

To our Shareholders, our Users & the Wix Team

Outperformance in Q2 capped off an outstanding first half of 2023, marked by consecutive quarters of accelerating profitable growth as we executed on our growth strategy while maintaining sharp focus on operational discipline.

Underpinned by strong momentum in our Partners business, improved GPV growth as merchants continue to find success on Wix, and great performance of our new cohorts, we exceeded the top end of our guidance expectations with Q2 revenue increasing 13% y/y.

On top of this impressive growth, we also delivered improved profitability as we benefited from the operating efficiencies completed across the business over the past year. **As a result, we finished Q2 with non-GAAP gross margin of 68%, well ahead of expectations, the first quarter of positive GAAP operating income in our history and higher than expected FCF margin (excl. HQ and restructuring charges) of 13%. We believe we are well positioned to continue delivering sustainable, profitable growth and achieve our goal of Rule of 40 in 2025.**

In addition to these fantastic results, we also made incredible progress in product innovation, which remains the lifeblood of Wix. **I am very excited to announce a milestone in our journey to provide a best-in-class platform to our Partners with the launch of Wix Studio.** Over the past several years, we have experienced significant growth in the usage of Wix by professionals. This growth is the result of our investments in infrastructure, innovative products that deliver powerful solutions for design and development as well as increased efficiency and marketing. We have learned a great deal about our partners' needs over this time, and Wix Studio is the next significant milestone in the evolution of Wix becoming the go to platform for professionals.

With greater design control, advanced capabilities, workflow management tools to help manage clients and projects at scale and incorporation of the newest AI technology, this

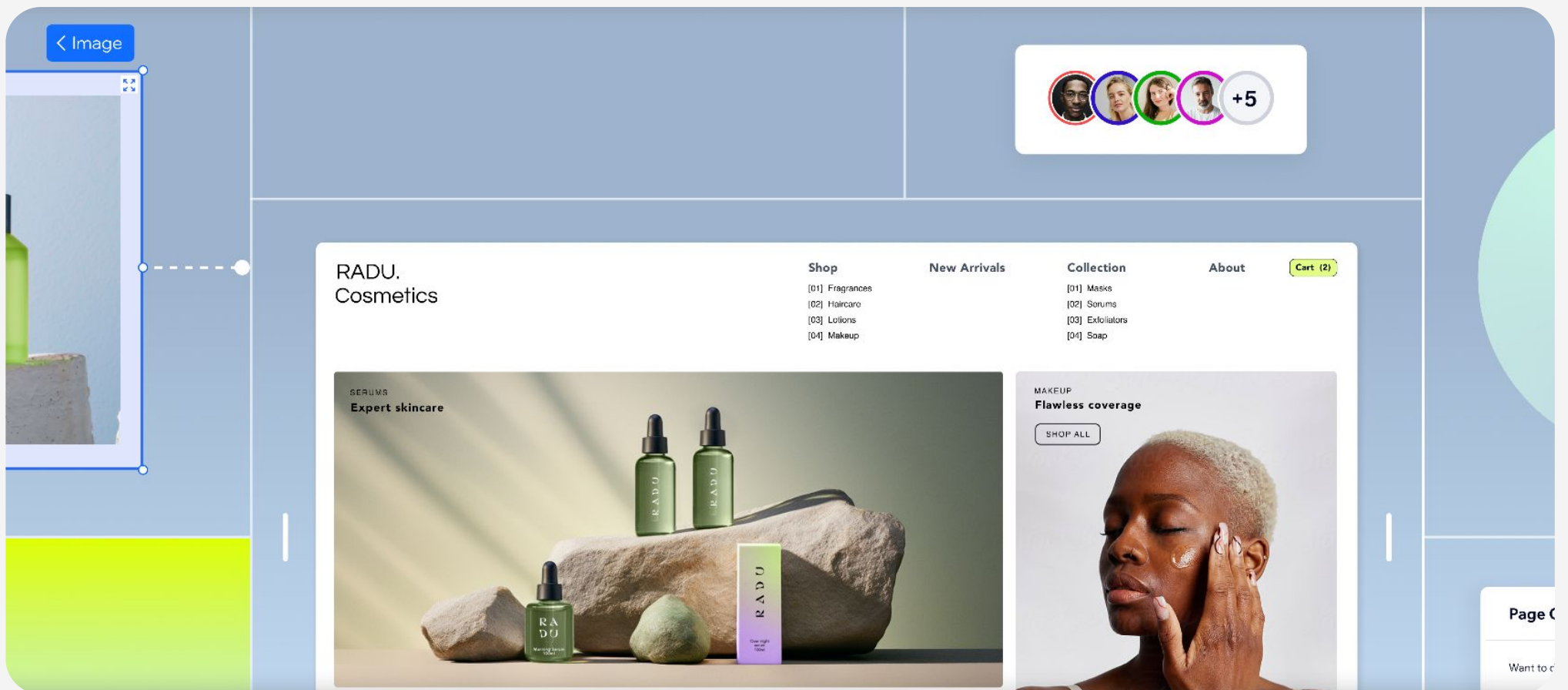
new intuitive and powerful environment provides professionals with everything they need to deliver high-end websites more efficiently. As a result, we expect Wix Studio to be key in extending our reach into the Partners universe by attracting more professionals onto Wix and increasing their usage of Wix for projects, thus improving the monetization and lifetime value of Partners.

This quarter, we also continued to innovate and introduce new AI-driven tools in our pipeline. As mentioned last quarter, we have leveraged AI technology for nearly a decade, which has played a key role in driving user success for both Self Creators and Partners. By harnessing a variety of deep learning models trained on the incredible amount of data from the hundreds of millions of Wix sites, we've built out an [impressive suite of AI and genAI products](#) with the purpose of making the website building experience on Wix frictionless. **As AI continues to evolve, we remain on the forefront of innovation with a number of AI and gen-AI driven products in our near-term pipeline, including AI Site Generator and AI Assistant for your business. AI is a key driver of our product and growth strategy for both Self Creators and Partners, and I'm excited for what is still to come.**

Looking into the second half of 2023, we expect to build upon the success and momentum of the past six months with acceleration in growth and margin expansion anticipated for the rest of the year. We look forward to sharing more about Wix Studio, AI at Wix and our updated financial framework at our Analyst & Investor Day. I'm proud of the incredible accomplishments we've achieved so far and excited for the opportunities that lie ahead. Thank you for your continued support.

Avishai Abrahami
Co-founder and CEO

Product Update



Introducing Wix Studio

This week, we announced **Wix Studio**, our brand new revolutionary product for agencies and freelancers. Wix Studio is a powerful platform that redefines how professionals build and manage websites by addressing all of their needs - from building complex projects to managing their relationships with clients - all in one place. It is the ultimate web creation and development experience that combines AI-powered features, the latest design and development capabilities and seamless workflows for multi-site management to help agencies create projects with greater quality and velocity and scale their business faster.

Wix Studio includes advanced design capabilities like fully-responsive layouts powered by AI technology, AI text and images, no code interactions, animations and design expressions, custom CSS and more. It also has workspaces for efficient client management, with one dashboard to power all projects and manage clients, and a personalized client-facing dashboard and editor that provides a smooth experience for collaboration.

With Wix Studio, agencies and freelancers will be able to build customized websites using Wix Blocks and UI slots, support any tech stack and device with Wix Headless and extend and replace features and flows with hundreds of APIs and SPIs. A robust code environment and AI code assistant also helps developers write cleaner code and detect errors.

Wix Studio is one more way we're trailblazing the web creation industry and continuing to drive significant growth and gain market share with Partners.

New AI driven products

We remain committed to making the website building experience as frictionless as possible and driving the next generation of website creation using AI technology. This quarter, we unveiled the upcoming launch of our **AI Site Generator** alongside a suite of complementary AI-powered capabilities aimed at streamlining the website-building, design and management process for our users ([read more about it here](#)).

The AI Site Generator enables our users to describe their intent, and it instantly creates a fully customized and professional website, complete with homepage and inner pages, including text, images, and various business solutions including Stores, Bookings, Restaurants and more. Users can then further customize and edit the site using integrated AI tools like our AI Text Creator, AI Image Creator and many more.

Other AI-driven tools in our near-term launch pipeline include **AI Assistant for Business Management**, which suggests improvements for your business site and strategies based on analytics and site trends as well as streamlines day-to-day tasks for better business management. We are also currently working on an **AI Page and Section Creator** for quickly adding new pages or sections with layout, design and text to a website based on user descriptions, and **Object Eraser** that will enable users to seamlessly extract subjects from images and manipulate them.

Financial Review

Improved Profitability and Well Positioned to Achieve “Rule of 40” in 2025

Strong execution of our business strategy and operating leverage from the cost efficiencies executed over the past year enabled us to build on the profitability improvement of last quarter:

- New record high for quarterly non-GAAP gross margin of 68%, with improvement accelerating to ~580 bps y/y and ~160 bps q/q
- Creative Subscriptions non-GAAP gross margin accelerated to 83%, up 700+ bps y/y and 220+ bps q/q
- New record high for quarterly non-GAAP operating income and non-GAAP net income
- Non-GAAP operating margin increased nearly 500 bps q/q to 18% of revenue
- First quarter of positive GAAP operating income in our history and positive GAAP net income – encouraging trends in our path to achieving sustained GAAP profitability in the near term
- Higher than expected FCF (excl. HQ and restructuring charges) margin of 13%

User Cohort Performance

Our Q1'23 user cohort generated \$42.5 million in cumulative bookings in its first two quarters ending Q2'23. **Q1'23 cumulative bookings was approximately 6% higher than that of the Q1'22 cohort in its first two quarters despite the Q1'23 cohort containing ~13% fewer users compared to the Q1'22 cohort.**

Growth of bookings from the Q1'23 user cohort was driven by new subscription additions from solid conversion of existing users and continued ARPS growth, with particular strength in our Partners business. ARPS growth was driven by users purchasing higher priced subscription packages and increasingly attaching more Business Solutions products. ARPS also benefited from increased transaction revenue driven by higher GPV and better take rate both y/y and q/q in addition to our continued product innovation enabling users to successfully build their dreams online.

Our refocused marketing strategy is driving outstanding results. 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. Additionally, we continue to see a rising number of users coming to Wix organically as a result of our strong Wix brand. We ended Q2'23 with over 254 million registered users.

Total Revenue and Bookings

Total revenue grew to \$390.0 million in Q2'23, up 13% y/y as growth accelerated for a third consecutive quarter. **This result was \$5.0 million above the top end of our guidance range.** Changes y/y in FX rates had an immaterial impact on y/y growth. This outperformance was driven by continued accelerating y/y growth across both our Creative Subscription and Business Solutions businesses.

Partners revenue in Q2'23 totaled \$115.2 million or 30% of total revenue, up 36% y/y as a result of an increasing number of agencies, designers and developers building on Wix, coupled with better monetization of our Partners as they attach more Business Solutions offerings and generate meaningful GPV growth. Revenue from our B2B partnerships also continues to ramp and contribute to growth in our Partners business.

Total bookings grew to \$398.5 million in Q2'23, up 12% y/y, above our expectations for the quarter; the sequential decline in total bookings was consistent with seasonality. Similar to last quarter, total bookings in Q2 included a change in total unbilled contractual obligations of (\$3.5) million driven by unbilled obligations associated with existing B2B partnerships moving into deferred revenue. Changes y/y in FX rates had an immaterial impact on y/y bookings growth.

Creative Subscriptions Revenue and Bookings

Creative Subscriptions revenue grew to \$287.1 million in Q2'23, up 11% y/y. Creative Subscriptions ARR grew to \$1.160 billion as of the end of Q2'23, up 10% y/y. The growth in Creative Subscriptions ARR outperformed expectations building off the momentum of a seasonally strong Q1 as we benefited from strong cohort behavior, price increases and growing revenue contribution from partners. Net new ARR growth y/y in Q1'23 was approximately 91% and approximately 66% in Q2'23. We expect net new ARR to continue to show meaningful y/y growth through the rest of 2023 as incremental subscriptions from our ramping Partners business increasingly layer onto our core Self Creators base.

Creative Subscriptions bookings grew to \$293.9 million in Q2'23, up 9% y/y. Bookings and revenue growth were both driven by higher conversion of new 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 \$102.9 million in Q2'23, up 18% y/y. Business Solutions bookings grew to \$104.6 million in Q2'23, up 23% y/y.

Both bookings and revenue outperformed as a result of higher transaction revenue y/y and continued strong adoption of business applications as our innovation and new products resonate with users, particularly from Partners.

Partners continued to generate meaningful gross payments volume (GPV) growth, contributing to over 40% of our overall GPV in the quarter. Outsized GPV contribution from Partners along with strong results across our geographic markets and commerce verticals as well as higher average GPV per site y/y drove total GPV up 10% y/y to total \$2.8 billion. This GPV growth coupled with higher take rate as merchants increasingly adopted Wix Payments drove transaction revenue up 21% y/y to total \$44.5 million in Q2'23.

Gross Profit and Margin

Total non-GAAP gross margin was 68% of revenue in Q2'23, up approximately 580 bps y/y and approximately 160 bps q/q, driven by another consecutive quarter of enhanced gross margins across both Creative Subscriptions and Business Solutions.

Creative Subscriptions non-GAAP gross margin was approximately 83% in Q2'23, up more than 700 bps y/y and approximately 230 bps q/q. Business Solutions non-GAAP gross margin was 28% in Q2'23, up approximately 480 bps y/y and approximately 120 bps q/q.

These widespread margin improvements were driven by outperformance in these segments coupled with an overall leaner operating cost structure as a result of the cost efficiencies executed over the past year as well as ongoing hosting optimization. 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 \$86.7 million in Q2'23, flat q/q and a decrease of 4% y/y. As a percent of revenue, non-GAAP R&D expenses were 22% in Q2'23, down from 23% in Q1'23 and 26% in Q2'22. The y/y decrease in non-GAAP R&D expenses was a result of benefits of the cost efficiencies executed over the past year.

Non-GAAP S&M expenses were \$85.6 million in Q2'23, a decrease of 4% q/q and 22% y/y. As a percent of revenue, non-GAAP S&M expenses were 22% in Q2'23, down from 24% in Q1'23 and 32% in Q2'22. This meaningful y/y decline in non-GAAP S&M expenses was primarily driven by continued execution of our streamlined marketing strategy focusing on higher-intent users resulting in lower acquisition marketing.

Non-GAAP G&A expenses were \$25.3 million in Q2'23, a decrease of 2% q/q and 10% y/y. As a percent of revenue, non-GAAP G&A expenses were 6% in Q2'23, down from 7% in Q1'23 and 8% in Q2'22. The decrease in non-GAAP G&A expenses was a result of benefits of the cost efficiencies executed over the past year.

Outperformance across the business and increased operating leverage resulted in the first quarter of positive GAAP operating income in our history, totaling \$13.0 million, or 3% of revenue. This positive trend illustrates our significant progress in achieving sustained GAAP profitability, which we expect to occur soon.

Non-GAAP operating income was \$68.9 million, or 18% of revenue -- a 469 bps sequential improvement -- marking a new record high for non-GAAP quarterly operating income. Non-GAAP operating income excludes the impact of an immaterial non-cash restructuring charge related to early lease termination as well as stock-based compensation and other one-time items.

Earnings and Earnings Per Share

On a GAAP basis, net income was \$33.6 million, or \$0.56 per diluted share. Non-GAAP net income was \$78.1 million in Q2'23 or \$1.26 per diluted share. Notable adjustments to GAAP net income include an immaterial restructuring charge of \$0.3 million as well as realized and unrealized gains, net of taxes, of approximately \$10.8 million from our equity investments, primarily attributed to the increase in the share price of monday.com. These adjustments were excluded from non-GAAP results.

Cash Flow and Balance Sheet

Free cash flow in Q2'23, excluding the remainder of the one-time cash restructuring charges recognized last quarter as well as capital expenditures and other expenses associated with the build out of our new corporate headquarters, was \$49.1 million in Q2'23 or 13% of total revenue. Including approximately \$2.5 million in cash restructuring charges and \$14.6 million in new HQ spend, free cash flow was \$32.0 million in Q2'23.

We ended Q2'23 with approximately \$933.7 million in cash and cash equivalents and \$568.1 million in long-term debt after retiring our 2023 Convertible Notes, which came due in July.

In May, we completed our \$300 million share repurchase program that was authorized by the Board of Directors in September 2022. In total, we repurchased 3.6 million ordinary Wix shares, representing 6% of total shares outstanding, at an approximate volume-weighted average price per share of \$82.48. We completed this repurchase with the utmost confidence in the strength of our business and our ability to generate increasing free cash flow.

We are committed to increasing FCF (excl. HQ and restructuring charges) per share going forward. Our updated guidance, combined with our share repurchase activity year to date, puts us on track to generate over \$3 (excl. HQ and restructuring charges) of FCF per share in 2023, a significant increase from \$0.51 in 2022. We will share more about our plans to increase FCF per share through 2025 at our upcoming Analyst & Investor Day.

Our total employee count at the end of Q2'23 was 5,036, down 14% from the same period last year.

Outlook



Our outperformance in Q2 builds on the momentum we experienced in the first quarter and provides confidence in our ability to exceed our prior guidance for the year. We expect to accelerate top-line growth and margin expansion through the back half of the year on top of a very strong first half.

We remain committed to achieving the Rule of 40 in 2025, with expectations of continued revenue and free cash flow growth.

We expect Q3 revenue to be \$386 - \$391 million, or 12 - 13% growth y/y.

Due to the outperformance we experienced in the first half of 2023, we are increasing our full year revenue outlook to \$1,543 - \$1,558 million, or 11 - 12% y/y growth, an increase from our previous outlook of \$1,522 - \$1,543 million or 10 - 11% y/y growth. Strong execution of our strategy and continued momentum from our cohorts give us confidence that revenue growth will accelerate in 2H23 even when compared to an outstanding 1H23 that exceeded expectations. The mid-point of our guidance range implies acceleration of revenue growth in the second half of the year compared to the first half.

We expect this higher revenue growth outlook will drive increasing profitability throughout 2023 and beyond.

We now anticipate non-GAAP gross margin of approximately 68% for the full year, up from our previous expectation of approximately 67% for the full year 2023, driven by increased profitability across both Creative Subscriptions and Business Solutions.

We now anticipate Creative Subscriptions non-GAAP gross margin of approximately 82% for the full year, up from our previous expectation of approximately 81%. We now anticipate Business Solutions non-GAAP gross margin of approximately 28% for the full year, up from our previous expectation of approximately 27%.

Non-GAAP operating expenses are expected to decrease to 56-57% of revenue for the full year, down from our previous expectation of 58-59% of revenue. This decrease is primarily driven by lower marketing expenses than previously anticipated.

Non-GAAP sales and marketing expenses are now expected to be approximately 25-26% of revenue in 2023, down from our previous expectation of approximately 27% of revenue.

As a result of accelerating revenue and incremental profitability improvements through the back half of the year, we are increasing our outlook for free cash flow, excluding HQ and cash restructuring costs, for the year to \$200 - \$210 million, or 13% of revenue, and we expect to exit 2023 with a free cash flow margin of approximately 15%. This compares to our previous free cash flow outlook of \$172 - \$180 million, or 11 - 12% of revenue and an exit rate of more than 13%. Our revised guidance for FCF implies acceleration of FCF margin in the second half of the year.

Note that our revised outlook excludes \$4.5 million in cash restructuring costs.

Finally, stock-based compensation is expected to decrease to 14% of revenue in 2023, previously anticipated to be 14-15%. 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. 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, August 3rd, 2023. To participate on the live call, analysts and investors should register and join at <https://register.vevent.com/register/BI43da875845cc4cc985840bc36c0cd273>. A replay of the call will be available through August 2nd, 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 one-time cash restructuring charges and the capital expenditures and other expenses associated with the buildout of our new corporate headquarters. Free cash flow margins represent free cash flow divided by revenue. Non-GAAP cost of revenue represents cost of revenue calculated in accordance with GAAP as adjusted for the impact of share-based compensation expense, acquisition-related expenses and amortization. Non-GAAP R&D expenses represent R&D expenses calculated in accordance with GAAP as adjusted for the impact of share-based compensation expense, acquisition-related expenses and amortization. Non-GAAP S&M expenses represent S&M expenses calculated in accordance with GAAP as adjusted for the impact of share-based compensation expense, acquisition-related expenses and amortization. Non-GAAP G&A expenses represent G&A expenses calculated in accordance with GAAP as adjusted for the impact of share-based compensation expense, acquisition-related expenses and amortization. Non-GAAP operating expenses represent operating expenses calculated in accordance with GAAP as adjusted for the impact of share-based compensation expense, acquisition-related expenses and amortization. Non-GAAP financial expense represents financial expense calculated in accordance with GAAP as adjusted for unrealized gains of equity investments, amortization of debt discount and debt issuance costs and non-operating foreign exchange expenses. Non-GAAP tax expense represents tax expense calculated in accordance with GAAP as adjusted for provisions for income tax effects related to non-GAAP adjustments.

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

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

Wix also uses Creative Subscriptions Annualized Recurring Revenue (ARR) as a key operating metric. Creative Subscriptions ARR is calculated as Creative Subscriptions Monthly Recurring Revenue (MRR) multiplied by 12. Creative Subscriptions MRR is calculated as the total of (i) 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 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 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; 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				2023		FY	FY	FY	FY
	Q1	Q2	Q3	Q4	Q1	Q2	2019	2020	2021	2022
Revenues	\$341,597	\$345,224	\$345,805	\$355,040	\$374,076	\$389,977	\$757,667	\$984,367	\$1,269,657	\$1,387,666
Change in deferred revenues	\$37,552	\$7,731	\$6,023	\$4,081	\$60,975	\$12,043	\$74,818	\$117,664	\$82,361	\$55,387
Change in unbilled contractual obligations	\$14,099	\$1,639	\$636	\$12,692	(\$20,146)	(\$3,521)	-	-	\$66,805	\$29,066
Bookings	\$393,248	\$354,594	\$352,464	\$371,813	\$414,905	\$398,499	\$832,485	\$1,102,031	\$1,418,823	\$1,472,119
Creative Subscriptions Revenues	\$254,968	\$258,177	\$261,066	\$265,268	\$278,130	\$287,089	\$644,491	\$783,456	\$950,299	\$1,039,479
Change in deferred revenues	\$30,720	\$10,105	\$8,235	\$3,806	\$55,445	\$10,361	\$67,272	\$107,784	\$70,775	\$52,866
Change in unbilled contractual obligations	\$14,099	\$1,639	\$636	\$12,692	(\$20,146)	(\$3,521)	-	-	\$66,805	\$29,066
Creative Subscriptions Bookings	\$299,787	\$269,921	\$269,937	\$281,766	\$313,429	\$293,929	\$711,763	\$891,240	\$1,087,879	\$1,121,411
Business Solutions Revenues	\$86,629	\$87,047	\$84,739	\$89,772	\$95,946	\$102,888	\$113,176	\$200,911	\$319,358	\$348,187
Change in deferred revenues	\$6,832	(\$2,374)	(\$2,212)	\$275	\$5,530	\$1,682	\$7,546	\$9,880	\$11,586	\$2,521
Business Solutions Bookings	\$93,461	\$84,673	\$82,527	\$90,047	\$101,476	\$104,570	\$120,722	\$210,791	\$330,944	\$350,708
Gross Profit	\$206,848	\$210,367	\$217,948	\$226,276	\$244,598	\$262,083	\$562,847	\$671,348	\$781,078	\$861,439
Share based compensation expenses	\$4,231	\$4,555	\$4,418	\$4,607	\$4,238	\$3,479	\$5,854	\$9,127	\$15,462	\$17,811
Acquisition related expenses	\$81	\$59	-	-	\$24	\$183	-	\$765	\$484	\$140
Amortization	\$761	\$759	\$759	\$689	\$667	\$667	\$1,951	\$316	\$2,030	\$2,968
Non GAAP Gross Profit	\$211,921	\$215,740	\$223,125	\$231,572	\$249,527	\$266,412	\$570,652	\$681,556	\$799,054	\$882,358
<i>Non GAAP Gross margin</i>	<i>62%</i>	<i>62%</i>	<i>65%</i>	<i>65%</i>	<i>67%</i>	<i>68%</i>	<i>75%</i>	<i>69%</i>	<i>63%</i>	<i>64%</i>

Note: In Q4 2021, we corrected our historical financial statements in the years 2019 and 2020 and the first three quarters of 2021 to reflect revenue recognition timing differences related to the sale of Google Workspace solutions.

in 000s	2022				2023		FY	FY	FY	FY
	Q1	Q2	Q3	Q4	Q1	Q2	2019	2020	2021	2022
Gross Profit - Creative Subscriptions	\$190,095	\$191,925	\$199,031	\$206,841	\$220,646	\$235,039	\$523,586	\$615,917	\$717,680	\$787,892
Share based compensation expenses	\$3,385	\$3,608	\$3,503	\$3,437	\$3,151	\$2,562	\$4,994	\$7,140	\$11,446	\$13,933
Non GAAP Gross Profit - Creative Subscriptions	\$193,480	\$195,533	\$202,534	\$210,278	\$223,797	\$237,601	\$528,580	\$623,057	\$729,126	\$801,825
<i>Non GAAP Gross margin - Creative Subscriptions</i>	<i>76%</i>	<i>76%</i>	<i>78%</i>	<i>79%</i>	<i>80%</i>	<i>83%</i>	<i>82%</i>	<i>80%</i>	<i>77%</i>	<i>77%</i>
Gross Profit - Business Solutions	\$16,753	\$18,442	\$18,917	\$19,435	\$23,952	\$27,044	\$39,261	\$55,431	\$63,398	\$73,547
Share based compensation expenses	\$846	\$947	\$915	\$1,170	\$1,087	\$917	\$860	\$1,987	\$4,016	\$3,878
Acquisition related expenses	\$81	\$59	-	-	\$24	\$183	-	\$765	\$484	\$140
Amortization	\$761	\$759	\$759	\$689	\$667	\$667	\$1,951	\$316	\$2,030	\$2,968
Non GAAP Gross Profit - Business Solutions	\$18,441	\$20,207	\$20,591	\$21,294	\$25,730	\$28,811	\$42,072	\$58,499	\$69,928	\$80,533
<i>Non GAAP Gross margin - Business Solutions</i>	<i>21%</i>	<i>23%</i>	<i>24%</i>	<i>24%</i>	<i>27%</i>	<i>28%</i>	<i>37%</i>	<i>29%</i>	<i>22%</i>	<i>23%</i>
Research and development (GAAP)	\$119,865	\$121,618	\$120,384	\$120,994	\$114,943	\$115,490	\$250,791	\$320,278	\$424,937	\$482,861
Share Based Compensation	\$28,720	\$29,919	\$29,606	\$32,335	\$28,294	\$28,778	\$56,161	\$76,883	\$102,056	\$120,580
Amortization	-	-	-	-	-	-	\$718	\$477	-	-
Acquisition related expenses	\$1,615	\$1,092	\$585	\$1,656	\$172	\$56	-	\$3,759	\$7,312	\$4,948
Non-GAAP research and development	\$89,530	\$90,607	\$90,193	\$87,003	\$86,477	\$86,656	\$193,912	\$239,159	\$315,569	\$357,333
<i>% of revenue</i>	<i>26%</i>	<i>26%</i>	<i>26%</i>	<i>25%</i>	<i>23%</i>	<i>22%</i>	<i>26%</i>	<i>24%</i>	<i>25%</i>	<i>26%</i>
Selling and marketing (GAAP)	\$156,714	\$120,780	\$117,448	\$97,944	\$99,133	\$96,037	\$307,718	\$438,210	\$512,027	\$492,886
Share Based Compensation	\$9,875	\$10,019	\$9,261	\$9,559	\$9,558	\$9,652	\$18,458	\$22,845	\$33,853	\$38,714
Amortization	\$812	\$821	\$820	\$821	\$820	\$821	\$1,911	\$1,780	\$2,918	\$3,274
Acquisition related expenses	-	-	-	-	-	-	\$2,269	\$956	\$28	-
Non-GAAP selling and marketing	\$146,027	\$109,940	\$107,367	\$87,564	\$88,755	\$85,564	\$285,080	\$412,629	\$475,228	\$450,898
<i>% of revenue</i>	<i>43%</i>	<i>32%</i>	<i>31%</i>	<i>25%</i>	<i>24%</i>	<i>22%</i>	<i>38%</i>	<i>42%</i>	<i>37%</i>	<i>32%</i>
<i>% of Non- GAAP Gross Profit</i>	<i>69%</i>	<i>51%</i>	<i>48%</i>	<i>38%</i>	<i>36%</i>	<i>32%</i>	<i>50%</i>	<i>61%</i>	<i>59%</i>	<i>51%</i>

in 000s	2022				2023		FY	FY	FY	FY
	Q1	Q2	Q3	Q4	Q1	Q2	2019	2020	2021	2022
General and administrative (GAAP)	\$45,686	\$42,991	\$42,427	\$39,941	\$38,517	\$37,250	\$85,922	\$111,915	\$169,648	\$171,045
Share Based Compensation	\$18,158	\$14,646	\$13,511	\$13,416	\$12,431	\$11,751	\$28,864	\$38,458	\$70,020	\$59,731
Amortization	\$1	-	\$2	\$1	\$1	\$1	\$8	\$4	\$4	\$4
Acquisition related expenses	\$3	\$36	-	-	-	\$5	\$216	\$331	\$856	\$39
Sales tax accrual and other G&A expenses (income)	\$172	\$189	\$183	\$219	\$308	\$157	\$5,309	\$4,299	\$1,692	\$763
Non-GAAP general and administrative	\$27,352	\$28,120	\$28,731	\$26,305	\$25,777	\$25,336	\$51,525	\$68,823	\$97,076	\$110,508
% of revenue	8%	8%	8%	7%	7%	6%	7%	7%	8%	8%
GAAP Operating Income (Loss)	(\$115,417)	(\$75,022)	(\$62,311)	(\$32,603)	(\$33,333)	\$12,976	(\$81,584)	(\$199,055)	(\$325,534)	(\$285,353)
Share Based Compensation	\$60,984	\$59,139	\$56,796	\$59,917	\$54,521	\$53,660	\$109,337	\$147,313	\$221,391	\$236,836
Amortization	\$1,574	\$1,580	\$1,581	\$1,511	\$1,488	\$1,489	\$4,588	\$2,577	\$4,952	\$6,246
Acquisition related expenses	\$1,699	\$1,187	\$585	\$1,656	\$196	\$244	\$2,485	\$5,811	\$8,680	\$5,127
Sales tax accrual and other G&A expenses (income)	\$172	\$189	\$183	\$219	\$308	\$157	\$5,309	\$4,299	\$1,692	\$763
Restructuring	-	-	-	-	\$25,338	\$330	-	-	-	-
Non-GAAP Operating Income (Loss)	(\$50,988)	(\$12,927)	(\$3,166)	\$30,700	\$48,518	\$68,856	\$40,135	(\$39,055)	(\$88,819)	(\$36,381)
Net cash provided (used) by operating activities	(\$13,662)	(\$2,687)	\$267	\$53,234	\$45,961	\$47,761	\$149,564	\$148,049	\$65,685	\$37,152
Capital expenditures, net	(\$19,924)	(\$13,217)	(\$22,874)	(\$14,649)	(\$20,932)	(\$15,751)	(\$22,066)	(\$18,853)	(\$37,700)	(\$70,664)
Free Cash Flow	(\$33,586)	(\$15,904)	(\$22,607)	\$38,585	\$25,029	\$32,010	\$127,498	\$129,196	\$27,985	(\$33,512)
Capital expenditures and other cash costs related to Wix HQ office build out	\$15,438	\$9,911	\$27,166	\$13,405	\$16,949	\$14,630	-	\$2,462	\$23,449	\$65,920
Restructuring	-	-	-	-	\$2,051	\$2,453	-	-	-	-
Free Cash Flow (excluding capex and other cash costs)	(\$18,148)	(\$5,993)	\$4,559	\$51,990	\$44,029	\$49,093	\$127,498	\$131,658	\$51,434	\$32,408
Outstanding ordinary shares as of 12/31/2022										56,305,462
Outstanding Stock options as of 12/31/2022										4,332,022
Outstanding Restricted share units as of 12/31/2022										3,123,019
Total Diluted Shares as of 12/31/2022										63,760,503
Free Cash Flow per Share										\$0.51
Net cash provided by (used in) operating activities per Share										\$0.58

in 000s	2023
	Q2
Bookings	\$398,499
Adjustment for FX changes	(\$135)
Y/Y Constant Currency Bookings	\$398,364
Revenues	\$389,977
Adjustment for FX changes	\$1,157
Y/Y Constant Currency Revenues	\$391,134