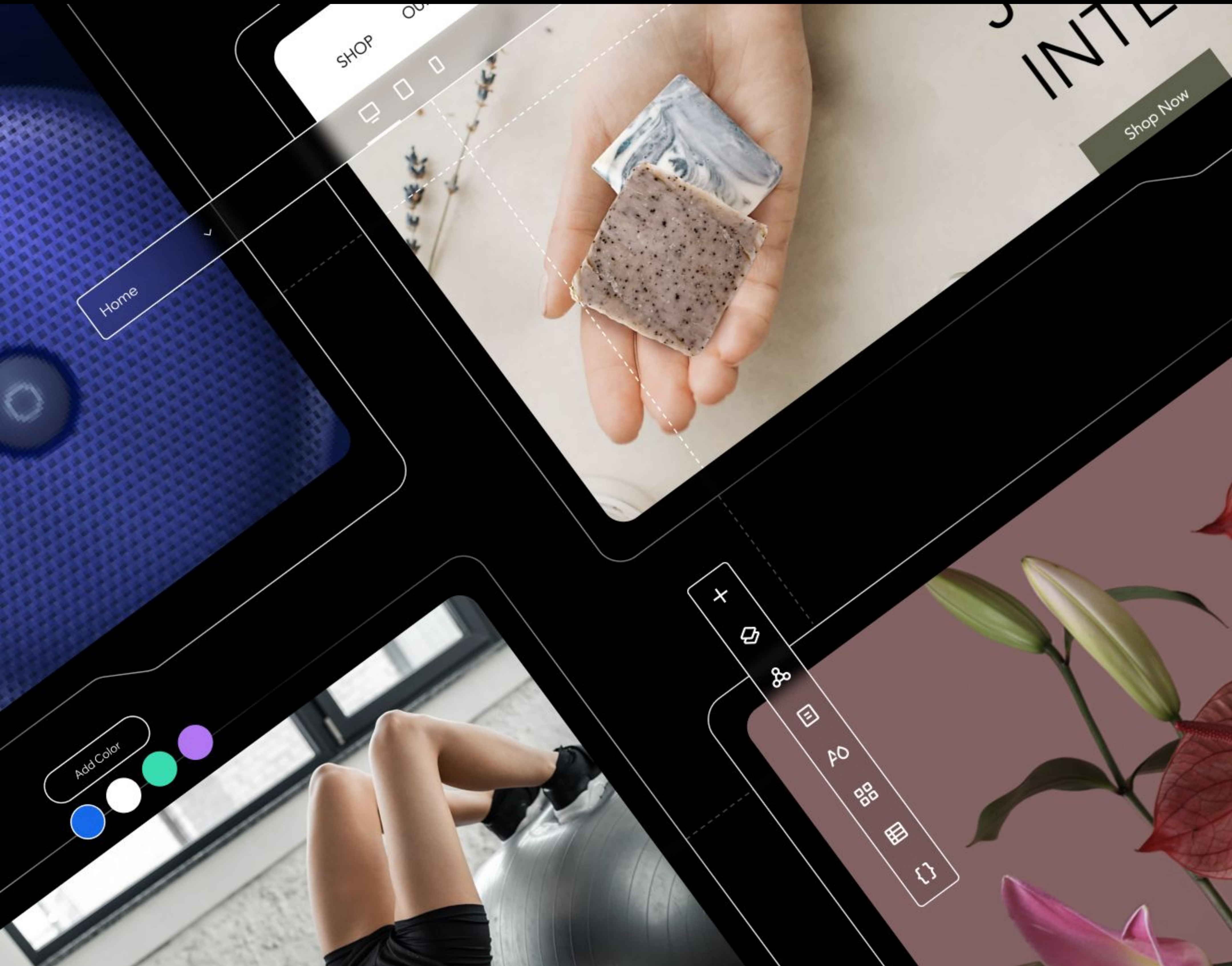
WiX

Shareholder Update

Third Quarter | November 10, 2022



To our Shareholders, our Users & the Wix Team

Building off the momentum exiting last quarter, we are pleased to report continued strength in the fundamentals of our business in Q3. Cumulative bookings from our Q1'22 cohort continue to perform well, coming in more than 5% higher (8% higher FX neutral) than that of our Q1'19 cohort in its first three quarters. Monetization per subscriber improved compared to the prior year period as adoption of business solutions remains solid, and our Partners initiatives continue to pay off. Additionally, the conversion rate of new users into subscriptions increased y/y as our best-in-class products and Customer Care provide the necessary tools for users of all types to be successful.

These signs point to persistent healthy demand for building and growing an online presence, and Wix continues to be the platform of choice for millions globally. Q3 revenue came in above the top end of our guidance range, and we are seeing healthy cohort performance but remain cautious around the macro headwinds that continue to impact our business. Like other multinational companies, we are also facing a worsening FX environment that continued into Q3 with the U.S. dollar appreciating at a historic rate. While a headwind to financial results this year, our global reach is a key competitive advantage and integral to achieving our long-term strategic goals.

I am encouraged by the success of our cost reduction plans, which drove improved gross margins, operating margins and free cash flow (excluding HQ capex) in Q3. We expect more meaningful leverage in Q4 and a return to non-GAAP operating profit for the first time since 2019, gearing Q4 up to be the most profitable quarter in Wix's history with an anticipated $47 - $50 million of FCF. We expect to achieve our FCF targets for the full year 2022, putting us on track to hit our FCF targets for 2023 that we outlined in our three-year plan back in May.

With a clear road to profitability ahead and confidence in our ability to generate FCF, our board authorized a $300M share repurchase plan. This repurchase plan allows us to manage dilution and return value to shareholders while continuing to invest in our strategic investments.

Our mission has not changed: we are laser-focused on creating great products for all of our users. This quarter, we announced Wix Blocks, a high-velocity ecosystem that enables professionals to build highly-customizable reusable applications and widgets across Wix sites as well as streamline website management. We also made improvements to our commerce product, including opening the first set of commerce APIs and enhancing the Bookings experience.

As we wrap up 2022 and prepare for 2023, I am excited to build on the progress made this year and invigorated by the opportunity to win market share. While we expect the macro backdrop to remain challenging in 2023, we have worked hard to put the necessary tools in place to weather whatever comes our way. With a more disciplined investment approach, I am confident in our ability to increase cash flow and achieve our profitability goals while still executing our product-driven, user-first strategy.

Avishai Abrahami
Co-founder and CEO

Product Update

We continue to innovate to provide best-in-class products, services and solutions to all our users, from self creators to our partners, professional designers and developers.

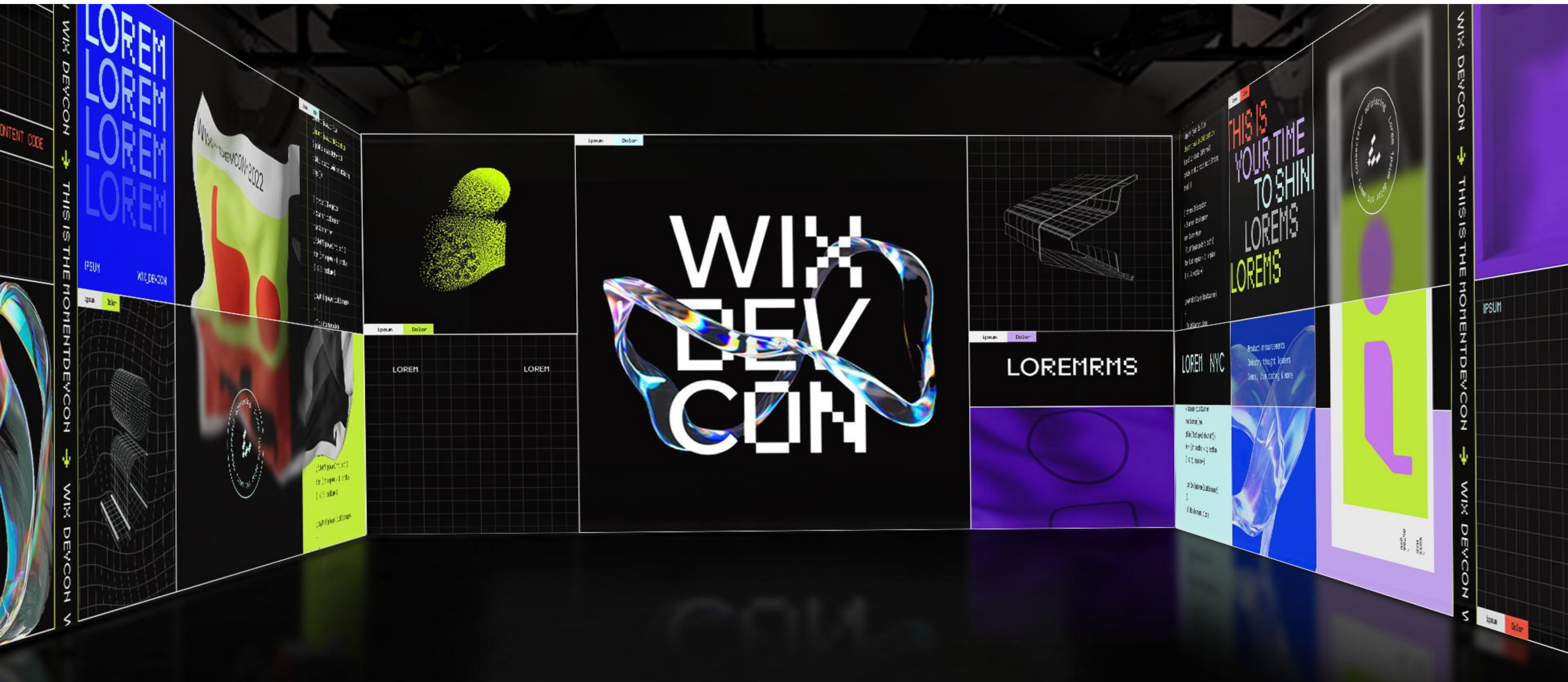
Web development has always been at the core of Wix. We believe that the future of the internet is in the hands of designers and developers, our partners, and we are committed to creating products to support them. We’re building Wix to be a more robust platform with many solutions, and we'll continue to open and expand the platform to further accelerate more powerful digital solutions.

To showcase our industry-first product development, we held our first-ever DevCon conference for designers and developers in New York City this September. It was a resounding hit, and we received many enthusiastic responses from those who attended and participated.

During the conference, we introduced **Wix Blocks**, our new high-velocity ecosystem that enables professional designers and developers to build responsive and customizable components, reusable across multiple websites built on Wix and EditorX. Wix Blocks enables professionals to create an application with the ease of drag and drop, and allows them to work concurrently and collaboratively on the same project.

At the September event, we also introduced our new **eCommerce** vision - a new open platform that provides developers the freedom and the flexibility to build scalable custom eCommerce experiences for any business need at a higher velocity.

Simultaneously, we continue to roll out the new **Wix Editor** launched in the previous quarter, to more users. This powerful new Editor brings together Wix ADI and the classic Wix Editor into one solution for web design. After launching it to new users, we are now in the final stages of migrating existing sites.



Financial Review

Cost Reduction Plan Update

We completed the execution of our $150 million cost reduction plan in the third quarter and saw immediate results with Q3 non-GAAP operating margins improving ~280 bps sequentially. **Excitingly, this execution sets up Q4 to be the most profitable quarter ever in Wix's history with FCF (excluding HQ capex) anticipated to ramp to $47-50 million.**

As a reminder, pre-COVID, the fourth quarter seasonally generates the highest FCF of the year as subscriptions from the prior year's end-of-year marketing campaigns renew at full-price while direct acquisition marketing spend is the lowest of the year.

Impact of Plan
We have already begun to see an impact from the completion of our cost reduction plan, with more leverage to come:

- **Non-GAAP gross margin improvement to total ~400 bps from Q1'22 through 2023**
  - Improved from 62% in Q1'22 to 65% in Q3'22
  - Additional 100 bps of y/y improvement expected in FY23

- **Expecting positive non-GAAP operating profit in Q4'22 and further operating margin improvement in FY23**
  - Return to non-GAAP operating profitability in Q4'22 would be the first quarter since Q4'19
  - Expect non-GAAP operating expenses to be flat y/y in FY23, driving further operating leverage and non-GAAP operating profit in FY23

- **Anticipate FY22 FCF margin (ex-HQ capex) of 2%, within the expected range previously provided**
  - FCF margin (ex-HQ capex) would be 3% assuming constant foreign exchange, or FX, rates since July

- **Anticipate FY23 FCF margin (ex-HQ capex) to align with three-year plan against macroeconomic headwinds**
  - Implementation of cost plan expected to result in additional ~$150 million of operating income in FY23 compared to three-year plan
  - Expect accelerating gross margin and operating margin compared to three-year plan

User Cohort Performance

Cohort performance stabilized in Q3 as top of funnel activity, conversion, retention and average bookings per subscription remained strong through September. As the global economic slowdown continues, beginning in September we adjusted our marketing spend to focus on higher-intent users. This resulted in a slight headwind to new user additions in Q3 while meaningfully improving return on our marketing investments q/q and y/y, driven by better conversion of new users into subscriptions and increased monetization of users. We expect this effect to continue into Q4 and going forward. We ended Q3’22 with over 238 million registered users.

Our Q1’22 user cohort generated $47.3 million in cumulative bookings in its first three quarters ending Q3’22. **Q1’22 cumulative bookings remained above pre-COVID cohort levels, approximately 5% higher than that of the Q1’19 cohort in its first three quarters.** On a constant currency basis, Q1’22 cumulative bookings were approximately 8% higher than Q1’19 cumulative bookings. This higher cumulative bookings is driven primarily by better ARPS as users purchased higher priced packages and Business Solutions products in addition to the price increase implemented earlier this year.

Total Revenue and Bookings

Total revenue grew to $345.8 million in Q3’22, up 8% y/y on top of 26% y/y growth in Q3’21, representing a two-year CAGR of 17%. **This result was above the top-end of our guidance range.** Total revenue on a y/y constant currency basis was $350.8 million or 10% y/y growth.

Partners revenue in Q3’22 totaled $86.7 million or 25% of total revenue, up 24% y/y and representing a two-year CAGR of 47%. **We continue to see more agencies and designers building on Wix as we gain more traction in the professional community, despite macro pressures impacting project pipelines.**

Total bookings were $352.5 million in Q3’22, down 6% y/y against a difficult comparison of 33% y/y growth in Q3’21 that was driven by meaningful B2B partnership bookings contribution, mainly from our partnership with Vistaprint. Total bookings on a y/y constant currency basis was $366.5 million, or a y/y decrease of 2%. The total bookings result was in-line with our expectations when accounting for FX rates worsening throughout the third quarter.

Bookings in our core business assuming y/y constant currency grew 12% y/y, as detailed in the table below. B2B partnership bookings do not indicate near term future changes in revenue growth given the differences in revenue recognition schedules. Typically, B2B partnership bookings are recognized in revenue over multiple years, while bookings from subscription packages are recognized in revenue evenly over one year. We believe that adjusting the total bookings figure to remove B2B partnership bookings more accurately reflects the growth of our business. In Q4’21, we recognized B2B partnership bookings of $14 million, which we do not expect to repeat in Q4’22.

	Q3’22	Q3’21	*y/y growth*
Total bookings	$352,464	$373,297	*(6)%*
B2B partnership bookings	$2,824	$48,206	
Y/Y constant currency impact	$14,073	-	
Bookings excl. B2B partnership bookings & FX impact	**$363,713**	**$325,091**	***12%***

As macro conditions remain challenged, we have experienced an increased level of deal diligence, prolonging the signing process of B2B partnerships as companies tighten project budgets and risk appetites. While we expect this headwind to bookings to persist in Q4, we are very encouraged by the strength of our B2B pipeline, increasing power of the Wix brand in an increasingly smaller competitive landscape and healthy ramping contribution from existing partnerships.

Creative Subscriptions Revenue and Bookings

Creative Subscriptions revenue grew to $261.1 million, up 8% y/y. Creative Subscriptions ARR increased to $1.07 billion, up 8% y/y. Revenue growth was driven by strong cohort performance and business fundamentals, including improved conversion and higher ARPS.

Creative Subscriptions bookings were $269.9 million, down 8% y/y as we lap the closing of our partnership with Vistaprint in the year-ago quarter, our largest B2B partnership deal to date.

Business Solutions Revenue and Bookings

Business Solutions revenue grew to $84.7 million in Q3'22, up 8% y/y. Business Solutions bookings grew to $82.5 million, up 2% y/y. Business applications including Google Workspace, Ascend and paid ad campaigns all continued to perform well and transaction revenue grew y/y.

Transaction revenue in Q3'22 was $36.0 million, or 42% of Business Solutions revenue, up 12% y/y. Growth was driven by a 4% y/y increase in gross payments volume (GPV) to $2.5 billion in Q3 despite online commerce activity continuing to fall below seasonal expectations due to ongoing macro volatility. Transaction revenue growth was also driven by a 10 bps higher take rate versus the prior year period as the adoption of Wix Payments increased. Transaction revenue declined sequentially by 2% due to seasonality as well as FX headwinds on GPV worsening in the most recent quarter compared to the prior quarter.

Gross Margin

Total non-GAAP gross margin was 65% in Q3'22, up from 62% in Q2'22. Creative Subscriptions non-GAAP gross margin was 78% in Q3'22, up both y/y and q/q. Business Solutions non-GAAP gross margin was 24% in Q3'22, also up both y/y and q/q. **These margin improvements are a direct result of the hosting efficiencies and headcount savings made as part of our cost reduction plan, which we finished implementing this quarter.**

Operating Expenses

Non-GAAP R&D expenses were $90.2 million in Q3’22, up 11% y/y and slightly down q/q. As a percent of revenue, non-GAAP R&D expenses were 26% in Q3’22, up slightly from 25% in Q3’21 and flat sequentially. The sequential decline in non-GAAP R&D expenses is a result of lower headcount as part of our cost reduction strategy.

Non-GAAP S&M expenses were $107.4 million in Q3’22, a decrease of 2% both y/y and q/q. As a percent of revenue, non-GAAP S&M expenses were 31% in Q3’22, down from 34% in Q3’21 and 32% in Q2’22. In addition to headcount savings as part of our cost reduction plan, the decrease in S&M expense as a percent of revenue can be attributed to our marketing spend adjustment to focus on higher-intent users.

Non-GAAP G&A expenses were $28.7 million in Q3’22, an increase of 18% y/y and 2% q/q. The y/y increases in G&A expenses were primarily driven by a y/y increase in headcount. As a percent of revenue, non-GAAP G&A expenses were 8% in Q3’22, flat q/q and y/y.

Earnings

Our GAAP financial income in Q3’22 includes approximately $7.8 million from unrealized gains, net of taxes, from our equity investments, primarily attributed to the increase in the share price of monday.com. These gains were excluded from non-GAAP results.

Non-GAAP net income was $3.6 million in Q3'22 or $0.06 per share. On a GAAP basis, net loss was $(47.4) million, or $(0.81) per share.

Cash Flow and Balance Sheet

Free cash flow, excluding capital expenditures and other cash costs associated with the build out of our new corporate headquarters, was $4.6 million in Q3'22. Free cash flow on a q/q constant currency basis was $10 million. Free cash flow on a y/y constant currency basis was $18.7 million. Total capital expenditures and other cash costs associated with the build out of our new corporate headquarters was $27.2 million, which included ~$7 million of cash payments for prepaid expenses. Including this total amount of capital expenditures and other cash costs associated with the build out of our new corporate headquarters, free cash flow was $(22.6) million in Q3’22.

We ended Q3'22 with approximately $1.5 billion in cash and cash equivalents and $927 million in short and long-term debt.

In October, our Board of Directors authorized a $300 million share repurchase program. This repurchase program demonstrates our ongoing efforts to offset dilution associated with stock-based compensation, reduce share count over time and increase shareholder value while continuing to invest in our strategic initiatives. We are confident in our business strategy and ability to generate free cash flow as laid out in our three-year plan.

Our total employee headcount at the end of Q3'22 was 5,687, down sequentially as we implemented headcount reductions aligned with our cost reduction plan.

Outlook Update

Our updated outlook reflects foreign exchange, or FX, rates that have created stronger headwinds to results since we last issued guidance.

For Q4, we expect total revenue to be $349 to $354 million, representing approximately 5 - 6% y/y growth.

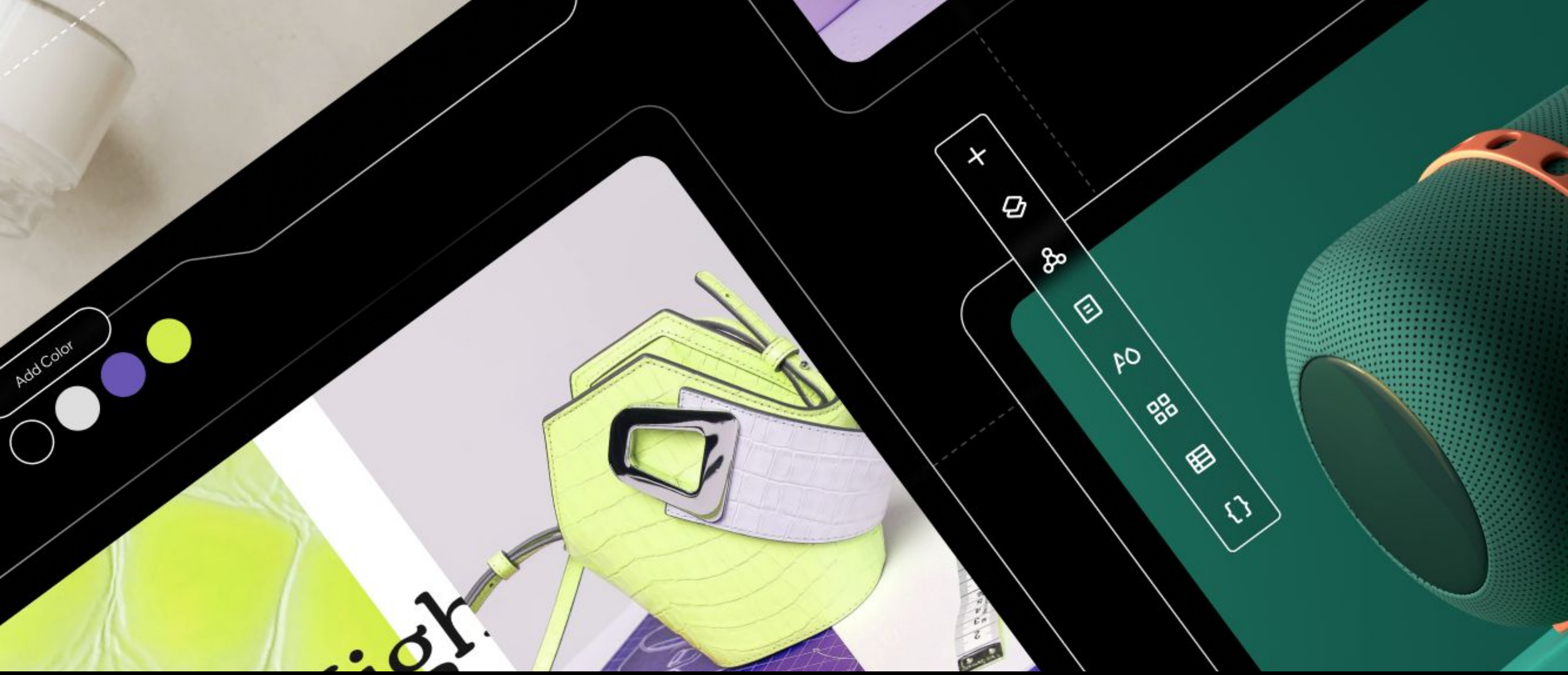
For the full year, we now expect revenue to grow 9% y/y. This updated full year guidance reflects the impact of FX rates, which worsened through the third quarter and into November. Assuming FX rates remained constant from July, we would expect revenue growth for the full year to be 10%, consistent with the high end of our previous guidance.

We expect to generate positive non-GAAP operating income and FCF (excluding HQ capex) to meaningfully ramp to $47 to $50 million in Q4.

We now expect FCF (excluding HQ capex) for the full year to be approximately 2% of revenue, within our previous guidance range. Assuming FX rates remained constant since July, we expect FCF (excluding HQ capex) would be ~3% of revenue for the full year, consistent with the high end of our guidance range last quarter. This improvement will be driven by a combination of increased leverage from our completed cost reduction plan and lower marketing spend as we refocus on higher-intent users.

Changes in FX rates have had a significant impact on our reported results to date and on our expectations for the full year. Assuming y/y constant currency rates as of today:

- Our full year total revenue outlook would be ~$20 million higher, or 10-11% y/y growth
- Our full year total bookings outlook would be ~$43 million higher
- Our full year free cash flow (excluding HQ capex), would be ~$43 million higher or ~5% of revenue, consistent with the high end of the range provided in May



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 of B2B partnerships 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.

Conference Call and Webcast Information

Wix will host a conference call to discuss the results at 8:30 a.m. ET on Thursday, November 10, 2022. To participate on the live call, analysts and investors should register and join at https://register.vevent.com/register/BI9cc36ceb99e44521bfb6cfe3f12f8c65. A replay of the call will be available through November 9, 2023 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 recognised 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	
	Q3	Q3	Q1	Q2	Q3
Revenues	$253,391	$319,890	$341,597	$345,224	$345,805
Change in deferred revenues	$27,550	$6,243	$37,552	$7,731	$6,023
Change in unbilled contractual obligations	NM	$47,164	$14,099	$1,639	$636
Bookings	$280,941	$373,297	$393,248	$354,594	$352,464
Creative Subscriptions Revenues	$202,996	$241,303	$254,968	$258,177	$261,066
Change in deferred revenues	$25,331	$4,270	$30,720	$10,105	$8,235
Change in unbilled contractual obligations	NM	$47,164	$14,099	$1,639	$636
Creative Subscriptions Bookings	$228,327	$292,737	$299,787	$269,921	$269,937
Business Solutions Revenues	$50,395	$78,587	$86,629	$87,047	$84,739
Change in deferred revenues	$2,219	$1,973	$6,832	$(2,374)	$(2,212)
Business Solutions Bookings	$52,614	$80,560	$93,461	$84,673	$82,527
Gross Profit		$197,914	$206,848	$210,367	$217,948
Share based compensation expenses		$4,057	$4,231	$4,555	$4,418
Acquisition related expenses		$108	$81	$59	$0
Amortization		$930	$761	$759	$759
Non GAAP Gross Profit		$203,009	$211,921	$215,740	$223,125
Non GAAP Gross margin		*63%*	*62%*	*62%*	*65%*

in 000s	2021	2022		
	Q3	Q1	Q2	Q3
Gross Profit - Creative Subscriptions	$183,490	$190,095	$191,925	$199,031
Share based compensation expenses	$2,947	$3,385	$3,608	$3,503
Non GAAP Gross Profit - Creative Subscriptions	$186,437	$193,480	$195,533	$202,534
Non GAAP Gross margin - Creative Subscriptions	*77%*	*76%*	*76%*	*78%*
Gross Profit - Business Solutions	$14,424	$16,753	$18,442	$18,917
Share based compensation expenses	$1,110	$846	$947	$915
Acquisition related expenses	$108	$81	$59	$0
Amortization	$930	$761	$759	$759
Non GAAP Gross Profit - Business Solutions	$16,572	$18,441	$20,207	$20,591
Non GAAP Gross margin - Business Solutions	*21%*	*21%*	*23%*	*24%*
Research and development (GAAP)	$109,323	$119,865	$121,618	$120,384
Share Based Compensation	$26,250	$28,720	$29,919	$29,606
Amortization	$(108)	$0	$0	$0
Acquisition related expenses	$2,223	$1,615	$1,092	$585
Non-GAAP research and development	$80,958	$89,530	$90,607	$90,193
% of revenue	*25%*	*26%*	*26%*	*26%*
Selling and marketing (GAAP)	$119,991	$156,714	$120,780	$117,448
Share Based Compensation	$8,715	$9,875	$10,019	$9,261
Amortization	$2,222	$812	$821	$820
Acquisition related expenses	$0	$0	$0	$0
Non-GAAP selling and marketing	$109,054	$146,027	$109,940	$107,367
% of revenue	*34%*	*43%*	*32%*	*31%*

in 000s	2021	2022		
	Q3	Q1	Q2	Q3
General and administrative (GAAP)	$38,917	$45,686	$42,991	$42,427
Share Based Compensation	$14,048	$18,158	$14,646	$13,511
Amortization	$1	$1	$0	$2
Acquisition related expenses	$248	$3	$36	$0
Sales tax accrual and other G&A expenses (income)	$341	$172	$189	$183
Non-GAAP general and administrative	$24,279	$27,352	$28,120	$28,731
% of revenue	*8%*	*8%*	*8%*	*8%*
GAAP Operating Loss	$(70,317)	$(115,417)	$(75,022)	$(62,311)
Share Based Compensation	$53,070	$60,984	$59,139	$56,796
Amortization	$3,045	$1,574	$1,580	$1,581
Acquisition related expenses	$2,579	$1,699	$1,187	$585
Sales tax accrual and other G&A expenses (income)	$341	$172	$189	$183
Non-GAAP Operating Income (Loss)	$(11,282)	$(50,988)	$(12,927)	$(3,166)
% of revenue	*(4)%*	*(15)%*	*(4)%*	*(1)%*
Net cash provided (used) by operating activities	$4,323	$(13,662)	$(2,687)	$267
Capital expenditures, net	$(13,030)	$(19,924)	$(13,217)	$(22,874)
Free Cash Flow	$(8,707)	$(33,586)	$(15,904)	$(22,607)
Capital expenditures and other cash costs related to future Wix HQ office build out	$10,370	$15,438	$9,911	$27,166
Free Cash Flow (excluding future Wix HQ office build out)	$1,663	$(18,148)	$(5,993)	$4,559