Signed a 36-month contract with a global media company, working with a tier-1 system integrator, supporting 10k users across locations worldwide on Microsoft Teams voice with a broad portfolio of managed services

 audiocodesLive



Signed a 36-month contract with global tech firm, working alongside a tier-1 system integrator, selling Live Essentials plus other recurring services to 10k users across international locations on Zoom Phone

 audiocodesLive



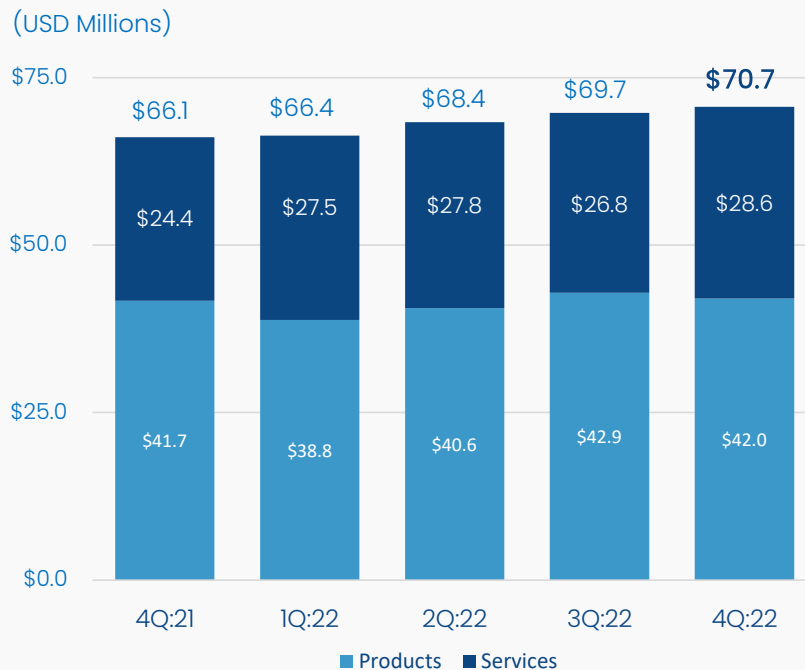
Significant ongoing momentum with Live services total contract value ending 4Q'22 with over \$100 million

 audiocodesLive

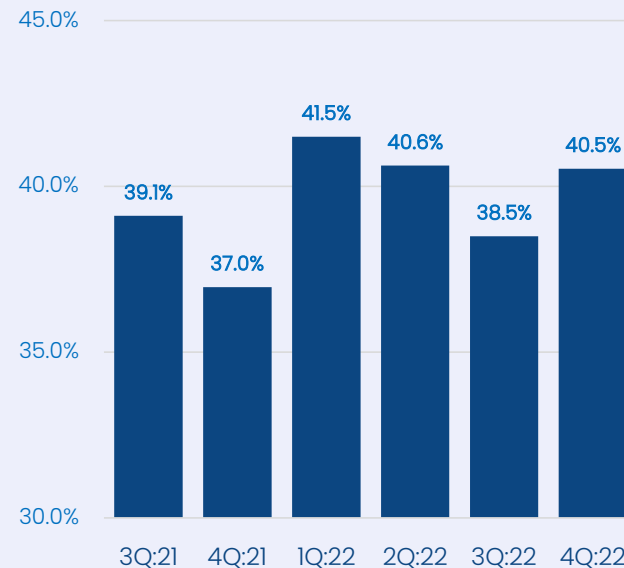


Ongoing Shift to Services Revenue

4Q'22 services revenue grew **17.2%** yoy, fueled by AudioCodes Live and professional services



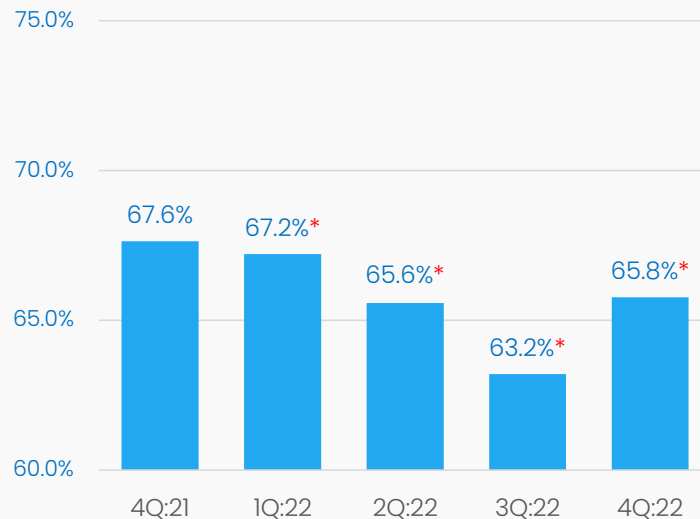
Services as % of revenues



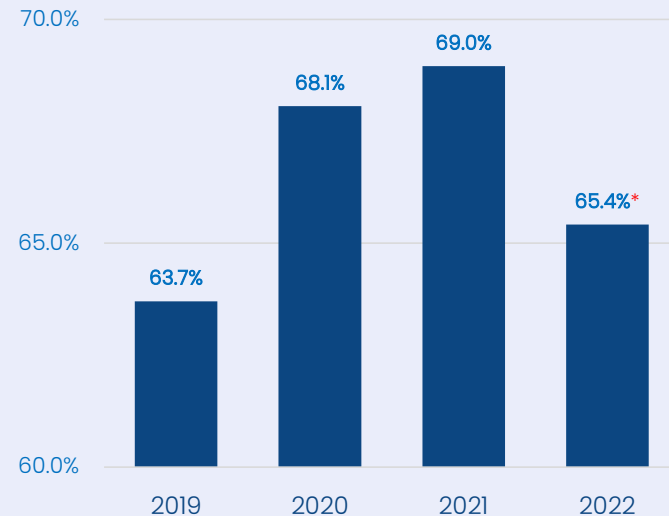


Non-GAAP Gross Margin

Easing supply chain costs and higher software mix drove sequential margin improvement



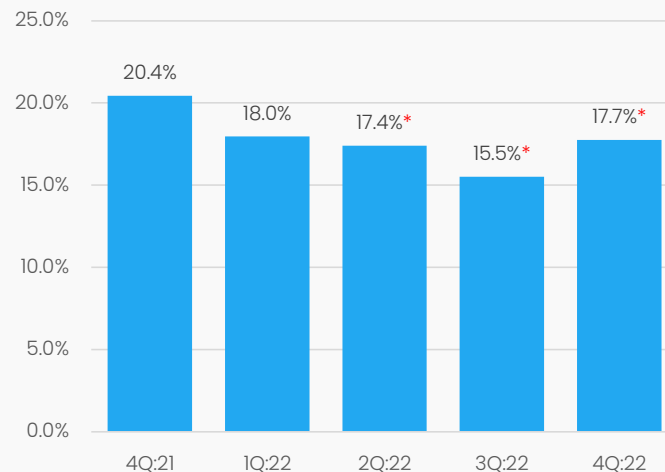
* Impacted by higher supply chain costs



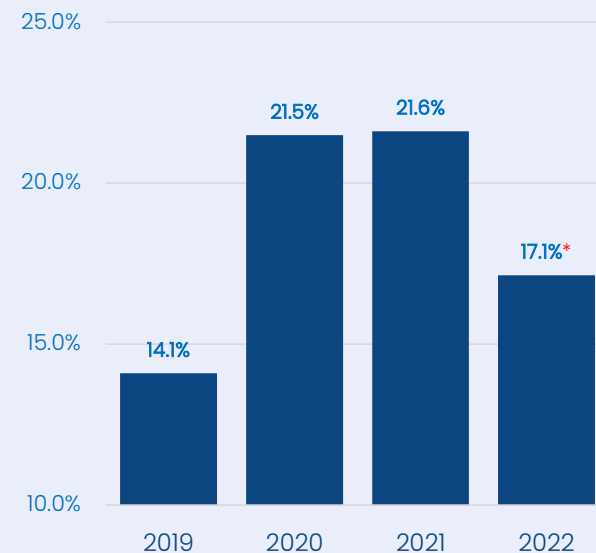
* Impacted by higher supply chain costs

Non-GAAP Operating Margin

Higher Non-GAAP gross margins plus ongoing tight opex management drove sequential improvement in operating margins



* Impacted by higher supply chain costs



* Impacted by higher supply chain costs

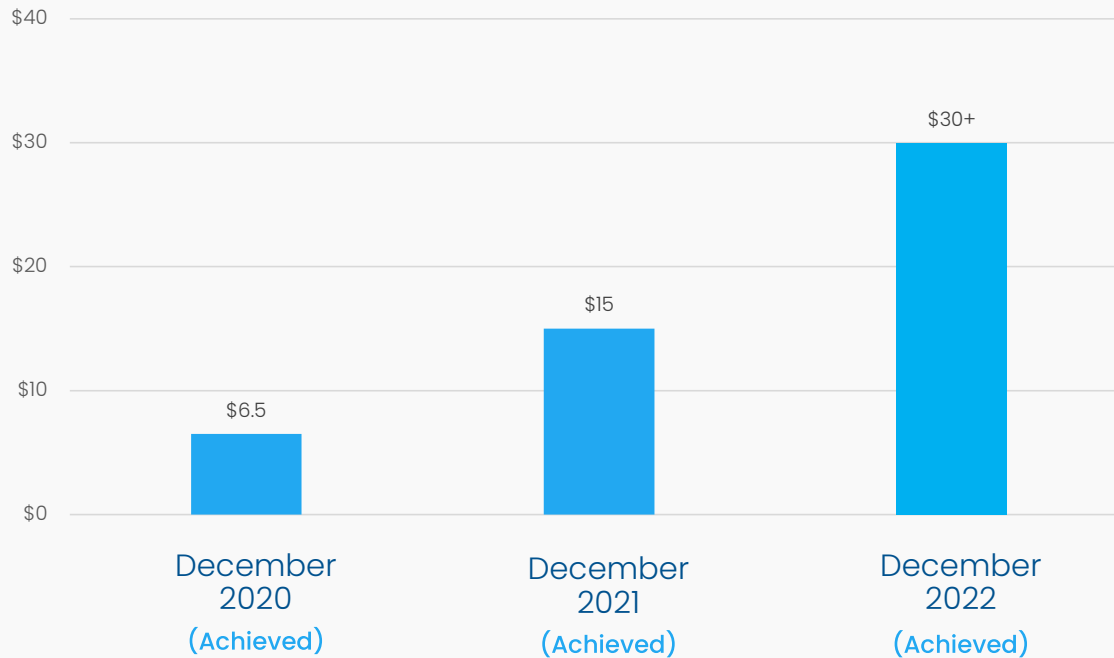


AudioCodes Live

Achieved our
2022 target



(USD Millions)





2023 Outlook



Revenues (in million)

\$286 – \$300



Non-GAAP EPS

\$1.35–\$1.50



Financial Model And Long-Term Targets

	1Q22	2Q22	3Q22	4Q22	2022	LONG-TERM TARGETS
Revenue growth	12.8%	12.9%	10.0%	6.9%	10.5%	13%-15%
Non-GAAP Gross margin	67.2%*	65.6%*	63.2%*	65.8%*	65.4%*	67%-70%
Non-GAAP OPEX as % of revenues	49.3%	48.2%	47.7%	48.0%	48.3%	47%-50%
Non-GAAP Operating margin	18.0%*	17.4%*	15.5%*	17.7%*	17.1%*	20%-23%

* Impacted by higher supply chain costs



GAAP to Non-GAAP Reconciliation

	Year ended		Three months ended	
	December 31,		December 31,	
	2022	2021	2022	2021
	(Unaudited)	(Audited)	(Unaudited)	
GAAP net income	\$ 28,466	\$ 33,751	\$ 7,549	\$ 7,255
GAAP net earnings per share	\$ 0.88	\$ 1.00	\$ 0.23	\$ 0.22
Cost of revenues:				
Share-based compensation (1)	425	411	125	134
Amortization expenses (2)	760	340	190	136
	1,185	751	315	270
Research and development, net:				
Share-based compensation (1)	3,481	2,772	839	754
Deferred payments expenses (3)	500	70	125	70
	3,981	2,842	964	824
Selling and marketing:				
Share-based compensation (1)	6,032	6,170	1,338	1,924
Amortization expenses (2)	44	18	11	8
Deferred payments expenses (3)	500	70	125	70
	6,576	6,258	1,474	2,002
General and administrative:				
Share-based compensation (1)	5,184	4,811	1,450	1,525
Other Income (4)	(1,093)	(382)	-	(382)
	4,091	4,429	1,450	1,143
Financial expenses:				
Exchange rate differences (5)	(1,321)	294	(227)	1,238
Income taxes:				
Deferred tax (6)	1,974	3,463	398	700
Non-GAAP net income	\$ 44,952	\$ 51,788	\$ 11,923	\$ 13,432
Non-GAAP diluted net earnings per share	\$ 1.35	\$ 1.50	\$ 0.36	\$ 0.39
Weighted average number of shares used in computing				
Non-GAAP diluted net earnings per share (in thousands)	33,359	34,432	33,088	34,183

(1) Share-based compensation expenses related to options and restricted share units granted to employees and others.

(2) Amortization expenses related to intangible assets.

(3) Expenses related to deferred payments in connection with the acquisition of Calversio Ltd.

(4) Other income related to a payment made to AudioCodes Inc. in connection with the termination of a lease agreement for its offices in New Jersey.

(5) Financial income related to exchange rate differences in connection with revaluation of assets and liabilities in non-dollar denominated currencies.

(6) Non-cash deferred tax expenses (income).

Note: Non-GAAP measures should be considered in addition to, and not as a substitute for, the results prepared in accordance with GAAP. The Company believes that non-GAAP information is useful because it can enhance the understanding of its ongoing economic performance and therefore uses internally this non-GAAP information to evaluate and manage its operations. The Company has chosen to provide this information to investors to enable them to perform comparisons of operating results in a manner similar to how the Company analyzes its operating results and because many comparable companies report this type of information.

Thank You

