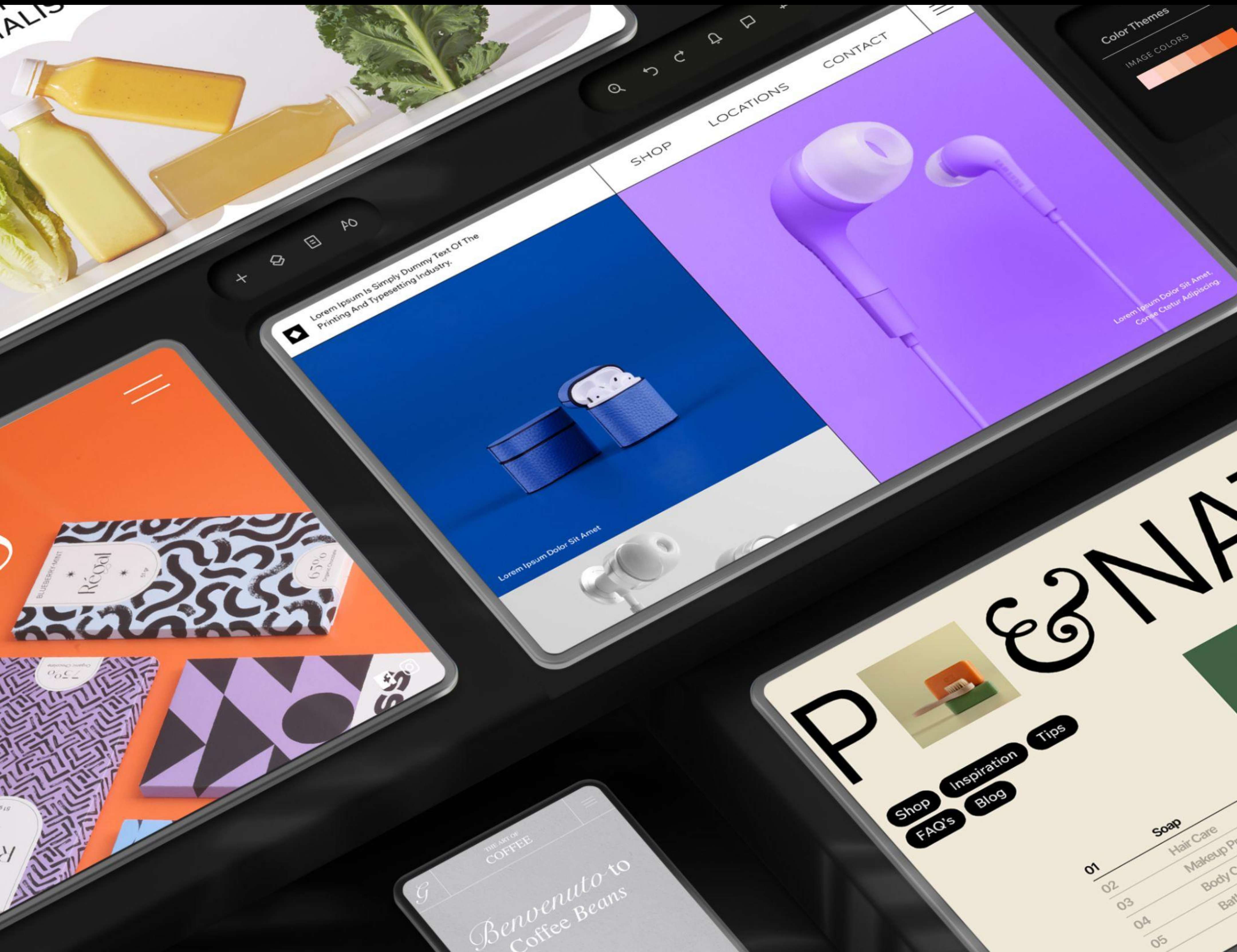
Shareholder Update

Fourth Quarter and Full Year 2022



To our Shareholders, our Users & the Wix Team

After a period of significant acceleration in demand for online services and online commerce activity during the peak years of the pandemic, the macroeconomic environment undoubtedly became more challenging in 2022. In addition to being a "reset" between the normal of the pre-pandemic era and the new normal of the post-pandemic era, this year faced unprecedented circumstances including persistent inflation, FX headwinds, overall global uncertainty, and above all else the invasion of Ukraine, which unfortunately continues to greatly impact many of our friends and colleagues at Wix. I am extraordinarily proud of the way the team prevailed under these circumstances as well as how quickly we responded to the changing macroeconomic environment by focusing on operational efficiency and increased profitability while continuing to execute on our growth initiatives. We are entering 2023 on strong footing.

Through all of this, we continued to lead through innovation. We released hundreds of new products and features throughout 2022 to improve our platform for self creators and partners. **Our strategy has remained unwavering: addressing our large and growing market opportunity for the long term by building the best platform and amazing products for our users.**

Our efforts to date are reflected in our strong finish to this challenging year. The fundamentals of our business remained strong in Q4 as we continued to capture demand. Conversion of new users continued to increase y/y while churn rate remained stable. Cumulative bookings from our Q1'22 cohort continue to perform well, coming in 6% higher than that of our Q1'19 cohort in its first four quarters. Average revenue per subscription continued to climb, up 29% at the end of 2022 compared to the end of 2019, as we onboarded more high quality users purchasing higher priced packages and larger commerce businesses. **All of these factors resulted in Q4 revenue coming in above the top end of our guidance range for another consecutive quarter and FY 2022 revenue finishing above our expectations as well.**

Importantly, the operational efficiency initiatives we put into motion in 2022 have planted us firmly on the path to increasing free cash flow in 2023. We adapted to dynamic circumstances by controlling what we could and enacted a cost reduction plan, which drove an inflection in profitability in the second half of 2022 as gross and operating margins expanded through the year. **This resulted in FCF (excluding HQ spend) finishing above our guidance ranges for the quarter and full year, with Q4 as the most profitable FCF quarter in Wix's history.**

Encouraged by the strong FCF of Q4 and confidence in our continued ability to generate sustained FCF, we were able to execute $243 million in ordinary share repurchases, or 5% of total ordinary outstanding shares, in Q4. This repurchase activity underscores our commitment to managing dilution and returning value to shareholders.

Entering 2023, we are intensifying our commitment to profitability with the implementation of additional cost efficiencies across the business above our original cost reduction plan in 2022. **We anticipate these efforts to yield additional margin improvement not only in the near term but also over the long term. We expect to achieve 10-11% FCF margin (excluding HQ spend) in 2023 with an even higher exit margin and are confident in and committed to achieving "Rule of 40" in 2025 under varying future growth scenarios.**

Excitingly, our investments in building a global, scaled brand over the past 15 years have resulted in stronger brand recognition than ever before. When people are searching for "website builder" today, they are actually searching for Wix. This incredible brand power has driven stable new cohort bookings even as we reduce acquisition marketing spend. We expect to continue this evolution in our marketing strategy.

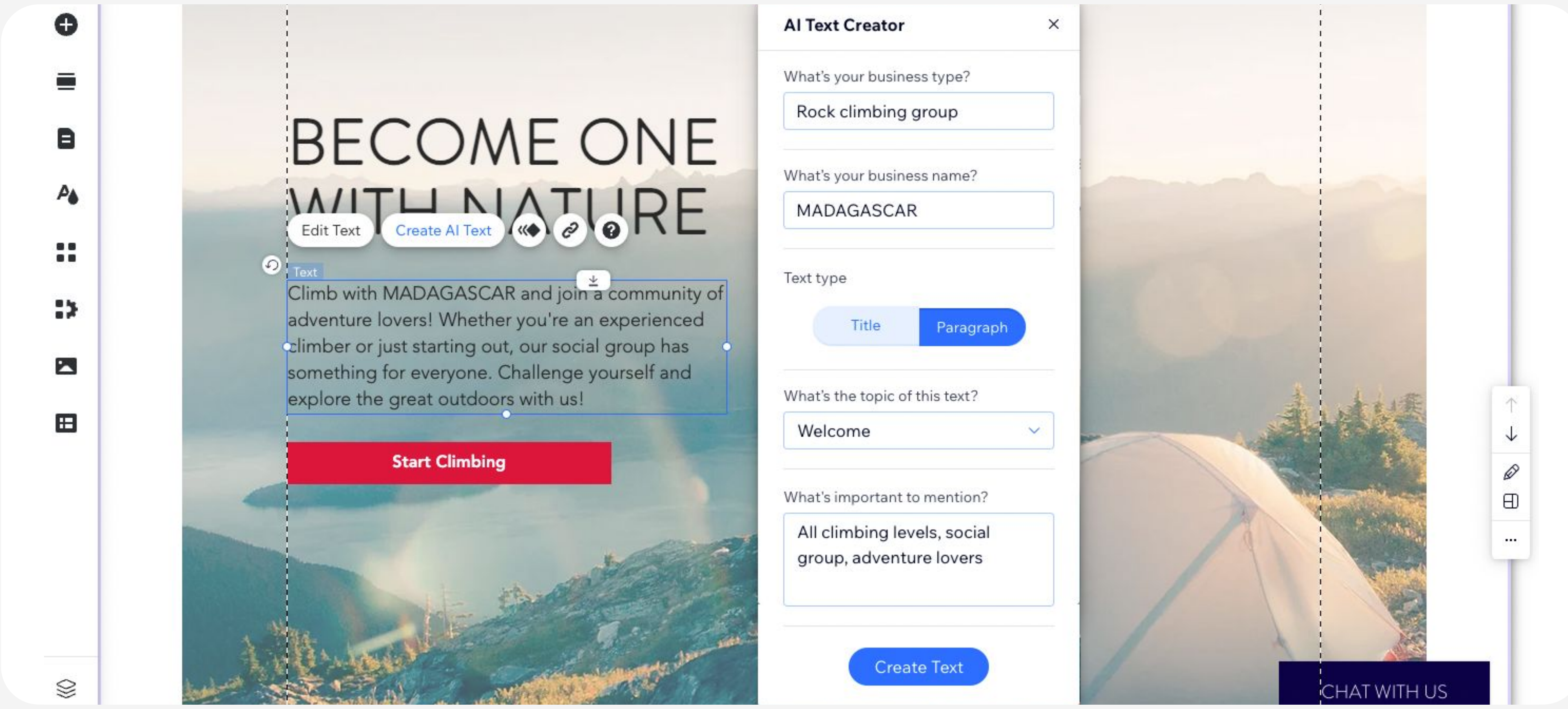
As we focused on increasing the efficiency of how we execute our top priorities this year, innovation was firmly embedded in our daily operations and long-term growth strategy. In the fourth quarter, we introduced advanced infrastructure capabilities for more complex sites to better meet the needs of developers as we continued to successfully move upmarket. Most excitingly, we were one of the first companies to integrate AI text generation technology into a commercial product with the launch of our AI Text Creator in the Wix Editor. Being an early proponent for AI technology with the introduction of Wix ADI in 2016, we are excited about utilizing AI technology more frequently to build great industry-first products for our users.

We enter 2023 with great confidence that we are creating a best-in-class platform that will bring forth innovation and create lasting value for our users and shareholders over the long term.

We have a pipeline of exciting cornerstone product announcements slotted for 2023, which will continue to push Wix to the forefront of the market for both Self Creators and Partners. Additionally, the actions and strategies implemented this past year position us well to weather this uncertain period and emerge as a stronger and more profitable software company. While internet growth is currently reverting back to the pre-pandemic trendline following explosive growth, we believe there are still many years of significant expansion ahead. The potential for Wix in 2023 and beyond is enormous, and I am excited about what's to come.

Avishai Abrahami
Co-founder and CEO

Product Update



AI Text Creator: As a company led by innovation, we are excited to continue being at the forefront of technological transformation. With AI an increasingly bigger player of the technology landscape, many companies are shifting to invest more in that space. For us, AI has always been a part of our roadmap.

This month, we announced the launch of our AI Text Creator within the Wix Editor. Combining Wix's deep knowledge of site creation with OpenAI's GPT-3, the AI Text Creator allows our users to add specific text and create professional content on their website within seconds. This capability alleviates the major pain point of content writing for new users and existing users who are still in the early stages of building their site. With Wix's AI-generated content, users are provided custom-tailored text for titles, taglines and paragraphs that are ready for use in seconds. The AI Text Creator greatly streamlines the website building process and improves the user experience.

This exciting feature is just the newest addition to our repertoire of advanced AI capabilities. In 2016, we first introduced Wix ADI (Artificial Design Intelligence), the first-ever AI solution for website design and creation that offered each user a unique website, designed according to their needs. Then in 2022, we entered the next generation in website creation with the introduction of our new Wix Editor with leading-edge AI features.

The Wix Editor allows users access to AI tools to create, customize and update their online presence more efficiently and more easily keep up with ever-changing design trends.

In addition, we are also using Large Language Models (LLM), adapted to the Wix language, to give our users the best solutions, meeting their needs and driving increased efficiency. These models are implemented across our Care self-service channels like Chatbot and Help Center, among others, and are another way we are driving efficiency across our business.

SEO Dashboard: This quarter, we also launched our new SEO Dashboard, a unified place for everything SEO related. This aligns with our goal to provide our users and SEO professionals the tools they need for seamless workflows in order for them to achieve their business goals, build brand awareness and drive traffic to their site.

The new SEO Dashboard includes a suite of advanced SEO tools, educational materials tailored to different skill levels and a new integration with Google Search Console, which provides valuable information on site performance on search results.

We aim to help our users at any skill level to understand how their site is performing, and with the extended integration with Google Search Console, we are now offering them the tools to analyze their search data, like site impressions and clicks, and optimize it accordingly.

Financial Review

Accelerated Path to Profitability

Wix has generated positive annual free cash flow (excluding HQ spend in 2020-2022) since 2015, even as we increased investment in 2020 and 2021 to grow our business during the pandemic and build our Partners business.

As we entered 2022, we increased our focus on prudent cost management and efficiencies, which allowed us to drive operating leverage. As revenue growth declined during the year due to a weakening macroeconomy, we enacted several proactive measures to preserve and increase free cash flow with a cost reduction plan implemented in August 2022. As a result, non-GAAP gross margin improved over 300 bps y/y through Q4 ‘22, and non-GAAP operating expenses decreased from 77% of revenue in Q1 '22 to 57% in Q4 ’22.

This culminated in Q4’22 as the most profitable FCF quarter in our history with $52 million of free cash flow (excluding HQ spend).

Additional Cost Efficiencies

We are confident in and committed to achieving “Rule of 40” in 2025 under varying future growth scenarios with the acceleration of our path to profitability through additional cost reduction measures.

On top of the $150 million cost reduction plan announced in August 2022, we are implementing an incremental $50 million of cost savings in 2023. These savings consist of a further reduction in headcount that took place last week, increased hosting efficiencies and a reduction in capex. On an annualized basis, these actions create $65 million of savings for a total of $215 million of annualized cost savings compared to the three-year plan shared at our May 2022 Analyst Day.

With increased efficiency across our business as well as improved technological capabilities achieved over the last couple of years, we made the difficult decision to rightsize the organization to meet current demand needs. As a result, we heavy-heartedly parted ways with approximately 370 of our employees last week, or nearly 7% of our total workforce. This reduction primarily occurred across our Customer Care team, which we were able to realign without sacrificing the level and quality of service provided to our users.

This headcount reduction, in addition to the efficiency efforts and savings implemented throughout 2022, will bring our total headcount from nearly 6,100 at the end of Q1’22 to roughly 5,200 at the end of this process, reflecting a 15% decrease.

We expect to take a one-time restructuring charge of $20 - $30 million in Q1’23 consisting of severance and related charges as well as charges related to the early termination, modification or impairment of operating leases that will no longer be needed as we align our office space with operating needs. Additionally, some facilities are being actively marketed for sublease, or we are in negotiations with the landlord to potentially terminate or modify those leases.

In addition to reducing the size of our Care organization, we also expect to generate savings through increased hosting efficiencies and operational expense savings. Approximately 70% of the $50 million of additional savings in 2023 will come from cost of revenue, driving accelerated improvements in gross margin, with another 20% of savings from operating expenses and roughly 10% in capex savings.

These efficiencies are not one-time in nature and will continue to be realized beyond 2023. Following the completion of implementing these additional savings, **we expect FCF margin (excluding HQ spend) to be ~10-11% of revenue in 2023 with an exit margin of ~12-13%.**

Success in Evolving our Marketing Strategy

As mentioned last quarter, in September we began tests to adjust our marketing approach to focus on higher-intent users. We accelerated this testing throughout Q4, and in doing so, we reduced investment in acquisition marketing in the quarter by nearly 50% compared to the previous year.

The results were outstanding. Despite reducing acquisition marketing spend by 50%, we have seen stable new cohort bookings.

We believe the driver of this success is the strength of our brand. Our investments in building a global, scaled brand over the past 15 years have made Wix synonymous with relevant general keywords on the internet. So when people are searching for a "website builder", for example, they are actually searching for Wix.

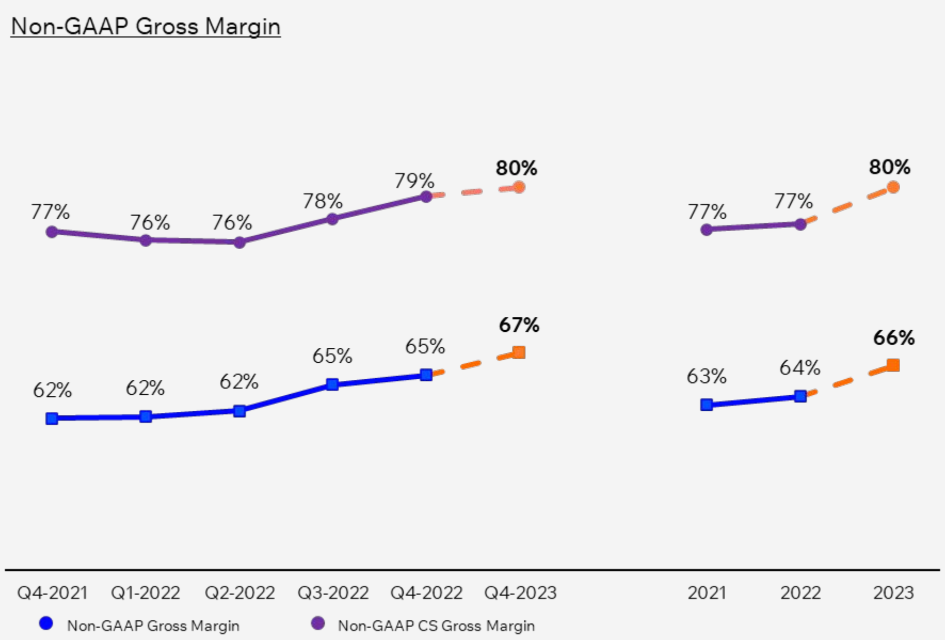
Based on these phenomenal results, we plan to continue executing this new marketing strategy and expect investment in acquisition marketing to remain at these reduced levels throughout 2023. We also plan to shift dollars to invest more into our brand in order to drive future growth. We will continue developing plans throughout 1H23 for this new marketing strategy and expect brand marketing investment to be higher in 2H23. We currently estimate this increased brand marketing investment to be roughly 3-4% of revenue in 2H23. With this evolution of our marketing strategy, we still expect lower sales and marketing expense in 2023 compared to 2022 as our efficiency improves from this new strategy.

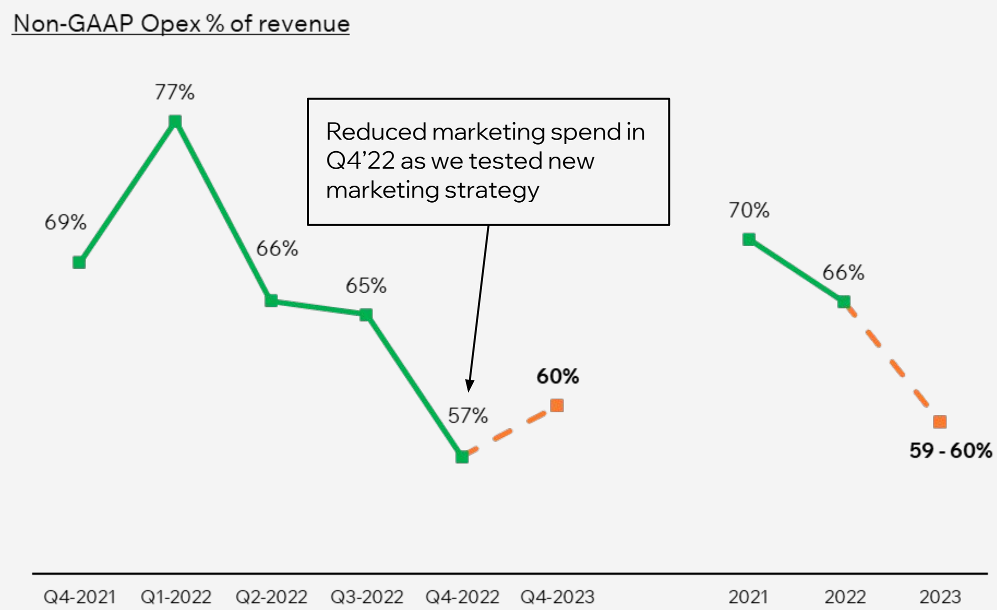
Longer Term Expectations

As a result of implementation multiple cost efficiency actions throughout the year, we now expect to achieve key financial milestones approximately two years sooner than previously anticipated in our three-year plan:

- Non-GAAP gross margin is expected to increase to 66% in FY2023 with an exit margin of 67%. Creative Subscriptions non-GAAP gross margin is expected to reach 80% in FY2023
- Non-GAAP operating expenses are expected to be down to 59-60% of revenue for FY2023 – a level previously anticipated for FY2025
- More than $100 million of non-GAAP operating income and positive non-GAAP net income expected in FY2023 – targets previously anticipated for late-FY2024
- Positive GAAP operating income and net income expected for FY2025 – targets previously anticipated beyond the three-year horizon
- Partners business expected to generate positive FCF by mid-FY2024 – more than a year ahead of our three-year plan shared in May 2022

We intend to continue to deliver healthy growth with minimal headcount additions throughout 2023 and beyond. We believe that our continued cost discipline will prove to be a decisive factor in improving Wix's growth and profitability both near and long term. The momentum achieved in 2022 and continued steps towards greater efficiency going forward demonstrate our full commitment to reaching the Rule of 40 in 2025 under varying future growth scenarios.





User Cohort Performance

We ended 2022 with over 243 million users and added 96 thousand subscriptions to our platform on a net basis, resulting in a total of almost 6.1 million premium subscriptions as of the end of Q4’22.

Gross subscription additions in 2022 were slightly higher than 2019, despite being negatively impacted by the discontinuation of commercial activities in Russia that began at the beginning of 2022, the expected impact of the price increase implemented this year, and overall macro demand headwinds that permeated the broader market, resulting in a smaller user cohort in 2022. Net additions were further impacted by a higher absolute number of canceled subscriptions from the outsized cohorts of 2020 and 2021. Churn rate remains steady and was lower in 2022 compared to 2019.

We continued to successfully increase cohort value in 2022 over pre-COVID levels. Our Q1'22 user cohort ended full year 2022 with $56 million in cumulative bookings generated in its first four quarters, approximately 6% higher than that of the Q1’19 cohort in its first four quarters. **Higher cumulative bookings were driven by increased ARPS, up 29% in 2022 compared to 2019, as we onboarded more high quality users purchasing higher priced packages and larger commerce businesses as well as implemented a price increase earlier in the year. Increased ARPS also translated to strong cohort net revenue retention of 104% on a constant currency basis.**

The size and measurable behavior of our user cohorts continue to create a strong, quantifiable amount of bookings over a long period of time. As of the end of 2022, we estimate that our existing user cohorts will generate approximately $15.6 billion in bookings over the next 10 years, assuming constant FX rates from Q4’21 (our estimate for future cohort bookings is approximately $14.5 billion without adjusting for the impact of FX). This current estimate is against headwinds of the demand environment for new subscriptions softening over the past year as well as the global ecommerce slowdown following the pandemic-era boom.

Total Revenue and Bookings

Total revenue grew to $355.0 million in Q4’22, up 6% y/y and representing a two-year CAGR of 12%. Revenue on a y/y constant currency basis was $361.4 million, or 8% y/y growth, in Q4’22. Total revenue grew to $1.39 billion in FY 2022, up 9% y/y and representing a two-year CAGR of 19%. Revenue on a y/y constant current basis was $1.40 billion, or 11% growth, in FY 2022. **Both Q4 and FY 2022 results were above the top end of our respective guidance ranges.**

Partners revenue in Q4 ’22 totaled $94.6 million or 27% of total revenue, up 23% y/y and representing a two-year CAGR of 37%. Partners revenue in FY 2022 was $348.2 million or 25% of total revenue, up 29% y/y and representing a two-year CAGR of 50%. Growth from the increasing number of agencies and designers joining Wix was partially offset by smaller project pipelines across the professional market as well as the global ecommerce slowdown, which impacts partners more heavily than self-creators.

Total bookings grew to $371.8 million in Q4’22, up 6% y/y and representing a two-year CAGR of 10%. Total bookings on a y/y constant currency basis was $385.8 million, or 10% y/y growth, in Q4’22. Total bookings grew to $1.472 billion in FY 2022, up 4% y/y and representing a two-year CAGR of 16%. Total bookings on a y/y constant currency basis was $1.517 billion, or 7% y/y growth, in FY 2022.

Creative Subscriptions Revenue and Bookings

Creative Subscriptions revenue grew to $265.3 million in Q4’22, up 8% y/y. Creative Subscriptions ARR grew to $1.08 billion as of the end of Q4’22, up 7% y/y. Creative Subscriptions revenue grew to $1.04 billion in FY 2022, up 9% y/y.

Creative Subscriptions bookings grew to $281.8 million in Q4’22, up 7% y/y. Creative Subscriptions bookings grew to $1.12 billion in FY 2022, up 3% y/y as we lapped the closing of Vistaprint in 2021, the largest B2B partnership we have signed to date. Bookings and revenue growth were both driven by solid conversion of new users into subscriptions and increased monetization of users.

Business Solutions Revenue and Bookings

Business Solutions revenue grew to $89.8 million in Q4’22, up 3% y/y. Business Solutions revenue grew to $348.2 million in FY 2022, up 9% y/y.

Business Solutions bookings grew to $90.0 million in Q4’22, up 3% y/y. Business Solutions bookings grew to $350.7 million in FY 2022, up 6% y/y.

Growth in both Business Solutions bookings and revenue were driven by continued adoption of business applications as well as higher transaction revenue compared to the prior year period.

Transaction revenue in Q4’22 was $38.9 million or 43% of Business Solutions revenue, up 8% y/y. Transaction revenue in FY 2022 was $148.2 million or 43% of Business Solutions revenue, up 14% y/y. Transaction revenue growth was driven by higher gross payments volume (GPV) in combination with higher take rates across both the fourth quarter and full year.

Total GPV in Q4’22 was $2.6 billion, up 3% y/y and 5% q/q. Total GPV in FY 2022 grew to $10.3 billion, up 7% y/y. GPV growth slowed this year due to ongoing macro volatility pressuring global online commerce activity. Take rate increased approximately 14 basis points in Q4’22 compared to the prior year period as merchants on the platform increasingly choose Wix Payments as their payment facilitator of choice.

Gross Margin

Total non-GAAP gross margin was 65% of revenue in Q4 ’22, up more than 330 bps y/y and up slightly q/q. Total non-GAAP gross margin was 64% in FY 2022, up approximately 70 bps y/y after margins accelerated through the year across both Creative Subscriptions and Business Solutions businesses.

Creative Subscriptions non-GAAP gross margin was 79% in Q4 ’22, up more than 270 bps y/y and more than 170 bps q/q. Creative Subscriptions non-GAAP gross margin was 77% in FY 2022, up slightly from FY 2021. As a result of the cost efficiencies discussed earlier in this document and continued growth in this business, Creative Subscriptions non-GAAP gross margin is expected to improve to 80% in FY 2023.

Business Solutions non-GAAP gross margin was 24% in Q4 ’22, up more than 360 bps y/y and down slightly q/q as seasonally expected due to the larger mix of Wix Payments, a lower gross margin product, in Q4. Business Solutions non-GAAP gross margin was 23% in FY 2022, up more than 120 bps from FY 2021.

These margin improvements across both businesses are driven by the hosting efficiencies, headcount savings, and continued efficiencies within our overall operating cost structure.

Operating Expenses

Non-GAAP R&D expenses were $87.0 million in Q4 ’22, a decrease of 4% q/q and up 1% y/y. As a percent of revenue, non-GAAP R&D expenses were 25% in Q4’22, down from 26% in Q3’22 and Q4’21. Non-GAAP R&D expenses decreased through 2022 as a result of lower headcount and associated overhead costs as part of our cost reduction strategy. In FY 2022, non-GAAP R&D expenses were $357.3 million, or 26% of revenue, up slightly from 25% in FY 2021.

Non-GAAP S&M expenses were $87.6 million in Q4 ’22, a decrease of 18% q/q and 24% y/y. As a percent of revenue, non-GAAP S&M expenses were 25% in Q4’22, down from 31% in Q3’22 and 35% in Q4’21. This meaningful decline in non-GAAP S&M expenses was a result of reducing acquisition marketing investment in the quarter as we tested our new strategy as well as headcount savings as part of our cost reductions. In FY 2022, non-GAAP S&M expenses were $450.9 million, down 5% y/y. Non-GAAP S&M expenses were 32% of revenue in FY 2022, down from 37% in FY 2021.

Non-GAAP G&A expenses were $26.3 million in Q4 ’22, a decrease of 8% q/q and 2% y/y. As a percent of revenue, non-GAAP G&A expenses were 7% in Q4 ’22, down q/q and y/y. The lower non-GAAP G&A expenses were driven by declining headcount and associated charges as we progressed through the year. In FY 2022, non-GAAP G&A expenses were $110.5 million, or 8% of revenue, flat compared to FY 2021.

Earnings

Non-GAAP net income was $35.6 million in Q4'22 or $0.61 per share. On a GAAP basis, net loss was $(39.0) million, or $(0.67) per share. The notable adjustments to GAAP net income in Q4'22 include realized and unrealized gains, net of taxes, of approximately $3.8 million from our equity investments, primarily attributed to the decrease in the share price of monday.com. Additionally, we recorded $6.2 million of expenses related to exchange rate differences. These adjustments were excluded from non-GAAP results.

In FY 2022, non-GAAP net loss was $(10.0) million, or $(0.17) per share. On a GAAP basis, net loss was $(424.9) million or $(7.33) per share for FY 2022. GAAP net loss in 2022 included realized and unrealized gains, net of taxes, of approximately $154.3 million from our equity investments, as well as $6.4 million of exchange rate differences in FY 2022, both of which were excluded from non-GAAP results.

Cash Flow and Balance Sheet

Free cash flow in Q4’22, excluding capital expenditures and other expenses associated with the build out of our new corporate headquarters, was $52.0 million in Q4'22 or 15% of total revenue. Including approximately $13.4 million in new HQ spend, free cash flow was $38.6 million in Q4’22.

For FY 2022, free cash flow was $(33.5) million. Excluding $65.9 million in new HQ spend, free cash flow in FY 2022 was $32.4 million, or 2% of total revenue. **Free cash flow excluding new HQ spend exceeded the top end of our guidance range for Q4’22.**

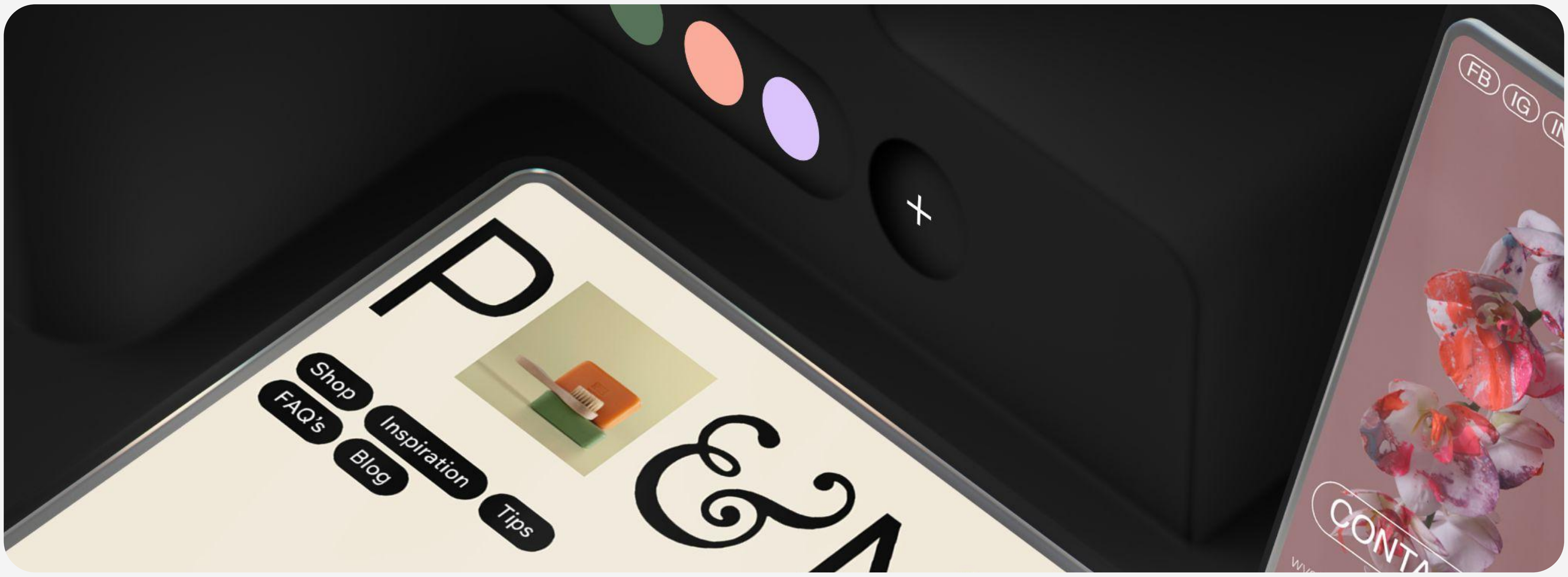
We ended FY 2022 with approximately $1.3 billion in cash and cash equivalents and $928 million in short and long-term debt.

In December, we executed repurchases of 2,928,611 ordinary Wix ordinary shares, representing approximately 5% of total shares outstanding, at an approximate volume-weighted average price per share of $83, totaling $243 million in aggregate under the $300 million share repurchase program authorized by the board in September. $232 million was settled by December 31, 2022 with the remaining $11 million settled at the start of Q1’23. This share repurchase demonstrates confidence in our ability to generate free cash flow and our commitment to managing dilution as well as increasing shareholder value.

In January, the Israeli court authorized the extension of the repurchase program for an additional six months through July 4, 2023. Replacing the prior court authorization, this new authorization provides for the repurchase of up to $110 million of ordinary shares and/or convertible notes. As of January 1, 2023, we had a remaining $57 million available under the current board-approved program and this new Israeli court authorization.

Our total employee headcount at the end of FY 2022 was 5,516, which includes 152 part time employees, down 7% y/y as we implemented headcount reductions aligned with our cost reduction plan. After the recent headcount reductions last week, we expect total headcount to be roughly 5,200 at the end of Q1 ‘23, a 15% decline from a year ago.

Outlook



We are encouraged by the strong fundamentals of our business.

Assuming no deterioration in the macro environment, we expect total revenue in Q1'23 to be $367 - $371 million, representing approximately 7 - 9% y/y growth.

For the full year, we expect total revenue to be $1,510 - $1,535 million, representing approximately 9 - 11% y/y growth.

Our focus in 2023 will continue to be on driving cost efficiencies across the business while innovating industry-first products for our users. As a result of the $50 million of incremental cost savings expected in 2023 (~$65 million on an annualized basis), we anticipate profitability to accelerate compared to the three-year plan outlined at our Analyst Day in May 2022.

Non-GAAP gross margin is expected to increase to ~66% for the full year 2023 with an exit margin of ~67%. This improvement will be driven by increases in gross margin to Creative Subscriptions, which we expect will be ~80% and Business Solutions, which we expect to be ~27% in 2023.

Non-GAAP operating expenses are expected to be down y/y to 59-60% of revenue for full year 2023 as operational efficiencies from our cost reduction efforts materialize. We expect sales and marketing expenses to be 27% to 28% of revenue in 2023, a decline from 32% of revenue last year.

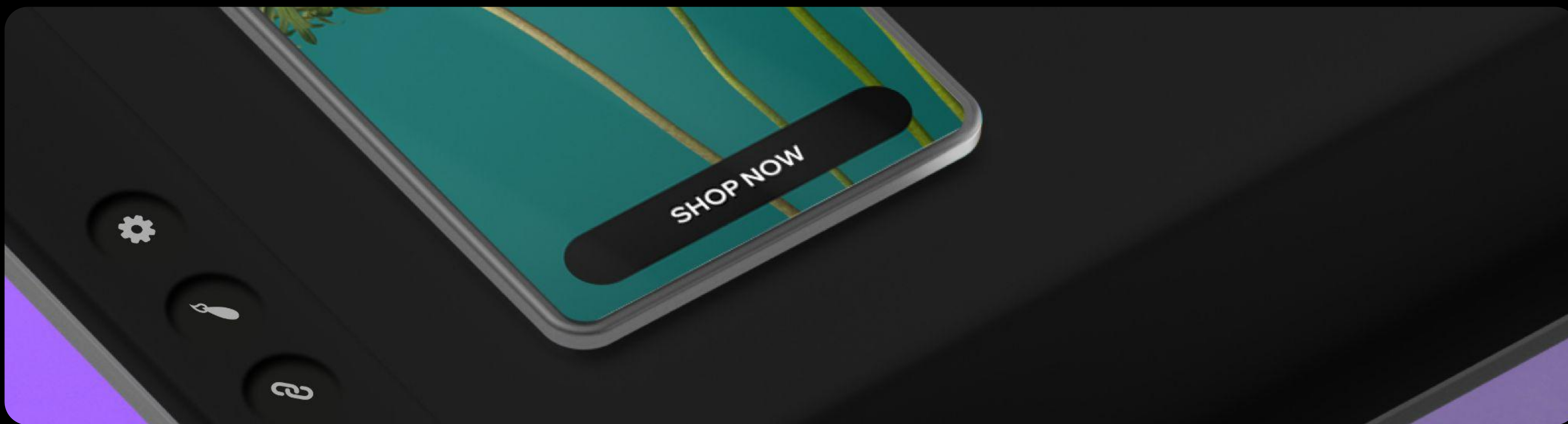
We expect depreciation expense of approximately $17 - $19 million, non-HQ related capex of approximately $8 - $9 million and HQ-related capex of $50 - $55 million for full year 2023. Due to the timing of vendor payments associated with the buildout of our headquarters, we now anticipate HQ-related capex of $5 - 10 million in 2024 following the completion of the project in late 2023. The total cost associated with the buildout of our headquarters remains ~$150 million, unchanged from prior expectations.

As a result, free cash flow excluding HQ investments is expected to be roughly $152 - $162 million, or 10 - 11% of revenue in 2023. We expect free cash flow margin to improve as we progress through the year and exit 2023 with a free cash flow margin of ~12 - 13%, driven by the new efficiencies implemented in 1H23.

Finally, stock-based compensation is expected to decrease to 15% of revenue in 2023, down from 17% of revenue in 2022, as headcount across the organization declines. We expect stock-based compensation as a percentage of revenue to continue to decline y/y through 2025.

The accelerated profitability expected in 2023 will put us on the path to achieve the "Rule of 40" in 2025.

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.

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 as well as revenue generated through B2B partnerships, such as LegalZoom or Vistaprint. We identify agencies and freelancers building sites or applications for others 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, among other criteria. Partners revenue includes revenue from both the Creative Subscriptions and Business Solutions segments.

Net revenue retention rate: we calculate our Annual Net Revenue Retention Rate at the end of a base year (e.g., Dec 31, 2022), by identifying all of the registered users on our platform as of the end of the prior year (e.g., Dec 31, 2021) 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. Net revenue retention is based on constant FX rates from 2021. Including FX impact of 2022, net revenue retention was 102%.

Future bookings over next 10 years from existing cohorts: Data represents actual bookings from Q1’10 – Q4’22 cohorts since creation and forecasted future cumulative bookings through Q4’32. Underlying our forecast of expected future bookings are certain assumptions and projections, such as assumptions regarding future cohort behavior based on historical data, the timing of improvement in certain macroeconomic conditions, the impact of certain macroeconomic conditions on our business, and the non-recurrence of foreign currency exchange rate changes that negatively impacted bookings in 2022. 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, or bookings from B2B partnerships, 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 Wednesday, February 22, 2023. To participate on the live call, analysts and investors should register and join at https://register.vevent.com/register/BI5eb72bdb2bf1417e924830624d187210. A replay of the call will be available through February 22, 2024 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. 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 capital expenditures associated with our new 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) all active Creative Subscriptions in effect on the last day of the period, multiplied by the monthly revenue of such Creative Subscriptions, other than domain registrations in effect on the last day of the period; (ii) the average revenue per month from domain registrations; (iii) monthly revenue from other partnership agreements.

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 generate new premium subscriptions; our expectation that we will be able to increase the revenue we derive from the sale of premium subscriptions and business solutions, 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; our assumption that historical user behavior can be extrapolated to predict future user behavior; our expectations regarding execution of our multi-year strategic plan and cost reduction plan; our prediction of the future revenues generated by our user cohorts and our ability to maintain and increase such revenue growth; our expectation to maintain and enhance our brand and reputation; and thereby increase user retention, user engagement and sales; our expectation that our products created for markets outside of North America will continue to generate growth in those markets; our plans 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 expectations regarding the extent of the impact on our business and operations of the COVID-19 pandemic, including uncertainty relating to expected consumer dynamics after the COVID-19 pandemic subsides, the effectiveness of government policies, vaccine administration rates and other factors; our expectation regarding the impact of fluctuations in foreign currency exchange rates 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 the growth of our infrastructure; changes we expect may occur to technologies used in our solutions; 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 profitability; our expectations regarding changes in the global, national, regional or local economic, business, competitive, market, and regulatory landscape, including as a result of increasing interest rates and inflationary pressures, lasting effects of COVID-19, and as a result of the military invasion of Ukraine by Russia; 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; our expectations about entering into new markets and attracting new customer demographics, including our ability to successfully attract new partners and grow our partner activities 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, 2021 filed with the Securities and Exchange Commission on April 1, 2022. 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	2020	2021	2022				FY	FY	FY
	Q4	Q4	Q1	Q2	Q3	Q4	2020	2021	2022
Revenues	$282,534	$333,413	$341,597	$345,224	$345,805	$355,040	$988,760	$1,269,657	$1,387,666
Change in deferred revenues	$23,847	$6,522	$37,552	$7,731	$6,023	$4,081	$113,271	$82,361	$55,387
Change in unbilled contractual obligations	NM	$11,621	$14,099	$1,639	$636	$12,692	$0	$66,805	$29,066
Bookings	$306,381	$351,556	$393,248	$354,594	$352,464	$371,813	$1,102,031	$1,418,823	$1,472,119
Creative Subscriptions Revenues	$213,745	$246,669	$254,968	$258,177	$261,066	$265,268	$783,456	$950,299	$1,039,479
Change in deferred revenues	$22,675	$5,748	$30,720	$10,105	$8,235	$3,806	$107,784	$70,775	$52,866
Change in unbilled contractual obligations	NM	$11,621	$14,099	$1,639	$636	$12,692	$0	$66,805	$29,066
Creative Subscriptions Bookings	$236,420	$264,038	$299,787	$269,921	$269,937	$281,766	$891,240	$1,087,879	$ 1,121,411
Business Solutions Revenues	$68,789	$86,744	$86,629	$87,047	$84,739	$89,772	$200,911	$319,358	$348,187
Change in deferred revenues	$1,172	$744	$6,832	$(2,374)	$(2,212)	$275	$9,880	$11,586	$2,521
Business Solutions Bookings	$69,961	$87,518	$93,461	$84,673	$82,527	$90,047	$210,791	$330,944	$350,708
Gross Profit	$179,227	$201,521	$206,848	$210,367	$217,948	$226,276	$671,348	$781,078	$861,439
Share based compensation expenses	$3,172	$4,095	$4,231	$4,555	$4,418	$4,607	$9,127	$15,462	$17,811
Acquisition related expenses	$260	$97	$81	$59	$0	$0	$765	$484	$140
Amortization	$90	$645	$761	$759	$759	$689	$316	$2,030	$2,968
Non GAAP Gross Profit	$182,749	$206,358	$211,921	$215,740	$223,125	$231,572	$681,556	$799,054	$882,358
Non GAAP Gross margin	*65%*	*62%*	*62%*	*62%*	*65%*	*65%*	*69%*	*63%*	*64%*

in 000s	2020	2021	2022				FY	FY	FY
	Q4	Q4	Q1	Q2	Q3	Q4	2020	2021	2022
Gross Profit - Creative Subscriptions	$163,467	$185,880	$190,095	$191,925	$199,031	$ 206,841	$615,917	$717,680	$787,892
Share based compensation expenses	$2,386	$3,026	$3,385	$3,608	$3,503	$3,437	$7,140	$11,446	$13,933
Non GAAP Gross Profit - Creative Subscriptions	$165,853	$188,906	$193,480	$195,533	$202,534	$210,278	$623,057	$729,126	$801,825
Non GAAP Gross margin - Creative Subscriptions	*78%*	*77%*	*76%*	*76%*	*78%*	*79%*	*80%*	*77%*	*77%*
Gross Profit - Business Solutions	$15,760	$15,641	$16,753	$18,442	$18,917	$ 19,435	$55,431	$ 63,398	$73,547
Share based compensation expenses	$786	$1,069	$846	$947	$915	$1,170	$1,987	$4,016	$3,878
Acquisition related expenses	$260	$97	$81	$59	$0	$0 -	$316	$484	$140
Amortization	$90	$645	$761	$759	$759	$689	$765	$2,030	$2,968
Non GAAP Gross Profit - Business Solutions	$16,896	$17,452	$18,441	$20,207	$20,591	$21,294	$58,499	$69,928	$80,533
Non GAAP Gross margin - Business Solutions	*25%*	*20%*	*21%*	*23%*	*24%*	*24%*	*29%*	*22%*	*23%*
Research and development (GAAP)	$89,625	$116,329	$119,865	$121,618	$120,384	$120,994	$320,278	$424,937	$482,861
Share Based Compensation	$22,170	$28,028	$28,720	$29,919	$29,606	$32,335	$76,883	$102,056	$120,580
Amortization	$108	$0	$0	$0	$0	$0	$367	$0	$0
Acquisition related expenses	$1,117	$1,937	$1,615	$1,092	$585	$1,656	$3,759	$7,312	$4,948
Non-GAAP research and development	$66,230	$86,364	$89,530	$90,607	$90,193	$87,003	$239,159	$315,569	$357,333
% of revenue	*23%*	*26%*	*26%*	*26%*	*26%*	*25%*	*24%*	*25%*	*26%*
Selling and marketing (GAAP)	$109,629	$124,560	$156,714	$120,780	$117,448	$97,944	$438,210	$512,027	$492,886
Share Based Compensation	$6,774	$9,483	$9,875	$10,019	$9,261	$9,559	$22,845	$33,853	$38,714
Amortization	$420	$(184)	$812	$821	$820	$821	$1,780	$2,918	$3,274
Acquisition related expenses	$294	$0	$0	$0	$0	$0	$956	$28	$0
Non-GAAP selling and marketing	$102,141	$115,261	$146,027	$109,940	$107,367	$87,564	$412,629	$475,228	$450,898
% of revenue	*36%*	*35%*	*43%*	*32%*	*31%*	*25%*	*42%*	*37%*	*32%*

in 000s	2020	2021	2022				FY	FY	FY
	Q4	Q4	Q1	Q2	Q3	Q4	2020	2021	2022
General and administrative (GAAP)	$35,433	$56,926	$45,686	$42,991	$42,427	$39,941	$111,915	$169,648	$171,045
Share Based Compensation	$10,590	$29,688	$18,158	$14,646	$13,511	$13,416	$38,458	$70,020	$59,731
Amortization	$1	$1	$1	$0	$2	$1	$4	$4	$4
Acquisition related expenses	$15	$11	$3	$36	$0	$0	$331	$856	$39
Sales tax accrual and other G&A expenses (income)	$2,810	$320	$172	$189	$183	$219	$4,299	$1,692	$763
Non-GAAP general and administrative	$22,017	$26,906	$27,352	$28,120	$28,731	$26,305	$68,823	$97,076	$110,508
% of revenue	*8%*	*8%*	*8%*	*8%*	*8%*	*7%*	*7%*	*8%*	*8%*
GAAP Operating Loss	$(55,460)	$(96,294)	$(115,417)	$(75,022)	$(62,311)	$(32,603)	$(199,055)	$(325,534)	$(285,353)
Share Based Compensation	$42,706	$71,294	$60,984	$59,139	$56,796	$59,917	$147,313	$221,391	$236,836
Amortization	$619	$462	$1,574	$1,580	$1,581	$1,511	$2,577	$4,952	$6,246
Acquisition related expenses	$1,686	$2,045	$1,699	$1,187	$585	$1,656	$5,811	$8,680	$5,127
Sales tax accrual and other G&A expenses (income)	$2,810	$320	$172	$189	$183	$219	$4,299	$1,692	$763
Non-GAAP Operating Income (Loss)	$(7,639)	$(22,173)	$(50,988)	$(12,927)	$(3,166)	$30,700	$(39,055)	$(88,819)	$(36,381)
Net cash provided (used) by operating activities	$28,550	$21,041	$(13,662)	$(2,687)	$267	$53,234	$148,049	$65,685	$37,152
Capital expenditures, net	$(5,380)	$(13,702)	$(19,924)	$(13,217)	$(22,874)	$(14,649)	$(18,853)	$(37,700)	$(70,664)
Free Cash Flow	$23,170	$7,339	$(33,586)	$(15,904)	$(22,607)	$38,585	$129,196	$27,985	$(33,512)
Capital expenditures and other cash costs related to Wix HQ office build out	$792	$10,047	$15,438	$9,911	$27,166	$13,405	$2,462	$23,449	$65,920
Free Cash Flow (excluding capex and other cash costs)	$23,962	$17,386	$18,148	$(5,993)	$4,559	$51,990	$131,658	$51,434	$32,408

in 000s	2022	
	Q4	FY
Bookings	$371,813	$1,472,119
Adjustment for FX changes	$14,011	$44,829
Y/Y Constant Currency Bookings	$385,825	$1,516,948
Revenues	$355,040	$1,387,666
Adjustment for FX changes	$6,397	$16,762
Y/Y Constant Currency Revenues	$361,437	$1,404,428

in millions	Q1'10	Q1'11	Q1'12	Q1'13	Q1'14	Q1'15	Q1'16	Q1'17	Q1'18	Q1'19	Q1'20	Q1'21	Q1'22
Cumulative Cohort Revenue	$35	$49	$60	$121	$165	$168	$190	$207	$207	$181	$149	$111	$41
Cumulative Cohort change in deferred revenues	$1	$2	$2	$5	$8	$9	$11	$13	$15	$15	$17	$16	$15
Cumulative Cohort Bookings	$36	$51	$62	$126	$173	$177	$201	$220	$222	$196	$166	$127	$56