WIX

Shareholder Update

First Quarter | May 20, 2024

To our Shareholders, our Users & our People

Building on the milestones achieved in 2023, we carried that momentum into the first quarter and delivered a strong start to 2024 with results demonstrating the efficacy of our product strategy, solid execution of our growth initiatives, and steadfast commitment to balanced profitable growth. With each product launch and feature improvement, we continue to differentiate Wix from the rest of the market by consistently providing the best platform for Self Creators and Partners to achieve their goals online.

We kicked off the year with better than expected top-line performance in the most recent quarter. Bookings growth accelerated to 10% y/y and revenue growth of 12% finished above the top end of our guidance range in Q1, underpinned by robust business fundamentals, including higher conversion and improved monetization across our user base. **Excitingly, the Q1'24 user cohort was our strongest non-COVID user cohort in history, marked by record conversion and higher ARPS as we brought on higher-intent users that typically purchase higher-priced packages, adopt more Business Solutions, and generate more meaningful GPV.**

We believe this improvement in conversion of new users into premium subscriptions is a testament to the tangible value of our expanding AI product suite. We continue to push forward on AI innovation in order to remove friction and enhance the creation experience for users. Notably this quarter, we launched the highly anticipated AI Website Builder, our cornerstone AI product that is revolutionizing web creation. **In just the few short months since its launch and now available to all users, hundreds of thousands of sites have already been created using this Website Builder tool.**

Additionally, in May, we released a portfolio of AI-powered image enhancement tools. These offerings allow users to create and display high-quality images that improve and customize content to specific user needs. We also launched AI Portfolio Creator, a one-of-a-kind solution using in-house AI image clustering technology and the latest AI models to enable users to quickly, easily, and professionally display media online. These capabilities are just the start of a robust pipeline of AI-enabled products still to come this year, including a variety of verticalized AI Business Assistants that are currently undergoing testing and will be released gradually throughout the year. We continue to expect our AI capabilities to be a significant driver of Self Creators growth in 2024 and beyond.

Top-line outperformance was also driven by continued momentum in our Partners business in Q1 as a result of market share gains and better monetization of our professional users. We also began to see early top-line contribution from Wix Studio as the product continues to ramp and perform ahead of plan.

Wix Studio Performance Update

Even though we are still early in the product uptake cycle, we are increasingly encouraged by the better than expected traction of Studio among new and existing users. **This is evidenced by the tremendous and growing interest we have continued to receive from agencies and designers, demonstrated by the over one million Studio accounts created since the August launch.** The majority of these Studio accounts are created by agencies completely new to Wix, a sign that we are continuing to win market share. Existing professionals are also increasingly using Studio to complement their classic Editor projects with most of our top Partners building at least one project on Studio today.

Importantly, conversion of these accounts is high and have resulted in more Studio premium subscriptions than anticipated at this point. This robust conversion of Studio users is a testament to the powerful design, creation and workflow management capabilities that professionals cannot find anywhere else.

Even as product response proves to be better than expected, we are continuously improving the Studio platform and launching new capabilities. In April, we introduced the ability for Partners to sell Studio templates in the Marketplace. This capability not only increases the earnings potential of Partners, but also fosters the Studio community and ecosystem. With more new features and improvements on the horizon, we remain confident that Studio will be a significant driver of Partners growth in the years to come.

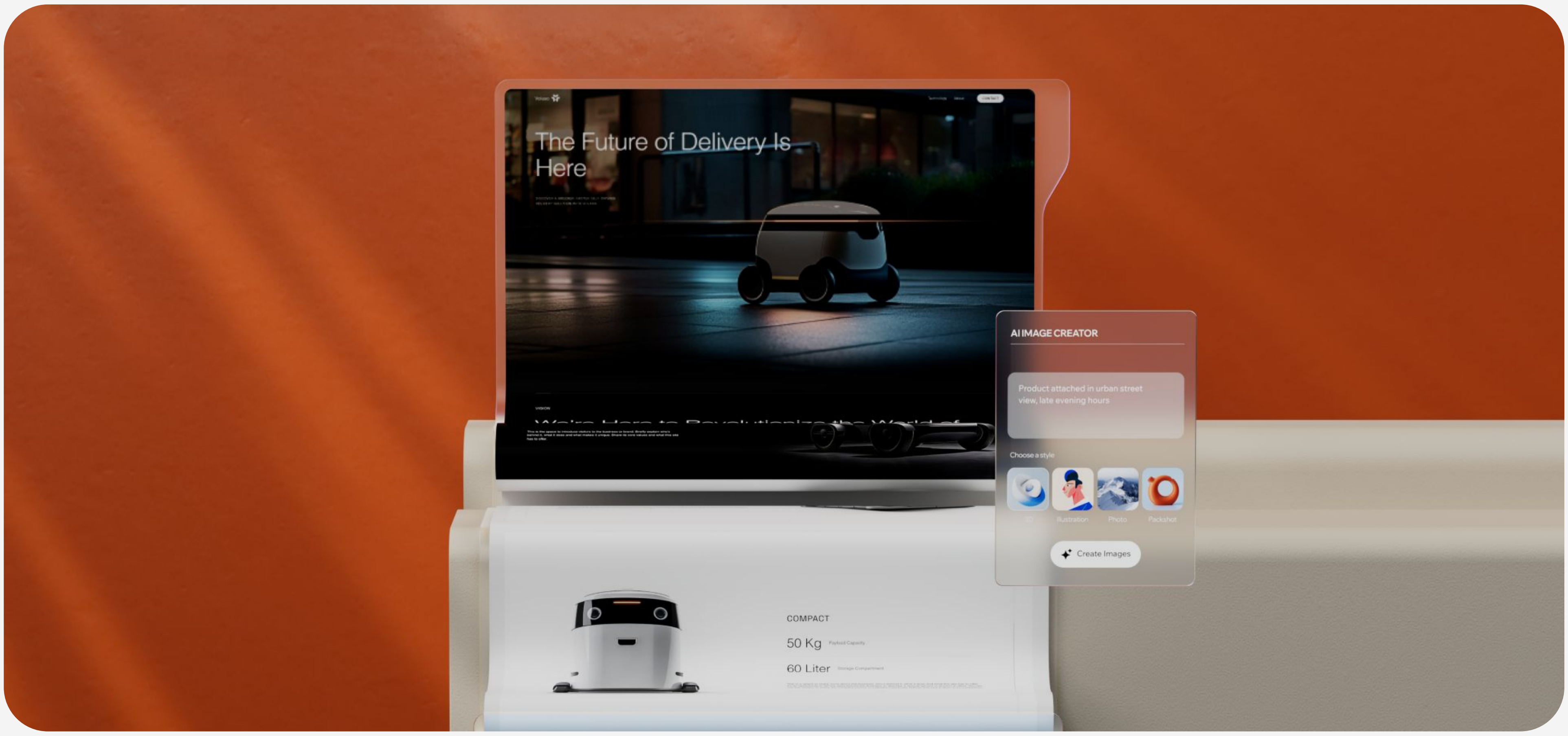
Top-line outperformance coupled with a stable optimized cost structure resulted in FCF margin of 26% in Q1, meaningfully ahead of expectations as we did not expect to surpass 25% FCF margin until 2025. **This record quarterly FCF margin in conjunction with strong revenue growth placed us within close reach of the "Rule of 40" milestone in Q1.**

Due to Q1 outperformance, we now expect stronger bookings and revenue growth as well as higher FCF generation in FY2024 than previously anticipated. **Importantly, bookings growth is now expected to accelerate more meaningfully in 2H, driven by accelerating growth in our Self Creators business, which is expected to be propelled by our growing suite of AI products driving higher conversion and product attach as well as accelerating growth in our Partners business, which is expected to be primarily driven by Studio ramping and contributing more meaningfully through the year than initially planned.**

I am invigorated by the fantastic results our team achieved in Q1 on top of what was a landmark 2023 on all fronts. The robust beginning to the year gives me great confidence that we are successfully executing on our strategic initiatives with many more innovation, growth and profitability milestones on the horizon.

Avishai Abrahami
Co-founder and CEO

Product & Business Updates



Continuing to Lead AI Innovation

We continue to expand our suite of leading AI-powered capabilities with the goal of making the creation experience more frictionless for users. In Q1, we launched our cornerstone AI product that is revolutionizing web creation, the **AI Website Builder**. Through a conversational AI chat experience, Wix users describe their intent and goals and instantly receive a professional and uniquely designed website, including relevant pages, and business solutions such as scheduling, eCommerce, event management, and more. The websites created using the AI Website Builder are fully optimized with Wix's reliable infrastructure including security and performance, as well as built-in marketing, SEO, CRM & analytics tools.

Last week, we launched the **AI Portfolio Creator**, enabling users to create unique and professional portfolios online using AI. This one-of-a-kind solution uses in-house AI image clustering technology and the latest AI models to enable users to quickly, easily, and professionally display media online by inputting only a few words. After users select the type of portfolio they would like to create and upload their work, AI technology organizes the images and generates project options with clustered images, suggested titles and descriptions, and customizable layout options.

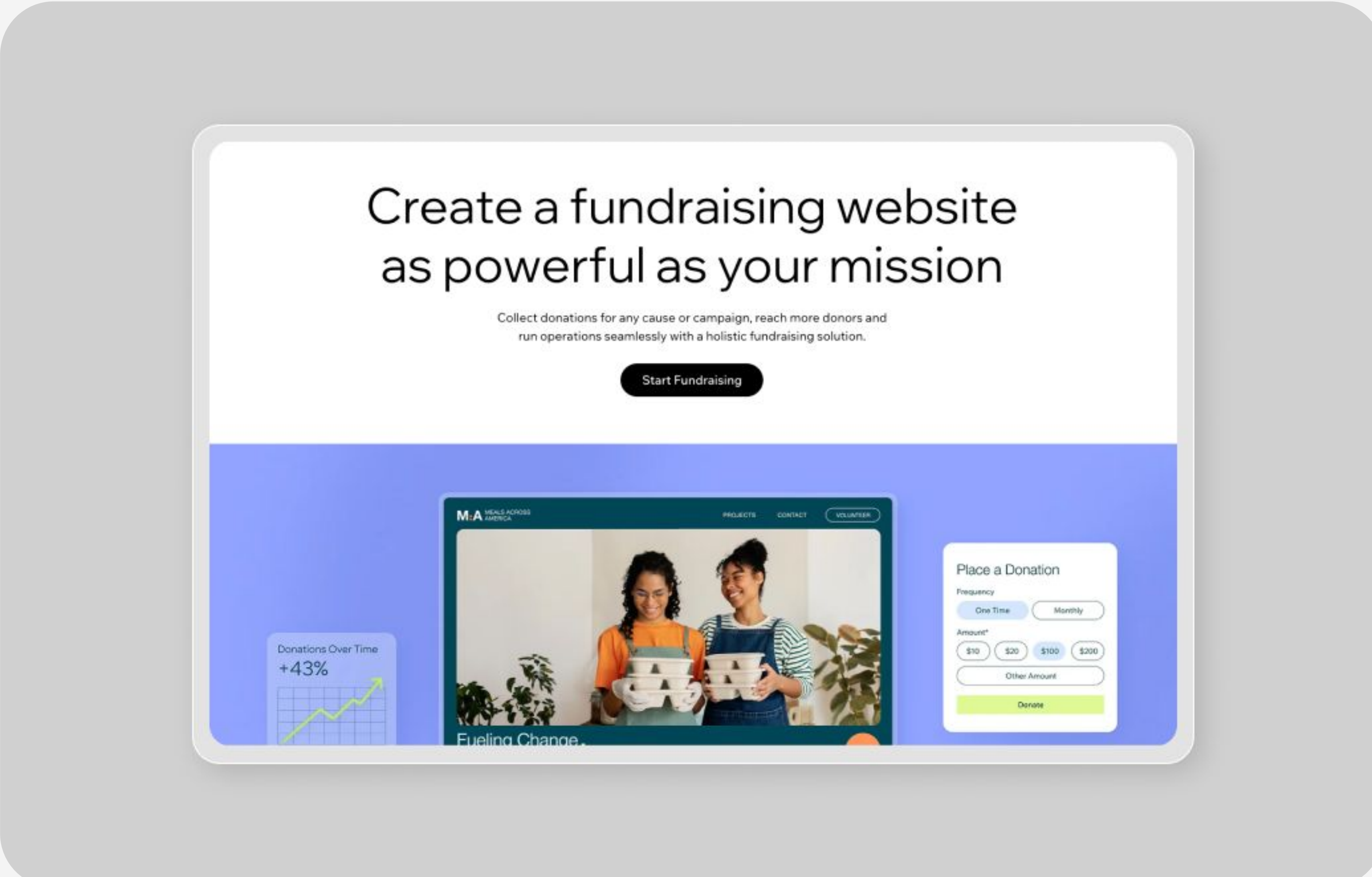
Additionally, we recently introduced a new portfolio of AI-powered image enhancement tools including the **AI Image Creator**, **Object Eraser** and **AI Image Editor**. These tools empower users to create and display high-quality images customized for their needs and website.

AI Image Creator
Our Visual Gen AI Platform, powered by stability.ai, uses AI-assisted image generation to create high-quality images. By using a text-to-image request prompt to describe the desired image, AI creates images in various styles for the user to choose from, thus reducing the time and cost of creating the wanted image. These styles include photos, images, paintings, cartoons, sketches, and more.

Object Eraser
The new Object Eraser uses AI to bring users to the next level of image quality. The tool enables users to erase unwanted objects in their image easily, without using a prompt. This helps users modify their images to create the desired visuals without needing professional photo editing skills.

AI Image Editor
Users can now use prompts to add, replace, or edit an image with the AI Image Editor. For example, a user can highlight a table in an image and tell the prompt to automatically change it from wood to marble. This AI-powered tool makes it easier for users to have high-quality images that match their intended aesthetic at their fingertips.

Product & Business Updates



<u>Expansion of Commerce Offerings</u>

We are constantly expanding our solutions to empower both our users and merchants to efficiently manage and expand their businesses on Wix. Over the past couple of months, we introduced two new vertical offerings:

Wix Proposals

We recently introduced **Wix Proposals**, powered by Prospero, a new solution to help business owners create professional proposals and manage financial engagements at the contractual and payments levels. Wix Proposals empowers users not only to create professional proposals to send to their clients but also to work more efficiently with automated invoices and contracts. Users can start from templates or create proposals from scratch, providing the flexibility needed for diverse business requirements, choose from charging a one-time payment or splitting the total into multiple payments over a set period, and ensure the security and authenticity of contracts through a seamless digital signing experience. This solution underscores Wix's ongoing commitment to empowering business owners to seamlessly run their business, and ultimately helps Wix capture new GPV that was historically being processed offline.

Wix Donations

To better support the growing fundraising market, we launched **Wix Donations**, a dedicated online platform uniquely designed for the collection of donations for nonprofits, individuals and businesses. Nonprofits and fundraisers can now establish their online presence, collect donations, attract donors and manage their entire operation from a versatile and cost-effective, all-in-one platform on Wix. Wix Donations is equipped with Wix's industry-leading web design capabilities and Business Solutions such as Wix Events, Wix Blogs, Wix eCommerce and more, providing the ability to organize fundraising events, increase community engagement with professional blogs, sell merchandise, and more.

Financial Review

Strong Revenue Growth of 12% and Record FCF Margin of 26% Puts Wix Within Reach of "Rule of 40" Milestone with Increased Confidence in Ability to Significantly Surpass "Rule of 40" in 2025

Strong product performance and uptake, particularly of our expanding AI offering and Wix Studio, as well as robust business fundamentals drove top-line outperformance in Q1. Stronger than expected growth along with a stable optimized cost structure drove record FCF margin, putting us within close reach of the "Rule of 40" milestone in the most recent quarter.

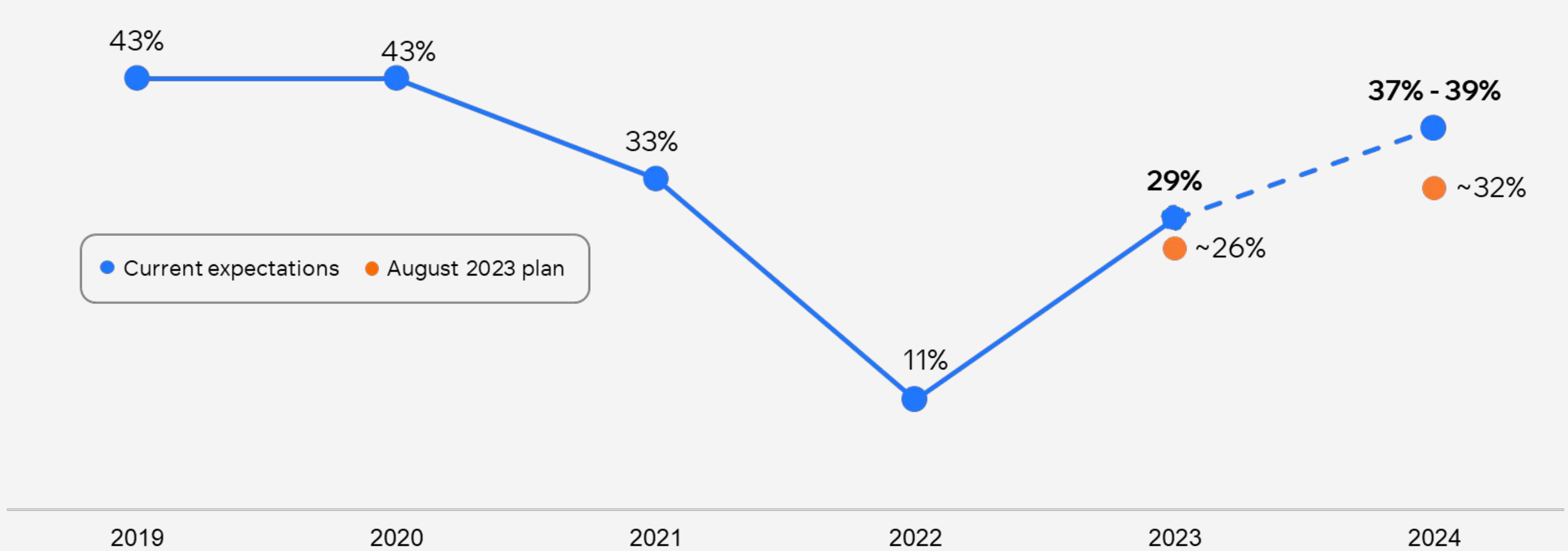
Highlights of the quarter:

- Total bookings grew 10% y/y, marked by a reacceleration in Creative Subscriptions bookings growth
  - Q1'24 user cohort is the strongest non-COVID cohort in Wix history
- Total revenue grew 12% y/y, ahead of the high end of our guidance
- Partners revenue grew 33% y/y, driven by market share gains and continued product traction, particularly of Wix Studio which is seeing early outperformance
- Positive GAAP operating income for second consecutive quarter
- Positive GAAP net income for fourth consecutive quarter
- Record FCF[1] margin of 26% – meaningfully ahead of expectations as this surpasses 25% FCF margin target previously set for 2025 per three-year plan

Due to Q1 outperformance and the strong cohort behavior we see across our business, we now expect stronger bookings growth in 2024 than previously anticipated. **Bookings growth is now expected to accelerate to 16% y/y in 2H assuming the high end of our updated guidance range, driven by accelerating growth in both Self Creators and Partners businesses.** Self Creators growth acceleration is expected to be propelled by AI products driving higher conversion and product attach. Partners growth acceleration is expected to be driven by Studio ramping and contributing more meaningfully through the year than initially planned.

This improved bookings trend is expected to translate into strong y/y revenue growth acceleration in 2025. As a result of our expectations regarding this broad-based strength and the maintenance of our stable cost structure, **we now are within close reach of achieving the Rule of 40 in 2024 and increasingly confident that we will significantly surpass the Rule of 40 in 2025**.

Progressing Towards Rule of 40 Ahead of Plan



[1] Free cash flow excluding expenses associated with the buildout of our new corporate headquarters.

User Cohort Performance

Our new Q1’24 user cohort of approximately 4.9 million users generated $31.8 million in bookings in the first quarter, replacing the Q1’23 user cohort as the strongest non-COVID-19 cohort in our history. Q1’24 user cohort bookings were approximately 6% higher than the bookings generated by the Q1’23 cohort in its first quarter while containing approximately 9% fewer users. Though the user base is smaller, our most recent cohort contains a larger mix of high-intent users. We believe this is a result of the continued honing of our targeted marketing strategy. We ended Q1’24 with over 268 million registered users.

Strong new cohort bookings were driven by record conversion of new users into paid subscriptions as well as improved monetization as we continued to better win higher intent users and provide best-in-class products through continued innovation. Conversion benefited from our growing AI product suite as well as Wix Studio, which is driving faster conversion among Partners. Higher ARPS was driven by users purchasing higher-priced packages, increasingly attaching more Business Solutions products and generating GPV. ARPS also benefited from the price increase rolled out this quarter.

We expect conversion and ARPS to continue to improve as we innovate, enhance existing products and grow our product suite to better meet the dynamic needs of our growing base of users.

We believe the dynamics of the Q1’24 user cohort are proof that the shift in marketing strategy initiated in late 2022 continues to work well and the global Wix brand remains strong as we increasingly attract higher intent users with greater monetization throughout their lifetime, particularly commerce users and larger Partners. As a result, returns on our acquisition marketing investments remain elevated and we remain on pace to achieve a time to return on investment (TROI) of 4-5 months.

Revenue and Bookings

Total revenue grew to $419.8 million in Q1’24, up 12% y/y and above the high end of our guidance range. Outperformance was driven by strong revenue growth across Creative Subscriptions and Business Solutions. Changes y/y in FX rates had an immaterial impact on revenue.

Total bookings grew to $457.3 million in Q1’24, up 10% y/y, driven by stronger than expected bookings across both Creative Subscriptions and Business Solutions. Outperformance was primarily due to strong business fundamentals as well as robust uptake of Wix Studio, new AI products and our growing suite of commerce capabilities as we continue to innovate in order to provide the best online creation experience for all users.

Similar to the dynamic experienced through 2023, total bookings in Q1’24 included a reduction in total unbilled contractual obligations of $3.8 million as unbilled obligations associated with existing B2B partnerships continued moving into deferred revenue as expected. As previously discussed, we no longer record any long-term commitments in bookings as we moved to usage-based agreements last year. As such, we did not log any new unbilled contractual obligations in the most recent quarter. We continue to expect existing unbilled contractual obligations to decrease as they move to deferred revenue. Changes y/y in FX rates had an immaterial impact on bookings.

Creative Subscriptions Revenue and Bookings

Creative Subscriptions revenue grew to $304.3 million in Q1'24, up 9% y/y. Creative Subscriptions ARR grew to $1.244 billion as of the end of Q1’24, up 10% y/y. Creative Subscriptions bookings grew to $334.6 million in Q1’24, up 7% y/y.

Both bookings and revenue growth were driven by the strong business fundamentals mentioned above, including record conversion of new users and robust conversion of existing users into subscriptions as well as increased monetization as users purchase and upgrade to higher-priced packages.

Business Solutions Revenue and Bookings
Business Solutions revenue grew to $115.5 million in Q1'24, up 20% y/y. Business Solutions bookings grew to $122.6 million in Q1'24, up 21% y/y.

The continued strong growth of Business Solutions bookings and revenue was driven by strong adoption of business applications, particularly Paid Ads and Email Marketing among other marketing and business application offerings, as well as robust GPV growth resulting in higher transaction revenue y/y.

Transaction revenue in Q1'24 was $49.5 million, or 43% of Business Solutions revenue, up 17% y/y. Transaction revenue growth was driven by a 14% y/y increase in GPV to $3.1 billion due to solid performance across our commerce verticals and geographic markets, underpinned by a growing suite of commerce offerings that make selling on Wix easier including a recent partnership with Global-E to better enable cross-border selling and the expansion of payment provider options for businesses in India this quarter. Higher transaction revenue also benefited from higher take rate as merchants continue to increasingly adopt Wix Payments.

Partners continue to be a meaningful driver of commerce growth, contributing to approximately 50% of our total GPV in the most recent quarter, as they bring larger businesses onto the platform.

Partners Revenue

Partners revenue in Q1'24 totaled $138.4 million, up 33% y/y, marking another quarter of strong y/y growth.

Momentum was driven by market share gains as we continue to bring on new agencies, freelancers and developers to the Wix platform as well as win a larger portion of existing Partners' project pipelines. Growth was also driven by higher monetization as Partners choose higher priced packages, adopt more Business Solutions and generate significant GPV by bringing on larger businesses. Both market share gains and improved monetization are underpinned by strong product traction as our expanding portfolio of innovative products and features increasingly resonates with professionals, particularly Wix Studio. **With Wix Studio uptake continuing to exceed expectations as detailed at the beginning of this document, we expect the lifetime value of our Partner user base to continue to improve as more Partners build more projects on Studio over time. As such, we are confident that Wix Studio will be a meaningful driver of Partners growth in the coming years.**

Revenue from our B2B partnerships also continues to drive Partners revenue growth as monetization of these users increase over time.

Gross Profit and Margin

Total non-GAAP gross margin was 68% of revenue in Q1'24, in-line with our expectation of achieving non-GAAP gross margin of 68-69% for the full year.

Creative Subscriptions non-GAAP gross margin remained stable at 83% in Q1'24. Business Solutions non-GAAP gross margin was 30% in Q1'24. We continue to anticipate to achieve Business Solutions non-GAAP gross margin of more than 30% for the full year.

Strong and stable gross margins were driven by the maintenance of the optimized cost structure cultivated over the past couple of years as well as continued benefits of AI integration across our internal processes, particularly throughout our Customer Care organization. Business Solutions non-GAAP gross margin also benefited from strong adoption of high-margin business applications as well as improved gross margins in our payments business as adoption and volume of Wix Payments continues to grow.

Operating Expenses and Margin

Non-GAAP R&D expenses were $93.1 million in Q1'24, an increase of approximately 8% y/y and a decrease of 1% q/q. As a percent of revenue, non-GAAP R&D expenses were 22% in Q1'24, a decrease from 23% of revenue in the year ago quarter. The y/y increase in R&D expenses was driven by higher overhead costs associated with the utilization of our nearly complete corporate headquarters.

Non-GAAP S&M expenses were $95.9 million in Q1'24, an increase of 8% y/y and 5% q/q. As a percent of revenue, non-GAAP S&M expenses were 23% in Q1'24, a decrease from 24% of revenue in the year ago quarter. Non-GAAP S&M expenses increased y/y and sequentially as expected mainly due to the gradual ramping of Wix Studio marketing investments as planned. We continue to execute against the streamlined marketing strategy introduced in late 2022 resulting in stable TROI of our most recent user cohort compared to the prior year quarter.

Non-GAAP G&A expenses were $28.2 million in Q1'24, an increase of 10% y/y and a decrease of 12% q/q. As a percent of revenue, non-GAAP G&A expenses were 7% in Q1'24, stable compared to the year ago quarter. The y/y increase in G&A expenses is due to higher overhead costs associated with the utilization of our nearly complete corporate headquarters. The sequential decline was due to the absence of one-time charges incurred in Q4'23, which did not reoccur in Q1'24.

Top-line outperformance and increased operating leverage resulted in a second consecutive quarter of positive GAAP operating income. GAAP operating income was $9.7 million, or 2% of revenue in Q1. We continue to expect to achieve GAAP operating profit for the full year.

Non-GAAP operating income was $69.4 million in Q1'24, an increase of 43% y/y and 17% of revenue. Non-GAAP operating income excludes stock-based compensation and other one-time items.

Earnings, Cash Flow and Per Share Data

GAAP net income was $24.0 million, or $0.41 per diluted share, in Q1'24. Non-GAAP net income was $77.3 million in Q1'24, or $1.29 per diluted share. We continue to expect to achieve positive GAAP net income in 2024.

In 2024, we expect to fully utilize our net operating losses (NOLs) as a Preferred Technology Enterprise in Israel, and to be subject to a reduced corporate tax rate of 12% according to the Israeli Law for the Encouragement of Capital Investments, 1959. OECD Pillar Two rules, that are expected to be implemented by Israel in the coming years, could increase our effective tax rate to 15%.

In Q1'24, free cash flow excluding capital expenditures and other expenses associated with the build out of our new corporate headquarters and restructuring costs, was $111.1 million, or 26% of total revenue. This is well ahead of expectations given 25%+ FCF margin was a target set for FY25. This quarter's outperformance was driven primarily by strong top-line growth coupled with a stable operating cost structure. Including approximately $5.4 million in new HQ spend, free cash flow was $105.7 million in Q1'24.

We also continue to follow through on our Board-authorized commitment to deploy up to 50% of the free cash flow we generate through 2025 to repurchase shares. Following the completion of our $300 million stock repurchase plan in February, we implemented an additional $225 million repurchase authorization which is currently underway. The implementation of this additional authorization follows the recent elimination of the requirement for mandatory Israeli court approval for share repurchases, which streamlines the regulatory approval process.

As a result of this increased repurchase activity and continued share count management, we anticipate to end 2024 with 62 - 63 million of fully diluted shares.

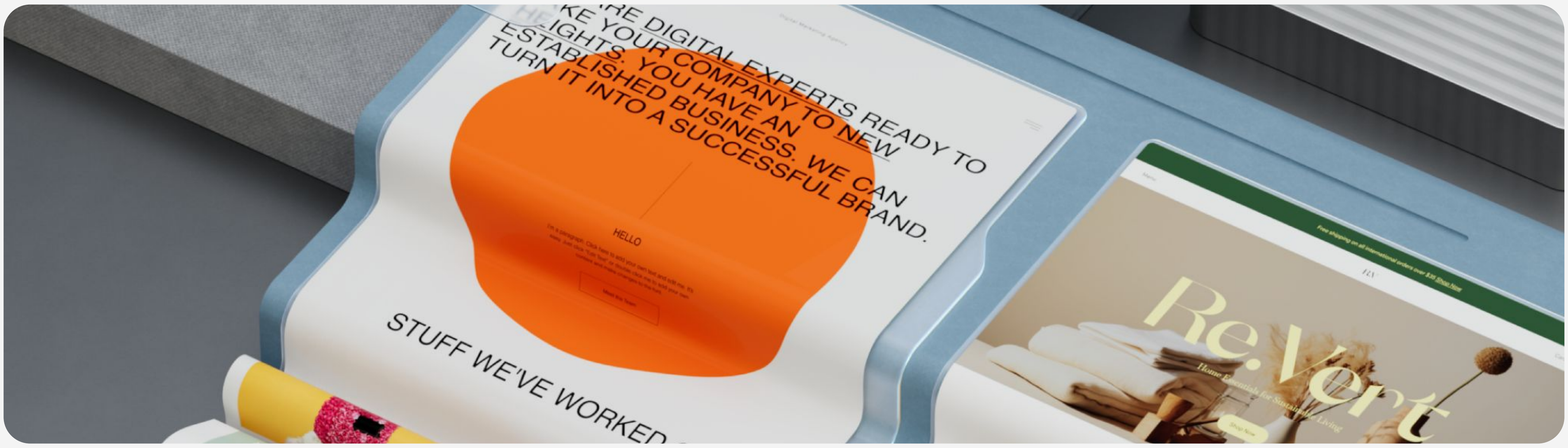
Stronger cash flow generation in conjunction with this share count expectation translates to a higher FCF per share trajectory for the full year than previously anticipated.

Balance Sheet and Other Items

We ended Q1'24 with approximately $918.5 million in cash and cash equivalents and $570.5 million outstanding convertible notes due in August 2025.

Our total employee count at the end of Q1'24 was 5,235, down 1% sequentially.

Outlook



Our outstanding Q1 results, which exceeded expectations, demonstrate the strong traction of our marquee products, efficacy of our key strategic initiatives, and robust underlying business fundamentals against a stable macro backdrop. We remain confident in our ability to significantly surpass the Rule of 40 in 2025.

Given Q1 outperformance along with continued robust cohort behavior and strong business trends, we are increasing full year bookings outlook to $1,796 - $1,826 million, or 12-14% y/y growth. The midpoint of this updated outlook is ~$13 million higher than the midpoint of our previous outlook of $1,784 - $1,813 million.

This increase reflects 2H24 y/y bookings growth acceleration in both Self Creators and Partners. Self Creators growth acceleration is expected to be propelled by AI products driving higher conversion and product attach. Partners growth acceleration is expected to be primarily driven by Studio ramping and contributing more meaningfully through the year than initially planned. This increase in outlook also reflects better than expected dynamics around the price increase we implemented this quarter as renewals prove to be stickier and retention of existing users higher than expected. **We now expect total bookings in the second half of 2024 to accelerate to 16% at the high end of our guidance range, up from 15% as previously anticipated.** We continue to expect Creative Subscriptions bookings to accelerate to double digit y/y growth in 2H24.

This improved bookings trend is expected to translate into y/y revenue growth acceleration in 2025.

We are also increasing our full year revenue outlook to $1,738 - $1,761 million, or 11-13% y/y growth. The midpoint of this updated outlook is ~$8 million higher than the midpoint of our previous outlook of $1,726 - $1,757 million as a result of better visibility in our business and higher bookings expectations.

We expect total revenue in Q2 2024 of $431 - $435 million, or 11-12% y/y growth.

For the full year 2024, we continue to expect non-GAAP total gross margin of 68-69% with non-GAAP Business Solutions gross margin to exceed 30% for the full year.

We now expect non-GAAP operating expenses to be 50-51% of revenue for the full year, down slightly from our previous expectation of 51-52% of revenue. This anticipated decrease is due to expected organic improvement in sales productivity and slower hiring as a result of the efficiency initiatives implemented over the past few years.

We continue to expect positive GAAP operating income in 2024 as well as a second consecutive year of GAAP net income.

We now expect to generate free cash flow, excluding headquarters costs, of $445 - $455 million, or ~26% of revenue in 2024, up from $370 - $400 million, or 21-23% of revenue. This meaningful increase in free cash flow is expected to be driven primarily by the increase in bookings expectations coupled with a more favorable gross margin mix as Creative Subscriptions growth accelerates throughout the year, the operating efficiencies mentioned above and general working capital efficiencies. This puts us an entire year ahead of our three-year plan, as we did not expect to achieve 25%+ FCF margin until 2025.

Given increased share repurchase activity as well as continued share count management, we anticipate to end 2024 with 62 - 63 million of fully diluted shares.

Expected stronger cash flow generation in conjunction with this share count forecast, translates to a higher expected FCF per share trajectory for the full year than previously anticipated.

Finally, we continue to expect stock-based compensation to be approximately 13% of revenue in 2024, in-line with our three-year plan.

Appendix

Notes and Modeling Clarifications

Creative Subscription Revenue and Creative Subscription Bookings refer to revenue or bookings, as applicable, generated from premium subscriptions, including premium subscriptions bundled with vertical solutions and domain name subscriptions and exclude any revenue or bookings, as applicable, included under Business Solutions Revenue or Bookings, respectively. Our total revenue is comprised of Business Solutions Revenue and Creative Subscriptions Revenue. Our total bookings is comprised of Business Solutions Bookings and Creative Subscriptions Bookings.

Business Solutions Revenue and Business Solutions Bookings refer to all revenue or bookings, as applicable, generated from business solutions and exclude any revenue or bookings, as applicable, included under Creative Subscriptions Revenue or Bookings, respectively.

Unbilled contractual obligations: we present firm multi-year commitments for the full contract term in bookings in the quarter in which the agreement is executed. The first year commitment amount is recognized as short-term accounts receivable and deferred revenue, and the remaining commitment amount will be recorded in our bookings as unbilled contractual obligations.

B2B partnership bookings is a subset of total bookings representing the full contractual commitments received from B2B partners, such as Vistaprint and LegalZoom, as well as enterprise partners.

GPV or Gross Payments Volume includes the total value, in US dollars, of transactions facilitated by our platform.

Transaction revenue is a portion of Business Solutions revenue, and we define transaction revenue as all revenue generated through transaction facilitation, primarily from Wix Payments as well as Wix POS, shipping solutions and multi-channel commerce and gift card solutions.

Partners revenue is defined as revenue generated through agencies and freelancers that build sites or applications for other users ("Agencies") as well as revenue generated through B2B partnerships, such as LegalZoom or Vistaprint ("Resellers"). We identify Agencies using multiple criteria, including but not limited to, the number of sites built, participation in the Wix Partner Program and/or the Wix Marketplace or Wix products used (incl. Wix Studio). Partners revenue includes revenue from both the Creative Subscriptions and Business Solutions businesses.

* In Q1 2024, the definition was slightly revised to exclude revenue generated from agreements with enterprise users that by their nature are more suitable to be categorized under revenue generated by Self Creators. Such revision had an immaterial impact on prior period amounts.

Net revenue retention rate: we calculate our Annual Net Revenue Retention Rate at the end of a base year (e.g., Dec 31, 2023), by identifying all of the registered users on our platform as of the end of the prior year (e.g., Dec 31, 2022) and then dividing the total revenue generated by that cohort of registered users at the end of the base year by the total revenue generated by same cohorts of registered users at the end of the prior year. The quotient obtained from this calculation is the Annual Net Revenue Retention Rate. The Annual Net Revenue Retention Rate excludes revenue from B2B partnerships, DeviantArt, Wix Answers, or past acquisitions.

Future bookings over next 10 years from existing cohorts: Data represents actual bookings from Q1'10 – Q4'23 cohorts since creation and forecasted future cumulative bookings through Q4'33. Underlying our forecast of expected future bookings are certain assumptions and projections, such as assumptions regarding future cohort behavior of Partner and Self Creator cohorts based on historical data. Actual results may differ materially from our expectations. Beginning in Q3 2020, we included expected future bookings from Wix Payments. Cohort Bookings do not include bookings from users coming from the Wix Logo Maker funnel, DeviantArt, Wix Answers, or past acquisitions.

Conference Call and Webcast Information

Wix will host a conference call to discuss the results at 8:30 a.m. ET on Monday, May 20, 2024. To participate on the live call, analysts and investors should register and join at https://register.vevent.com/register/BI339cba3199544dd8849f139294973ae9. A replay of the call will be available through May 19, 2025 via the registration link.

Wix will also offer a live and archived webcast of the conference call, accessible from the "Investor Relations" section of the Company's website at https://investors.wix.com/.

Non-GAAP Financial Measures and Key Operating Metrics

To supplement its consolidated financial statements, which are prepared and presented in accordance with U.S. GAAP, Wix uses the following non-GAAP financial measures: bookings, cumulative cohort bookings, bookings on a constant currency basis, revenue on a constant currency basis, non-GAAP gross margin, non-GAAP operating income (loss), non-GAAP operating margin, non-GAAP net income (loss), non-GAAP net income (loss) per share, free cash flow, free cash flow, as adjusted, free cash flow margins, non-GAAP R&D expenses, non-GAAP S&M expenses, non-GAAP G&A expenses, non-GAAP operating expenses, non-GAAP cost of revenue expense, non-GAAP financial expense, non-GAAP tax expense (collectively the "Non-GAAP financial measures"). Measures presented on a constant currency or foreign exchange neutral basis have been adjusted to exclude the effect of y/y changes in foreign currency exchange rate fluctuations. Bookings is a non-GAAP financial measure calculated by adding the change in deferred revenues and the change in unbilled contractual obligations for a particular period to revenues for the same period. Bookings include cash receipts for premium subscriptions purchased by users as well as cash we collect from business solutions, as well as payments due to us under the terms of contractual agreements for which we may have not yet received payment. Cash receipts for premium subscriptions are deferred and recognized as revenues over the terms of the subscriptions. Cash receipts for payments and the majority of the additional products and services (other than Google Workspace) are recognized as revenues upon receipt. Committed payments are recognized as revenue as we fulfill our obligation under the terms of the contractual agreement. Bookings and Creative Subscriptions Bookings are also presented on a further non-GAAP basis by excluding, in each case, bookings associated with long term B2B partnership agreements. Non-GAAP gross margin represents gross profit calculated in accordance with GAAP as adjusted for the impact of share-based compensation expense, acquisition-related expenses and amortization, divided by revenue. Non-GAAP operating income (loss) represents operating income (loss) calculated in accordance with GAAP as adjusted for the impact of share-based compensation expense, amortization, acquisition-related expenses and sales tax expense accrual and other G&A expenses (income). Non-GAAP net income (loss) represents net loss calculated in accordance with GAAP as adjusted for the impact of share-based compensation expense, amortization, sales tax expense accrual and other G&A expenses (income), amortization of debt discount and debt issuance costs and acquisition-related expenses and non-operating foreign exchange expenses (income). Non-GAAP net income (loss) per share represents non-GAAP net income (loss) divided by the weighted average number of shares used in computing GAAP loss per share. Free cash flow represents net cash provided by (used in) operating activities less capital expenditures. Free cash flow, as adjusted, represents free cash flow further adjusted to exclude one-time cash restructuring charges and the capital expenditures and other expenses associated with the buildout of our new corporate headquarters. Free cash flow margins represent free cash flow divided by revenue. Non-GAAP cost of revenue represents cost of revenue calculated in accordance with GAAP as adjusted for the impact of share-based compensation expense, acquisition-related expenses and amortization. Non-GAAP R&D expenses represent R&D expenses calculated in accordance with GAAP as adjusted for the impact of share-based compensation expense, acquisition-related expenses and amortization. Non-GAAP S&M expenses represent S&M expenses calculated in accordance with GAAP as adjusted for the impact of share-based compensation expense, acquisition-related expenses and amortization. Non-GAAP G&A expenses represent G&A expenses calculated in accordance with GAAP as adjusted for the impact of share-based compensation expense, acquisition-related expenses and amortization. Non-GAAP operating expenses represent operating expenses calculated in accordance with GAAP as adjusted for the impact of share-based compensation expense, acquisition-related expenses and amortization. Non-GAAP financial expense represents financial expense calculated in accordance with GAAP as adjusted for unrealized gains of equity investments, amortization of debt discount and debt issuance costs and non-operating foreign exchange expenses. Non-GAAP tax expense represents tax expense calculated in accordance with GAAP as adjusted for provisions for income tax effects related to non-GAAP adjustments.

The presentation of this financial information is not intended to be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP. The Company uses these non-GAAP financial measures for financial and operational decision making and as a means to evaluate period-to-period comparisons. The Company believes that these measures provide useful information about operating results, enhance the overall understanding of past financial performance and future prospects, and allow for greater transparency with respect to key metrics used by management in its financial and operational decision making.

For more information on the non-GAAP financial measures, please see the reconciliation tables provided below. The accompanying tables have more details on the GAAP financial measures that are most directly comparable to non-GAAP financial measures and the related reconciliations between these financial measures. The Company is unable to provide reconciliations of free cash flow, free cash flow, as adjusted, cumulative cohort bookings, non-GAAP gross margin, and non-GAAP tax expense to their most directly comparable GAAP financial measures on a forward-looking basis without unreasonable effort because items that impact those GAAP financial measures are out of the Company's control and/or cannot be reasonably predicted. Such information may have a significant, and potentially unpredictable, impact on our future financial results.

Wix also uses Creative Subscriptions Annualized Recurring Revenue (ARR) as a key operating metric. Creative Subscriptions ARR is calculated as Creative Subscriptions Monthly Recurring Revenue (MRR) multiplied by 12. Creative Subscriptions MRR is calculated as the total of (i) the total monthly revenue of all Creative Subscriptions in effect on the last day of the period, other than domain registrations; (ii) the average revenue per month from domain registrations multiplied by all registered domains in effect on the last day of the period; and (iii) monthly revenue from other partnership agreements including enterprise partners.

Forward-Looking Statements

This document contains forward-looking statements, within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 that involve risks and uncertainties. Such forward-looking statements may include projections regarding our future performance, including, but not limited to revenue, bookings and free cash flow, and may be identified by words like “anticipate,” “assume,” “believe,” “aim,” “forecast,” “indication,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “outlook,” “future,” “will,” “seek” and similar terms or phrases. The forward-looking statements contained in this document, including the quarterly and annual guidance, are based on management’s current expectations, which are subject to uncertainty, risks and changes in circumstances that are difficult to predict and many of which are outside of our control. Important factors that could cause our actual results to differ materially from those indicated in the forward-looking statements include, among others, our expectation that we will be able to attract and retain registered users and partners, and generate new premium subscriptions, in particular as we continuously adjust our marketing strategy and as the macro-economic environment continues to be turbulent; our expectation that we will be able to increase the average revenue we derive per premium subscription, including through our partners; our expectation that new products and developments, as well as third-party products we will offer in the future within our platform, will receive customer acceptance and satisfaction, including the growth in market adoption of our online commerce solutions and our Wix Studio product; our expectations regarding our ability to develop relevant and required products using artificial inteligence (“AI”), the regulatory environment impacting AI and AI-related activities, including privacy and intellectual property, and potential competitive impacts from AI tools; our assumption that historical user behavior can be extrapolated to predict future user behavior, in particular during turbulent macro-economic environments; our prediction of the future revenues and/or bookings generated by our user cohorts and our ability to maintain and increase such revenue growth, as well as our ability to generate and maintain elevated levels of free cash flow and profitability; our expectation to maintain and enhance our brand and reputation; our expectation that we will effectively execute our initiatives to improve our user support function through our Customer Care team, and continue attracting registered users and partners, and increase user retention, user engagement and sales; our ability to successfully localize our products, including by making our product, support and communication channels available in additional languages and to expand our payment infrastructure to transact in additional local currencies and accept additional payment methods; our expectation regarding the impact of fluctuations in foreign currency exchange rates, interest rates, potential illiquidity of banking systems, and other recessionary trends on our business; our expectations relating to the repurchase of our ordinary shares and/or Convertible Notes pursuant to our repurchase program; our expectation that we will effectively manage our infrastructure; our expectation to comply with AI, privacy, and data protection laws and regulations as well as contractual privacy and data protection obligations; our expectations regarding the outcome of any regulatory investigation or litigation, including class actions; our expectations regarding future changes in our cost of revenues and our operating expenses on an absolute basis and as a percentage of our revenues, as well as our ability to achieve and maintain profitability; our expectations regarding changes in the global, national, regional or local economic, business, competitive, market, and regulatory landscape, including as a result of Israel-Hamas war and/or the Ukraine-Russia war and any escalations thereof and potential for wider regional instability and conflict; our planned level of capital expenditures and our belief that our existing cash and cash from operations will be sufficient to fund our operations for at least the next 12 months and for the foreseeable future; our expectations with respect to the integration and performance of acquisitions; our ability to attract and retain qualified employees and key personnel; and our expectations about entering into new markets and attracting new customer demographics, including our ability to successfully attract new partners large enterprise-level users and to grow our activities, including through the adoption of our Wix Studio product, with these customer types as anticipated and other factors discussed under the heading “Risk Factors” in the Company’s annual report on Form 20-F for the year ended December 31, 2023 filed with the Securities and Exchange Commission on March 22, 2024. The preceding list is not intended to be an exhaustive list of all of our forward-looking statements. Any forward-looking statement made by us in this press release speaks only as of the date hereof. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future developments or otherwise.

Reconciliation of GAAP to Non-GAAP financial measures

in 000s	2023 Q1	2023 Q2	2023 Q3	2023 Q4	2024 Q1	FY 2021	FY 2022	FY 2023
Revenues	$374,076	$389,977	$393,841	$403,771	$419,776	$1,269,657	$1,387,666	$1,561,665
Change in deferred revenues	$60,975	$12,043	$387	$2,788	$41,319	$82,361	$55,387	$76,193
Change in unbilled contractual obligations	($20,146)	($3,521)	($5,133)	($11,555)	($3,814)	$66,805	$29,066	($40,355)
Bookings	$414,905	$398,499	$389,095	$395,004	$457,281	$1,418,823	$1,472,119	$1,597,503
Creative Subscriptions Revenues	$278,130	$287,089	$290,634	$296,154	$304,293	$950,299	$1,039,479	$1,152,007
Change in deferred revenues	$55,445	$10,361	($1,584)	($1,098)	$34,158	$70,775	$52,866	$63,124
Change in unbilled contractual obligations	($20,146)	($3,521)	($5,133)	($11,555)	($3,814)	$66,805	$29,066	($40,355)
Creative Subscriptions Bookings	$313,429	$293,929	$283,917	$283,501	$334,637	$1,087,879	$1,121,411	$1,174,776
Business Solutions Revenues	$95,946	$102,888	$103,207	$107,617	$115,483	$319,358	$348,187	$409,658
Change in deferred revenues	$5,530	$1,682	$1,971	$3,886	$7,161	$11,586	$2,521	$13,069
Business Solutions Bookings	$101,476	$104,570	$105,178	$111,503	$122,644	$330,944	$350,708	$422,727
Gross Profit	$244,598	$262,083	$264,798	$277,658	$282,479	$781,078	$861,439	$1,049,137
Share based compensation expenses	$4,238	$3,479	$3,621	$3,675	$3,590	$15,462	$17,811	$15,013
Acquisition related expenses	$24	$183	$17	$5	-	$484	$140	$229
Amortization	$667	$667	$668	$667	$667	$2,030	$2,968	$2,669
Non GAAP Gross Profit	$249,527	$266,412	$269,104	$282,005	$286,736	$799,054	$882,358	$1,067,048
Non GAAP Gross margin	*67%*	*68%*	*68%*	*70%*	*68%*	63%	*64%*	*68%*

in 000s	2023 Q1	2023 Q2	2023 Q3	2023 Q4	2024 Q1	FY 2021	FY 2022	FY 2023
Gross Profit - Creative Subscriptions	$220,646	$235,039	$237,447	$243,360	$249,490	$717,680	$787,892	$936,492
Share based compensation expenses	$3,151	$2,562	$2,673	$2,695	$2,669	$11,446	$13,933	$11,081
Non GAAP Gross Profit - Creative Subscriptions	$223,797	$237,601	$240,120	$246,055	$252,159	$729,126	$801,825	$947,573
Non GAAP Gross margin - Creative Subscriptions	80%	83%	83%	83%	83%	77%	77%	82%
Gross Profit - Business Solutions	$23,952	$27,044	$27,351	$34,298	$32,989	$63,398	$73,547	$112,645
Share based compensation expenses	$1,087	$917	$948	$980	$921	$4,016	$3,878	$3,932
Acquisition related expenses	$24	$183	$17	$5	-	$484	$140	$229
Amortization	$667	$667	$668	$667	$667	$2,030	$2,968	$2,669
Non GAAP Gross Profit - Business Solutions	$25,730	$28,811	$28,984	$35,950	$34,577	$69,928	$80,533	$119,475
Non GAAP Gross margin - Business Solutions	27%	28%	28%	33%	30%	22%	23%	29%
Research and development (GAAP)	$114,943	$115,490	$125,117	$125,743	$124,245	$424,937	$482,861	$481,293
Share Based Compensation	$28,294	$28,778	$30,428	$31,982	$31,102	$102,056	$120,580	$119,482
Amortization	-	-	-	-	-	-	-	-
Acquisition related expenses	$172	$56	$5	$4	$5	$7,312	$4,948	$237
Non-GAAP research and development	$86,477	$86,656	$94,684	$93,757	$93,138	$315,569	$357,333	$361,574
% of revenue	23%	22%	24%	23%	22%	25%	26%	23%
Selling and marketing (GAAP)	$99,133	$96,037	$100,765	$103,642	$107,234	$512,027	$492,886	$399,577
Share Based Compensation	$9,558	$9,652	$10,835	$11,232	$10,483	$33,853	$38,714	$41,277
Amortization	$820	$821	$820	$821	$815	$2,918	$3,274	$3,282
Acquisition related expenses	-	-	-	-	-	$28	-	-
Non-GAAP selling and marketing	$88,755	$85,564	$89,110	$91,589	$95,936	$475,228	$450,898	$355,018
% of revenue	*24%*	*22%*	*23%*	*23%*	*23%*	*37%*	*32%*	*23%*
% of Non- GAAP Gross Profit	*36%*	*32%*	*33%*	*32%*	*33%*	*59%*	*51%*	*33%*

in 000s	2023 Q1	Q2	Q3	Q4	2024 Q1	FY 2021	FY 2022	FY 2023
General and administrative (GAAP)	$38,517	$37,250	$40,865	$43,401	$41,330	$169,648	$171,045	$160,033
Share Based Compensation	$12,431	$11,751	$13,365	$11,306	$12,967	$70,020	$59,731	$48,853
Amortization	$1	$1	$1	$1	$1	$4	$4	$4
Acquisition related expenses	-	$5	$1	-	-	$856	$39	$6
Sales tax accrual and other G&A expenses (income)	$308	$157	$146	$137	$121	$1,692	$763	$748
Non-GAAP general and administrative	$25,777	$25,336	$27,352	$31,957	$28,241	$97,076	$110,508	$110,422
% of revenue	7%	6%	7%	8%	7%	8%	8%	7%
GAAP Operating Income (Loss)	($33,333)	$12,976	($5,792)	$1,769	$9,670	($325,534)	($285,353)	($24,380)
Share Based Compensation	$54,521	$53,660	$58,249	$58,195	$58,142	$221,391	$236,836	$224,625
Amortization	$1,488	$1,489	$1,489	$1,489	$1,483	$4,952	$6,246	$5,955
Acquisition related expenses	$196	$244	$23	$9	$5	$8,680	$5,127	$472
Sales tax accrual and other G&A expenses (income)	$308	$157	$146	$137	$121	$1,692	$763	$748
Restructuring	$25,338	$330	$3,843	$3,103	-	-	-	$32,614
Non-GAAP Operating Income (Loss)	$48,518	$68,856	$57,958	$64,702	$69,421	($88,819)	($36,381)	$240,034
% of revenue	13%	18%	15%	16%	17%	-7%	-3%	15%
Net cash provided (used) by operating activities	$45,961	$47,761	$64,144	$90,379	$113,836	$65,685	$37,152	$248,246
Capital expenditures, net	($20,932)	($15,751)	($19,376)	($9,989)	($8,125)	($37,700)	($70,664)	($66,049)
Free Cash Flow	$25,029	$32,010	$44,768	$80,390	$105,711	$27,985	($33,512)	$182,197
Capital expenditures and other cash costs related to Wix HQ office build out	$16,949	$14,630	$18,043	$8,324	$5,362	$23,449	$65,920	$57,946
Restructuring	$2,051	$2,453	-	$1,411	-	-	-	$5,915
Free Cash Flow (excluding capex and other cash costs)	$44,029	$49,093	$62,811	$90,125	$111,073	$51,434	$32,408	$246,058
% of revenue	*12%*	*13%*	*16%*	*22%*	*26%*	*4%*	*2%*	*16%*
Outstanding ordinary shares as year-end						57,254,189	56,305,462	57,172,595
Outstanding Stock options as year-end						4,720,600	4,332,022	3,956,056
Outstanding Restricted share units as year-end						2,225,516	3,123,019	3,236,742
Total Diluted Shares as of year-end						64,200,305	63,760,503	64,365,393

in 000s	2024 Q1
Bookings	$457,281
Adjustment for FX changes	($1,115)
Y/Y Constant Currency Bookings	$456,166
Revenues	$419,776
Adjustment for FX changes	($1,422)
Y/Y Constant Currency Revenues	$418,354