Shareholder Update

Third Quarter 2023 | November 9, 2023

To our Shareholders, our Users & our People

We delivered an exceptional third quarter that exceeded both growth and profitability expectations as we built upon the positive momentum of the first half of the year. **By successfully executing on our key strategic initiatives, while diligently managing expenses, we accelerated profitable growth for a third consecutive quarter and made tremendous progress towards our refreshed three-year goals outlined at our Analyst & Investor Day in August.**

Q3 revenue increased 14% y/y and exceeded the top end of guidance driven by incredible growth in our Partners business as we expanded our existing penetration into the professionals market and increased monetization.

Better than expected top-line results were complemented by continued operating efficiencies across our business as we finished Q3 with a second consecutive quarter of positive GAAP net income and higher than expected FCF margin of 16% (excl. HQ costs).

As a result of our strong year-to-date performance, we are raising full year revenue and FCF guidance. We now expect to exit 2023 with a FCF margin in Q4 of 20-21% of revenue (excl. HQ costs), significantly ahead of our expectations at the beginning of this year and ahead of our three-year plan.

In addition, FCF per share (excl. HQ and restructuring charges) is now expected to total more than $3.50 in 2023, also ahead of the target we provided in August. Most notably, we expect to achieve positive GAAP net income for full year 2023 with profitability also achievable for full year 2024, a goal previously planned for 2025.

Our strong results thus far in 2023 give me tremendous confidence in our ability to achieve, and potentially even exceed, the goals in our updated three-year plan.

Our increasing confidence and outlook for profitable growth is underpinned by two primary growth engines, which we spoke about at length at our Analyst Day in August: Partners and specifically the new Wix Studio, and AI and its impact across our business, most notably on Self Creators.

Following the launch of Wix Studio in August, which is now available to all users worldwide, I have been incredibly impressed with the beautiful, dynamic and powerful templates and sites built by our Partners on Studio so far. **Initial uptake of Studio has exceeded expectations as Partners progressed through the funnel faster than anticipated with thousands of Studio sites already live, of which a meaningful portion have a business vertical attached and are actively generating GPV.**

Additionally, the total number of registered Studio accounts and the conversion of existing sites to Studio have come in better than expected so far, further underpinning the early outperformance of our cornerstone Partner offering.

Feedback for Studio has also been fantastic and demonstrates the strong connection Partners have already begun to develop with the product. **Partners have expressed the most excitement around Studio's responsive design AI features, dedicated workflow management dashboard and Client Kit, with overall resounding appreciation for the intuitiveness of the platform.** We also received many feature requests and ideas to make Studio even better, some of which we have already built and released. This active collaboration with the growing global community of professionals excited about Wix gives me confidence that we have an extended period of growth in this business ahead.

This quarter, we also added to our extensive suite of AI and genAI products with the launch of two new offerings: AI Meta Tags Creator and Conversational AI Chat Experience for Business. Natively developed and powered by OpenAI, the AI Meta Tags Creator is a groundbreaking built-in SEO tool that enables Wix users to instantly generate optimized title tags and meta descriptions tailored to their page content with minimal to no manual input. Our new AI Chat Experience for Business formulates recommendations tailored to a business' unique needs, including relevant website templates, commerce applications, images, text, and more from a simple yet dynamic conversation with the user. This experience paves the way to completely automating business management with AI and getting businesses online more quickly and efficiently. These two launches are the first in a string of exciting AI product releases we have coming up as we continue to focus on making the Wix experience frictionless for Self Creators and Partners.

Finally, I would like to finish by addressing the war in Israel. Since the events in Israel on October 7th, much of the team at Wix has had to adapt to a new reality. **However, the unified strength of our diverse global team has been a bright light during these times, enabling us to prevent disruption to operations even as this crisis has continued.** Though the scale of the current situation is unprecedented, Wix has successfully navigated unprecedented environments before, such as the COVID-19 pandemic and the war in Ukraine, and ultimately emerged stronger – I do not expect this case to be any different.

I remain steadfastly confident in our growth trajectory and appreciate your ongoing support as we all look forward to better times ahead.

Avishai Abrahami
Co-founder and CEO

Product & Business Updates

Best-in-class product and continuous innovation underpin our **key growth pillars: compounding Partners growth, the re-acceleration of our Self Creators business and increased Business Solutions adoption with GPV growth across both segments.**

Our Partner offering, especially Wix Studio, is driving compounding growth in Partners cohorts and revenue as more professionals come to Wix, increase the number of projects they are building on Wix and generate meaningful GPV. We expect this momentum to continue as Studio ramps.

Compounding Partners growth is complemented by re-accelerating growth in our stable and profitable Self Creators business, which we have seen throughout this year. Market leading innovation, especially our powerful AI products and technology, is driving higher conversion, monetization and retention as we maintain our leadership position in the website building space. We expect innovation along with a macro recovery will return our Self Creators segment to double digit growth.

Higher adoption of Business Solutions applications and increasing GPV are significant growth drivers of both Partners and Self Creators. As users' needs become increasingly complex, we will continue to provide them with the tools to grow their business successfully.

Wix Studio

Over the past three months, our team met with freelancers and agencies live across the world in an extensive schedule of educational events and activities dedicated to Studio. Through workshops, Q&A sessions with management and roundtables, thousands of Partners successfully onboarded onto Studio, learned to use new features with confidence, refined Velo skills, received tailored training and most importantly, built relationships with other professionals in the Wix community.

Here is what we heard from our partners:

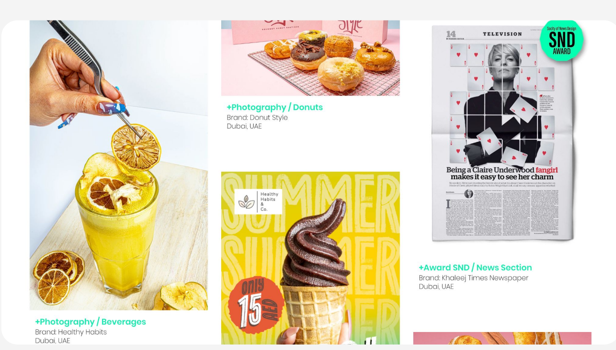
"Studio has truly transformed the way we operate. Its innovative features and seamless user experience have made a significant impact on our workflow and productivity. I highly recommend Studio to any agency looking to enhance their operations."
Flor IT, Web design & SEO

"I attended one of the Studio workshops in NYC to get hands-on training. Not only did I discover the new platform's user-friendliness, but I also realized its capability to elevate my business offerings and enhance client experiences to new heights!"
Jeffers Media, Website developer

"I was beyond thrilled about the launch of Wix Studio. It's a game-changer in website design, and I was extremely excited to share this news with my clients and potential clients… we now have the tools to elevate their websites to new heights, enhancing the exceptional services we already provide. This platform opens up a realm of creative possibilities, and I can't wait to explore them even more to deliver even significant value to my clients."
Mevo Creative Studios, Web design

"This is a game changer for our agency! All our next projects will be moved to Studio."
Aleia, Digital agency

Sites Built on Wix Studio



Roberto Canseco

This art director created an inspiring website, showcasing a portfolio with his designs and projects
www.robcanseco.com

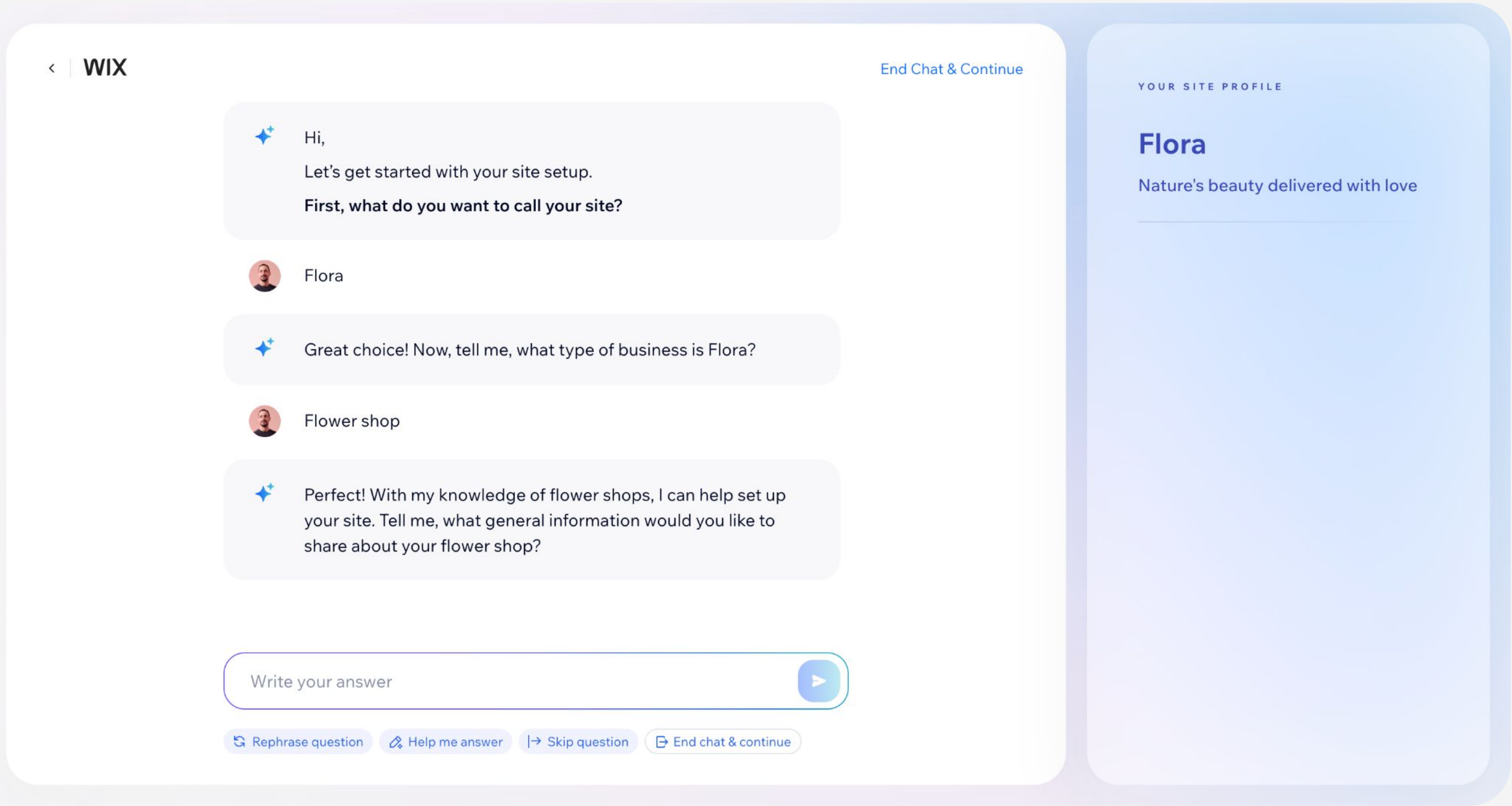
Pixlsplash

The web design studio created a unique website to offer their services and showcase their previous works
www.pixlsplash.com

Justine Stevenot

This graphic designer, illustrator and photographer created a colorful and humorous website to offer her services
www.hellostevenot.com

AI Innovation Continuing to Power Growth



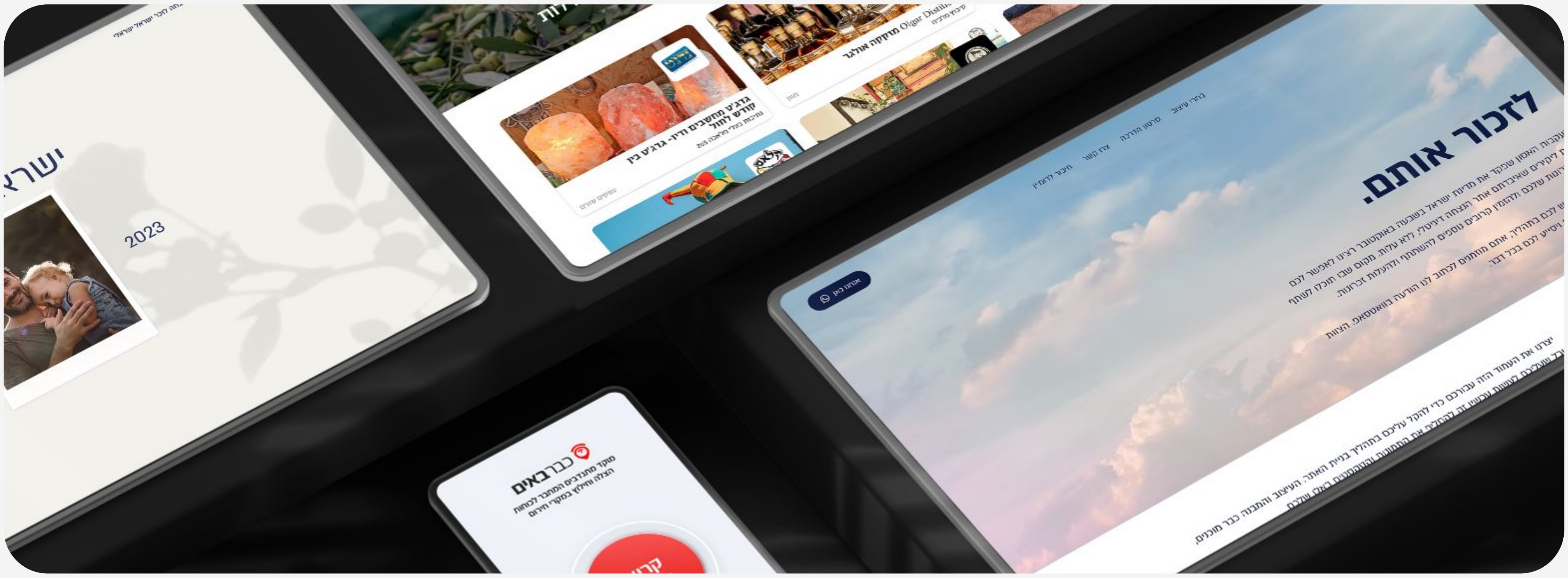
Conversational AI Chat Experience for Business

Through in-depth human-like dialogue with the user, our new AI Chat Experience for Business actively collects information about a users' business before formulating tailored recommendations for the essential components of an online business website, including website templates, commerce and other applications, images, tone preferences, text, and more. Alongside the conversation, a business profile is built categorizing and organizing all of the applications. Once the AI conversation concludes, new users are guided to a personalized dashboard where they can manage all of their site components as well as further personalize and adjust tools and design before publishing their site. **This AI Chat Experience is the first step to completely automating business management with AI and getting businesses online more quickly and efficiently.**

AI-Powered SEO Tool

The AI Meta Tags Creator is a groundbreaking new addition to Wix's built-in SEO tools, enabling Wix users to instantly generate optimized tailored title tags and meta descriptions based on their page data and content. Designed to streamline SEO content creation, this new tool allows users of all levels, from beginners to seasoned professionals, to generate SEO-friendly tags for each of their pages and make adjustments in real-time, all directly from the SEO panel and settings. Natively developed and powered by OpenAI, the AI Meta Tags Creator offers suggestions that adhere to SEO best practices, work seamlessly with different Wix page types, and address various search intents. **This new AI-powered SEO tool removes a longstanding pain point for beginners and professionals alike by allowing users to create search-optimized and customized content more efficiently and effectively.**

Supporting our Community



With all of our employees accounted for in the ongoing war in Israel, the safety and well being of our team members and their families remain our top priority. As such, we have implemented multiple initiatives to support them, our users and the broader community during this time. We are actively leveraging our resources and global footprint to connect those in need with vital resources, assist small businesses impacted by the war and enable remote support wherever possible.

A couple of our many efforts include the participation of our employees in the creation of an emergency button that connects citizens in need with rescue teams, and Remember Them, a site with design templates for creating personal memorial pages. We also established a voluntary project that allows impacted small businesses to sell gift cards for their products or services, which can be redeemed once operations resume.

Additionally, we're leveraging our robust platform, infrastructure and expertise to provide support to public institutions that need immediate solutions for pressing needs. Our commitment to maintaining our platform's reliability ensures that they can rely on our services when they are needed most.

For example, our team helped create a website for the Joint non-profit organization providing mental health services to Israeli citizens impacted by the war. We also helped build an online mailing system for the families of kidnapped and missing citizens, so that they can communicate with on-the-ground volunteers.

Financial Review

Exceptional Year to Date Performance and Higher FY23 Outlook Increases Confidence in Achieving “Rule of 40” and Minimum 25% FCF margin in 2025 As We Plan to Exit 2023 with 20-21% FCF Margin (excl. HQ and restructuring charges)

Strong execution in Q3 led to growth and profitability ahead of expectations as we continue to attract Partners to Wix and maintain a high level of operational efficiency. Highlights include:

- Total revenue increased 14% y/y, ahead of the top end of our guidance
- Partners revenue of $119.4M, an increase of 38% y/y, marking the third consecutive quarter of accelerating y/y growth
- Creative Subscriptions ARR of $1.182B, an increase of 10% y/y
- Transaction revenue of $44.1M, up 22% y/y, driven primarily by strong GPV of $2.9B, up 14% y/y
- Non-GAAP gross margin of 68%, a y/y improvement of 380 bps
- Positive GAAP net income for second consecutive quarter
- FCF (excl. HQ and restructuring charges) of $62.8M, or 16% of revenue and a sequential increase of 28%

These outstanding results demonstrate our ability to drive profitable growth and provide us with more confidence than ever in achieving the Rule of 40 with a minimum of 25% FCF margin in 2025, as we outlined in our Analyst Day in August.

Due to this strong execution, we are updating our prior expectations to the following:

- Non-GAAP operating expenses of 53-54% of revenue for FY 2023 due to continued operational efficiency across the organization
  - Non-GAAP operating expenses previously anticipated to be 56-57% of revenue in 2023
- Positive GAAP net income for FY 2023 with positive GAAP net income being achievable in 2024, driven by strong revenue growth and operational efficiency
  - Previously, positive GAAP net income was not expected until 2025
- FCF margin (excl. HQ and restructuring charges) of 15% in FY23 with an exit rate in Q4 of 20-21% FCF margin (excl. HQ costs) driven by strong revenue growth and operational efficiency
  - Substantial improvement from our expectations at the beginning of the year, which was FCF margin of 10-11% with an exit rate of ~12-13%
- FCF per share (excl. HQ and restructuring charges) of more than $3.50 in 2023
  - Previous expectation was FCF per share (excl. HQ and restructuring charges) of at least $3 in 2023

User Cohort Performance

Cumulative bookings in our Q1’23 user cohort grew to $51.0 million through Q3’23, driven by continued strong conversion of users to subscriptions and increasing monetization, reflected in higher average revenue per subscriptions (ARPS). This user cohort also continues to benefit from the growth of Partners using Wix.

The growth in ARPS was driven by users purchasing higher priced subscription packages and increasingly attaching Business Solutions products as well as increased transaction revenue driven by higher GPV and better take rate.

The continued growth of this user cohort reinforces the benefits of our refocused marketing strategy, which continues to drive outstanding results and efficiency. We continue to capture higher-intent users, particularly commerce users and Partners, who are converting at higher rates, purchasing higher priced packages, attaching a greater number of Business Solutions offerings and generating more GPV per site on average. These behaviors are driven by our strong product offering and generate improved ROI on our marketing investment compared to a year ago. Additionally, we continue to see a rising number of users coming to Wix organically as a result of our strong Wix brand. We ended Q3’23 with over 258 million registered users.

Revenue and Bookings

Total revenue grew to $393.8 million in Q3'23, up 14% y/y as growth accelerated for a third consecutive quarter and was approximately $3 million above the high end of our guidance range. Changes y/y in FX rates had an immaterial impact on revenue. This outperformance was driven by continued accelerating y/y growth across both our Creative Subscription and Business Solutions businesses.

Total bookings in Q3'23 grew to $389.1 million, up 10% y/y, driven by strong bookings in both Creative Subscriptions and Business Solutions. Changes in y/y FX rates benefited bookings by roughly $5.7 million in Q3. Similar to last quarter, total bookings in Q3 included a reduction in total unbilled contractual obligations as we no longer record contractual obligations beyond 12 months as part of bookings. Excluding changes to unbilled contractual obligations of $(5.1) million, total bookings grew 12% y/y. (See further discussion below under "Partners Revenue, B2B Partnerships")

Creative Subscriptions Revenue and Bookings

Creative Subscriptions revenue grew to $290.6 million in Q3'23, up 11% y/y. Creative Subscriptions ARR grew to $1.182 billion as of the end of Q3'23, up 10% y/y.

Creative Subscriptions bookings in Q3'23 grew to $283.9 million, up 5% y/y. Bookings and revenue growth were both driven by higher conversion of new and 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 $103.2 million in Q3'23, up 22% y/y. Business Solutions bookings grew to $105.2 million in Q3'23, up 27% y/y.

The continued acceleration in y/y growth of both Business Solutions bookings and revenue was driven by strong GPV growth leading to higher transaction revenue y/y and continued strong adoption of business applications.

Transaction revenue in Q3'23 was $44.1 million or 43% of Business Solutions revenue, up 22% y/y. Transaction revenue growth was driven by a 14% y/y increase in GPV to $2.9 billion as well as a y/y increase in take rate as merchants continue to adopt Wix Payments.

As mentioned at our Analyst & Investor Day in August, Partners continues to generate meaningful GPV growth, contributing to over 40% of our overall GPV in the quarter.

Partners Revenue

Partners revenue in Q3'23 totaled $119.4 million, up 38% y/y as y/y growth continues to accelerate. Growth was driven by an increasing number of agencies, designers and developers building on Wix coupled with better monetization as Partners attach more Business Solutions offerings and generate meaningful GPV growth. Revenue from our B2B partnerships also continue to ramp and contribute to growth in our Partners business.

B2B Partnerships

B2B partnerships continue to grow in their contribution to total revenue as the acquisition funnels of our B2B partners bring new subscriptions to our platform.

In September, we jointly announced a multi-year bi-lateral strategic partnership with Intuit. Combining our comprehensive online platform with Intuit's array of solutions will bring a powerful set of products to enable self creators, agencies and freelancers to drive customer engagement and sales growth. Our current pipeline of new potential B2B partners remains strong.

After roughly three years since our first partnership was initiated, we have scaled this business with an established and consistent process to onboard and work with multiple types of large businesses that wish to offer the Wix platform to their user base. Our B2B partnership business is now profitable on a standalone basis, which is a testament to the success of our sales efforts as well as our product platform and the value Wix brings to our B2B partners' users.

Given that we have "productized" this business, we no longer rely on upfront commitments from potential B2B partners, which were more important when we were building and developing our solution, and can now offer terms that are usage based. Further, as the macroeconomy remains uncertain, new B2B partners continue to be reluctant to sign longer term commitments. We believe focusing on "pay as you go" type terms will open up more partnership opportunities going forward.

The Intuit partnership is a great example of this evolution as it represents significant potential in the future but will be recognized based on actual usage rather than up front commitments or bookings.

As such, existing unbilled contractual obligations will continue to decrease and move to deferred revenue, and we expect no new unbilled contractual obligations added to bookings going forward.

Gross Profit and Margin

Total non-GAAP gross margin was 68% of revenue in Q3’23, an increase of approximately 380 bps y/y. Total non-GAAP gross profit grew 21% y/y in Q3’23.

Creative Subscriptions non-GAAP gross margin was approximately 83% in Q3’23. Business Solutions non-GAAP gross margin was 28% in Q3’23.

We continue to benefit from a more optimized cost structure, driven primarily by hosting efficiencies and AI-driven automation in Customer Care. Business Solutions non-GAAP gross margin also benefited from 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 $94.7 million in Q3’23, an increase of approximately 9% q/q and 5% y/y. As a percent of revenue, non-GAAP R&D expenses were 24% in Q3’23, a decrease from 26% of revenue in the year ago quarter. The growth in R&D was driven by non-recurring increases in compensation costs, which had been previously budgeted.

Non-GAAP S&M expenses were $89.1 million in Q3’23, an increase of 4% q/q and a decrease of 17% y/y. As a percent of revenue, non-GAAP S&M expenses were 23% in Q3’23, a decrease from 31% of revenue a year ago. Non-GAAP S&M expenses increased sequentially as expected due to planned marketing activities associated with the launch of Wix Studio in August as well as budgeted non-recurring increases in compensation. The y/y decline in non-GAAP S&M expenses was driven by continued execution of our streamlined marketing strategy focusing on attracting higher-intent users, resulting in lower amounts of acquisition marketing spend.

Non-GAAP G&A expenses were $27.4 million in Q3’23, an increase of 8% q/q and a decrease of 5% y/y. As a percent of revenue, non-GAAP G&A expenses were 7% in Q3’23, down from 8% a year ago. The sequential increase in non-GAAP G&A expenses was due to budgeted non-recurring increases in compensation costs. The y/y decline was due to lower headcount and overhead expenses.

Outperformance across the business and benefits from operating efficiencies resulted in non-GAAP operating income of $58.0 million or 15% of revenue. Non-GAAP operating income excludes the impact of a $3.8M non-cash restructuring charge related to early office lease terminations that occurred in Q3’23.

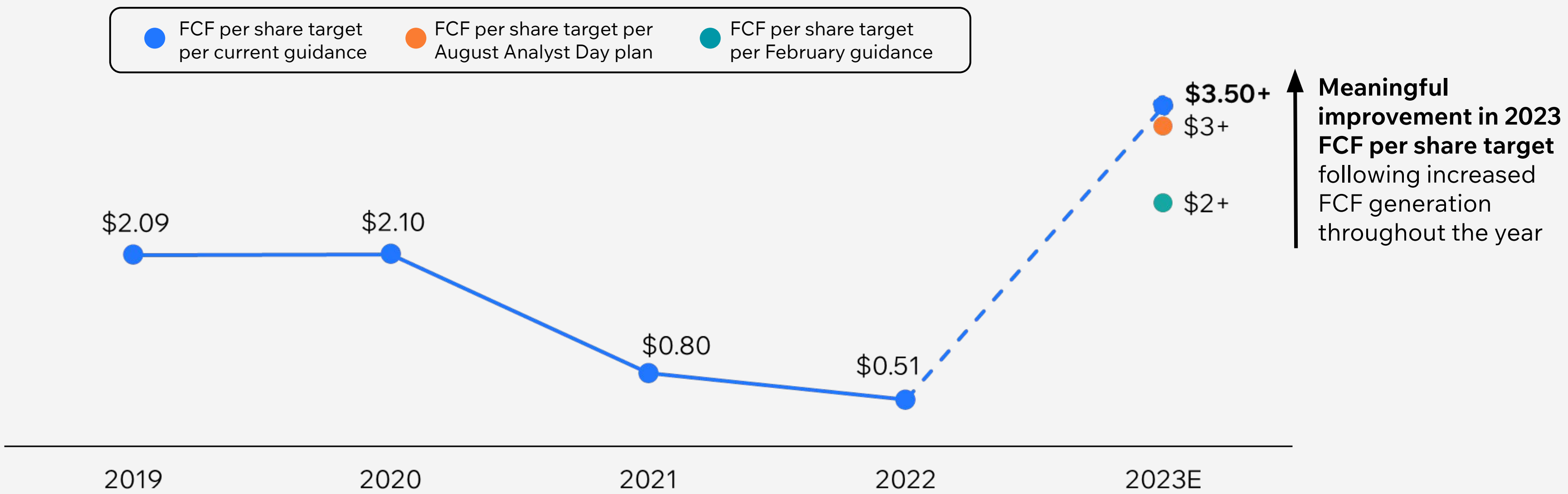
Earnings, Cash Flow and Per Share Data

GAAP net income was $7.0 million, or $0.12 per diluted share in Q3'23. Non-GAAP net income was $65.1 million in Q3'23 or $1.10 per diluted share.

In Q3'23, free cash flow excluding capital expenditures and other expenses associated with the build out of our new corporate headquarters, was $62.8 million in Q3'23 or 16% of total revenue. Including approximately $18.0 million in new HQ spend, free cash flow was $44.8 million in Q3'23. The free cash flow result this quarter was ahead of expectations due to strong growth and the benefits of a leaner cost structure.

With this strong quarter, we remain ahead of plan and expect to achieve our goals of Rule of 40, minimum 25% FCF margin (excl. HQ and restructuring charges) and GAAP net income in 2025 that we discussed in our Analyst & Investor Day in August.

We are also ahead of plan towards achieving our forecasted FCF per share. We now expect FCF in 2023 to exceed $3.50 per share (excl. HQ and restructuring charges) on a fully diluted basis, ahead of the $3+ FCF per share we presented at our Analyst & Investor Day in August.



* Free cash flow excludes HQ spend and associated costs in 2020-2023 and excludes ~$4.5 million of cash restructuring costs in 2023.

Balance Sheet and Other Items

We ended Q3'23 with approximately $998.1 million in cash and cash equivalents and $568.9 million in long-term debt.

Our total employee count at the end of Q3'23 was 5,238, down 8% from the same period last year.

Outlook

Our exceptional outperformance in the first three quarters of the year highlights the strong fundamentals of our business and the continued momentum of our growth and profitability initiatives. **As a result, we expect to finish 2023 ahead of our refreshed three-year plan presented at the Analyst & Investor Day in August while accelerating our path to achieving the Rule of 40 in 2025.**

We expect Q4 revenue to be $400 - $405 million, or 13 - 14% growth y/y.

Due to the outperformance we experienced in the first three quarters of 2023, we are increasing our full year revenue outlook to $1,558 - $1,563 million, or 12 - 13% y/y growth, an increase from our previous outlook of $1,543 - $1,558 million, or 11 - 12% y/y growth.

This increased revenue growth outlook is expected to result in accelerating profitability as we exit 2023.

We continue to anticipate non-GAAP gross margin of approximately 68% for the full year, driven by strong performance across both Creative Subscriptions and Business Solutions. We also continue to anticipate Creative Subscriptions non-GAAP gross margin of approximately 82% for the full year and Business Solutions non-GAAP gross margin of approximately 28% for the full year.

Non-GAAP operating expenses are expected to decrease to 53-54% of revenue for the full year, down from our previous expectation of 56-57% of revenue. This decrease is primarily driven by greater efficiency on sales and marketing expenses than we had anticipated as well as other incremental operational efficiencies. Non-GAAP sales and marketing expenses are now expected to be approximately 23-24% of revenue in 2023, down from our previous expectation of approximately 25-26% of revenue.

Impressively, following a second consecutive quarter of positive GAAP net income in Q3, we now expect to deliver positive GAAP net income for the full year 2023 with GAAP profitability achievable in 2024, a goal previously set for 2025.

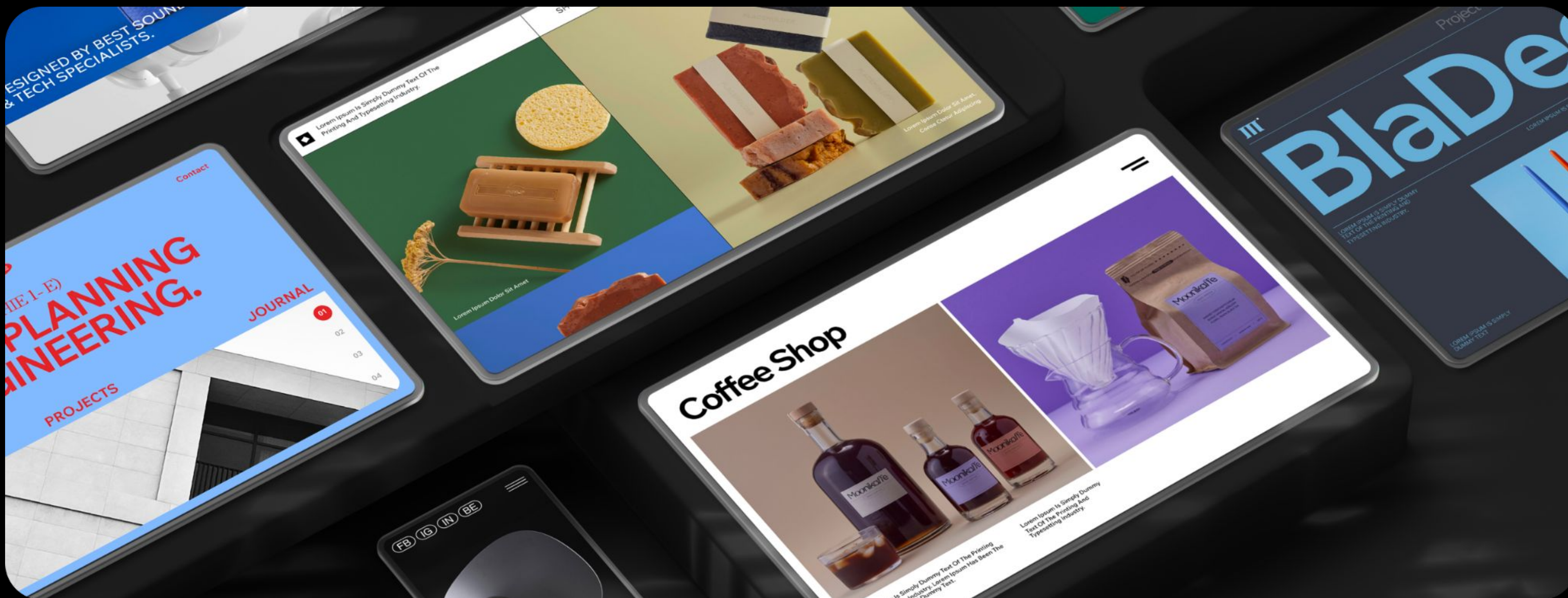
Due to stronger than expected revenue growth and continued benefits from completed operational efficiencies, we are increasing our outlook for free cash flow, excluding HQ and cash restructuring costs, for the full year to $235 - $240 million, or approximately 15% of revenue, and we expect to exit 2023 with a free cash flow margin of 20-21% in Q4, putting us in striking distance of our minimum 25% FCF margin anticipated for 2025. This compares to our previous free cash flow outlook of $200 - $210 million, or approximately 13% of revenue and an exit margin of approximately 15%.

Additionally, robust FCF generation in conjunction with continued prudence around headcount growth as well as focused dilution management positions us well to deliver FCF per share (excl. HQ and restructuring charges) **of more than $3.50 in full year 2023 on a fully diluted basis, previously expected to be approximately $3 per share in our three-year plan.**

Note that our revised FCF outlook excludes approximately $4.5 million in cash restructuring costs, of which approximately $2.1 million was incurred in Q1 with the remainder being incurred in Q2.

Finally, we continue to expect stock-based compensation to be approximately 14% of revenue in full year 2023 as we manage headcount according to our annual plan. We expect stock-based compensation as a percentage of revenue to continue to decline y/y through 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, 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 as well as revenue generated through B2B partnerships, such as LegalZoom or Vistaprint, and through enterprise partners. 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 (incl. Wix Studio). 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 Thursday, November 9th, 2023. To participate on the live call, analysts and investors should register and join at https://register.vevent.com/register/BI682d39f0556247bd9e332dafd387b487. A replay of the call will be available through November 8th, 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, free cash flow per share, 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 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. Free cash flow per share represents free cash flow, as adjusted, divided by total outstanding shares on a fully diluted basis. 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 Creative Subscriptions in effect on the last day of the period, multiplied by the monthly revenue of such Creative Subscriptions, other than domain registrations; (ii) the average revenue per month from domain registrations in effect on the last day of the period; and (iii) monthly revenue from other partnership agreements and 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 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 expectations related to our ability to develop relevant and required products using Artificial Intelligence (“AI”), the regulatory environment impacting AI-related activities including privacy and intellectual property aspects, and potential competition from third-party AI tools which may impact our business; 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, in particular during the current turbulent macro-economic environment; our expectation regarding the successful impact of our previously announced Cost-Efficiency Plan and other cost saving measures we may take in the future; 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 that our recent downsizing of our Customer Care team will not affect our ability to continue attracting registered users and increase user retention, user engagement and sales; 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 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 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 COVID-19 and as a result of the military invasion of Ukraine by Russia, or other local Israeli military campaigns; 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 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, 2022 filed with the Securities and Exchange Commission on March 30, 2023. 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	2022 Q2	2022 Q3	2022 Q4	2023 Q1	2023 Q2	2023 Q3	FY 2019	FY 2020	FY 2021	FY 2022
Revenues	$345,224	$345,805	$355,040	$374,076	$389,977	$393,841	$757,667	$984,367	$1,269,657	$1,387,666
Change in deferred revenues	$7,731	$6,023	$4,081	$60,975	$12,043	$387	$74,818	$117,664	$82,361	$55,387
Change in unbilled contractual obligations	$1,639	$636	$12,692	($20,146)	($3,521)	($5,133)	-	-	$66,805	$29,066
Bookings	$354,594	$352,464	$371,813	$414,905	$398,499	$389,095	$832,485	$1,102,031	$1,418,823	$1,472,119
Creative Subscriptions Revenues	$258,177	$261,066	$265,268	$278,130	$287,089	$290,634	$644,491	$783,456	$950,299	$1,039,479
Change in deferred revenues	$10,105	$8,235	$3,806	$55,445	$10,361	($1,584)	$67,272	$107,784	$70,775	$52,866
Change in unbilled contractual obligations	$1,639	$636	$12,692	($20,146)	($3,521)	($5,133)	-	-	$66,805	$29,066
Creative Subscriptions Bookings	$269,921	$269,937	$281,766	$313,429	$293,929	$283,917	$711,763	$891,240	$1,087,879	$1,121,411
Business Solutions Revenues	$87,047	$84,739	$89,772	$95,946	$102,888	$103,207	$113,176	$200,911	$319,358	$348,187
Change in deferred revenues	($2,374)	($2,212)	$275	$5,530	$1,682	$1,971	$7,546	$9,880	$11,586	$2,521
Business Solutions Bookings	$84,673	$82,527	$90,047	$101,476	$104,570	$105,178	$120,722	$210,791	$330,944	$350,708
Gross Profit	$210,367	$217,948	$226,276	$244,598	$262,083	$264,798	$562,847	$671,348	$781,078	$861,439
Share based compensation expenses	$4,555	$4,418	$4,607	$4,238	$3,479	$3,621	$5,854	$9,127	$15,462	$17,811
Acquisition related expenses	$59	-	-	$24	$183	$17	-	$765	$484	$140
Amortization	$759	$759	$689	$667	$667	$668	$1,951	$316	$2,030	$2,968
Non GAAP Gross Profit	$215,740	$223,125	$231,572	$249,527	$266,412	$269,104	$570,652	$681,556	$799,054	$882,358
Non GAAP Gross margin	*62%*	*65%*	*65%*	*67%*	*68%*	*68%*	*75%*	*69%*	*63%*	*64%*

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in 000s	2022			2023			FY	FY	FY	FY
	Q2	Q3	Q4	Q1	Q2	Q3	2019	2020	2021	2022
Gross Profit - Creative Subscriptions	$191,925	$199,031	$206,841	$220,646	$235,039	$237,447	$523,586	$615,917	$717,680	$787,892
Share based compensation expenses	$3,608	$3,503	$3,437	$3,151	$2,562	$2,673	$4,994	$7,140	$11,446	$13,933
Non GAAP Gross Profit - Creative Subscriptions	$195,533	$202,534	$210,278	$223,797	$237,601	$240,120	$528,580	$623,057	$729,126	$801,825
Non GAAP Gross margin - Creative Subscriptions	*76%*	*78%*	*79%*	*80%*	*83%*	*83%*	*82%*	*80%*	*77%*	*77%*
Gross Profit - Business Solutions	$18,442	$18,917	$19,435	$23,952	$27,044	$27,351	$39,261	$55,431	$63,398	$73,547
Share based compensation expenses	$947	$915	$1,170	$1,087	$917	$948	$860	$1,987	$4,016	$3,878
Acquisition related expenses	$59	-	-	$24	$183	$17	-	$765	$484	$140
Amortization	$759	$759	$689	$667	$667	$668	$1,951	$316	$2,030	$2,968
Non GAAP Gross Profit - Business Solutions	$20,207	$20,591	$21,294	$25,730	$28,811	$28,984	$42,072	$58,499	$69,928	$80,533
Non GAAP Gross margin - Business Solutions	*23%*	*24%*	*24%*	*27%*	*28%*	*28%*	*37%*	*29%*	*22%*	*23%*
Research and development (GAAP)	$121,618	$120,384	$120,994	$114,943	$115,490	$125,117	$250,791	$320,278	$424,937	$482,861
Share Based Compensation	$29,919	$29,606	$32,335	$28,294	$28,778	$30,428	$56,161	$76,883	$102,056	$120,580
Amortization	-	-	-	-	-	-	$718	$477	-	-
Acquisition related expenses	$1,092	$585	$1,656	$172	$56	$5	-	$3,759	$7,312	$4,948
Non-GAAP research and development	$90,607	$90,193	$87,003	$86,477	$86,656	$94,684	$193,912	$239,159	$315,569	$357,333
% of revenue	*26%*	*26%*	*25%*	*23%*	*22%*	*24%*	*26%*	*24%*	*25%*	*26%*
Selling and marketing (GAAP)	$120,780	$117,448	$97,944	$99,133	$96,037	$100,765	$307,718	$438,210	$512,027	$492,886
Share Based Compensation	$10,019	$9,261	$9,559	$9,558	$9,652	$10,835	$18,458	$22,845	$33,853	$38,714
Amortization	$821	$820	$821	$820	$821	$820	$1,911	$1,780	$2,918	$3,274
Acquisition related expenses	-	-	-	-	-	-	$2,269	$956	$28	-
Non-GAAP selling and marketing	$109,940	$107,367	$87,564	$88,755	$85,564	$89,110	$285,080	$412,629	$475,228	$450,898
% of revenue	*32%*	*31%*	*25%*	*24%*	*22%*	*23%*	*38%*	*42%*	*37%*	*32%*
% of Non- GAAP Gross Profit	*51%*	*48%*	*38%*	*36%*	*32%*	*33%*	*50%*	*61%*	*59%*	*51%*

in 000s	2022 Q2	2022 Q3	2022 Q4	2023 Q1	2023 Q2	2023 Q3	FY 2019	FY 2020	FY 2021	FY 2022
General and administrative (GAAP)	$42,991	$42,427	$39,941	$38,517	$37,250	$40,865	$85,922	$111,915	$169,648	$171,045
Share Based Compensation	$14,646	$13,511	$13,416	$12,431	$11,751	$13,365	$28,864	$38,458	$70,020	$59,731
Amortization	-	$2	$1	$1	$1	$1	$8	$4	$4	$4
Acquisition related expenses	$36	-	-	-	$5	$1	$216	$331	$856	$39
Sales tax accrual and other G&A expenses (income)	$189	$183	$219	$308	$157	$146	$5,309	$4,299	$1,692	$763
Non-GAAP general and administrative	$28,120	$28,731	$26,305	$25,777	$25,336	$27,352	$51,525	$68,823	$97,076	$110,508
% of revenue	*8%*	*8%*	*7%*	*7%*	*6%*	*7%*	*7%*	*7%*	*8%*	*8%*
GAAP Operating Income (Loss)	($75,022)	($62,311)	($32,603)	($33,333)	$12,976	($5,792)	($81,584)	($199,055)	($325,534)	($285,353)
Share Based Compensation	$59,139	$56,796	$59,917	$54,521	$53,660	$58,249	$109,337	$147,313	$221,391	$236,836
Amortization	$1,580	$1,581	$1,511	$1,488	$1,489	$1,489	$4,588	$2,577	$4,952	$6,246
Acquisition related expenses	$1,187	$585	$1,656	$196	$244	$23	$2,485	$5,811	$8,680	$5,127
Sales tax accrual and other G&A expenses (income)	$189	$183	$219	$308	$157	$146	$5,309	$4,299	$1,692	$763
Restructuring	-	-	-	$25,338	$330	$3,843	-	-	-	-
Non-GAAP Operating Income (Loss)	($12,927)	($3,166)	$30,700	$48,518	$68,856	$57,958	$40,135	($39,055)	($88,819)	($36,381)
% of revenue	*-4%*	*-1%*	*9%*	*13%*	*18%*	*15%*	*5%*	*-4%*	*-7%*	*-3%*
Net cash provided (used) by operating activities	($2,687)	$267	$53,234	$45,961	$47,761	$64,144	$149,564	$148,049	$65,685	$37,152
Capital expenditures, net	($13,217)	($22,874)	($14,649)	($20,932)	($15,751)	($19,376)	($22,066)	($18,853)	($37,700)	($70,664)
Free Cash Flow	($15,904)	($22,607)	$38,585	$25,029	$32,010	$44,768	$127,498	$129,196	$27,985	($33,512)
Capital expenditures and other cash costs related to Wix HQ office build out	$9,911	$27,166	$13,405	$16,949	$14,630	$18,043	-	$2,462	$23,449	$65,920
Restructuring	-	-	-	$2,051	$2,453	-	-	-	-	-
Free Cash Flow (excluding capex and other cash costs)	($5,993)	$4,559	$51,990	$44,029	$49,093	$62,811	$127,498	$131,658	$51,434	$32,408
Outstanding ordinary shares as year-end							51,525,919	56,027,758	57,254,189	56,305,462
Outstanding Stock options as year-end							7,447,519	4,621,780	4,720,600	4,332,022
Outstanding Restricted share units as year-end							2,125,440	2,078,427	2,225,516	3,123,019
Total Diluted Shares as of year-end							61,098,878	62,727,965	64,200,305	63,760,503
Free Cash Flow per Share							$2.09	$2.10	$0.80	$0.51
Net cash provided by (used in) operating activities per Share							$2.45	$2.36	$1.02	$0.58

in 000s	2023 Q3
Bookings	$389,095
Adjustment for FX changes	($5,692)
Y/Y Constant Currency Bookings	$383,403
Revenues	$393,841
Adjustment for FX changes	($901)
Y/Y Constant Currency Revenues	$392,940