

WIX

Shareholder Update

Second Quarter | August 7, 2024



To our Shareholders, our Users & our People

Excellent Q2 results capped off a strong first half of 2024, fueled by successful execution of our strategic initiatives, solid business fundamentals and continued product innovation. **As a result, year-over-year bookings growth meaningfully accelerated to 15% this quarter and revenue growth of 12% finished above the high end of our expectations.** This quarter's strong top-line performance reflects the continued progress made on our key growth initiatives.

First, **Wix Studio continues to perform extremely well** with the number of Studio accounts and rate of new Partners joining the Wix platform through Studio remaining strong. **Notably this quarter, we saw an acceleration in the pace of Studio subscription package purchases.** Additionally, retention of existing Studio subscription packages was strong, and the number of Studio accounts purchasing multiple package subscriptions ramped. These behaviors demonstrate that Studio is resonating with Partners as they learn, build and find success on the platform, driving Studio package bookings growth of 20% q/q.

Second, we continue to improve the creation experience for users through AI innovation. **We have released 17 AI business assistants this year, spanning a wide range of use cases, from generating domain names and writing email subject lines to creating tailored loyalty and rewards programs and producing blog post ideas.** Embedding AI assistants into our products helps guide users through the website creation and management process, troubleshoot roadblocks and easily perform commands with minimal support resources required from us. We have already seen encouraging usage levels of these new AI assistants. With dozens more slated to launch this year, AI assistants will soon be everywhere on our platform and in nearly every product.

Finally, **consistent expansion of our commerce platform resulted in a record take rate in Q2 of 1.68%, which was 10 basis points higher than our Q1 take rate, as transaction revenue grew 21% y/y.** These incredible results demonstrate our success executing on our commerce strategy across two pillars:

- **Growing GPV by:**
 - **Expanding into new verticals**, most recently with the introduction of Wix Donations and Wix Proposals this quarter
 - **Onboarding larger merchants onto our platform**
 - **Empowering existing merchants to grow their businesses** through a bigger suite of commerce tools, resulting in compounding growth
- **Increasing our monetization of GPV by:**
 - **Expanding Wix Payments to include additional payment partners**
 - **Driving higher Wix Payments adoption** as new and existing merchants increasingly choose Wix Payments over other providers
 - **Providing additional platform solutions** such as “credit card on file”, MOTO payment and POS capabilities, among others
 - **Enhancing payment offerings to capture more wallet share**, particularly of international markets

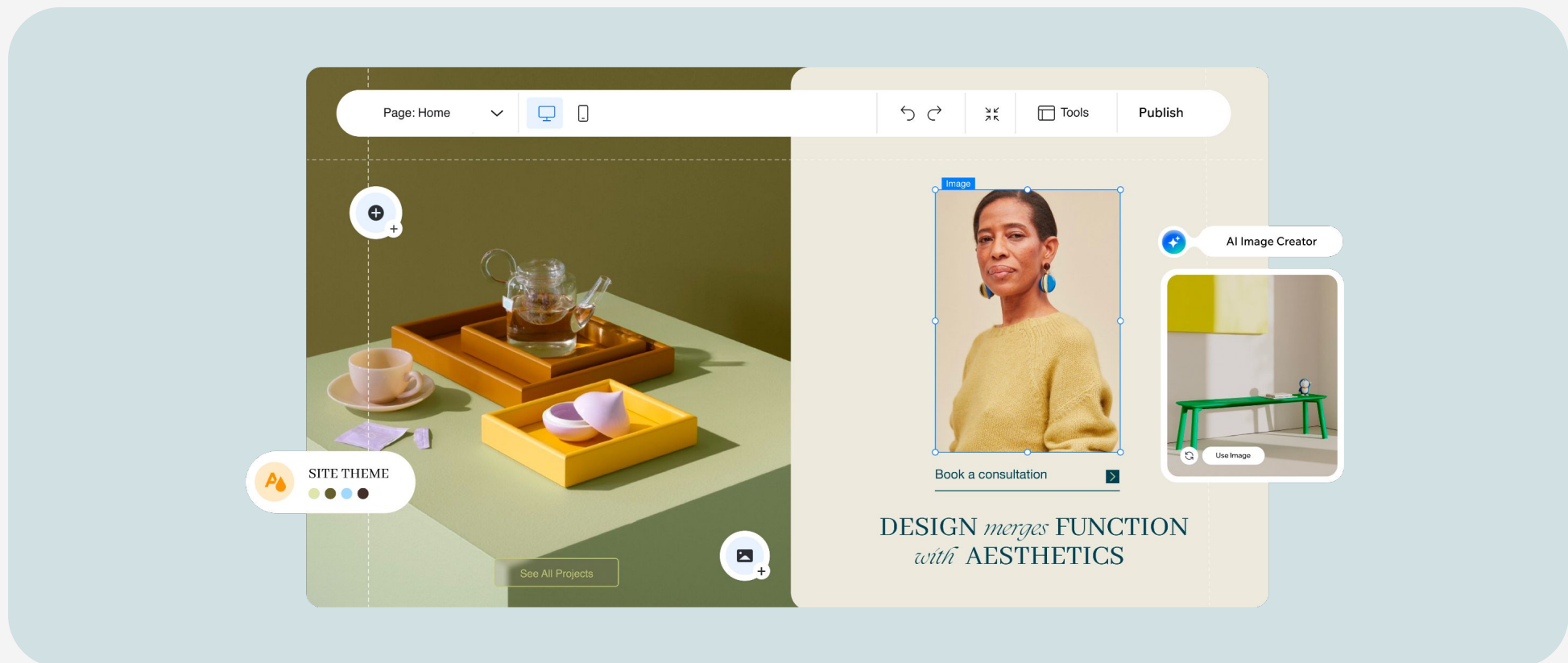
Today, **Wix serves as a full operating system for businesses of all sizes and types across the world.** This diversified commerce platform has set us apart from peers. Whether you are selling physical goods, appointments, classes or tickets, or raising money for a good cause, you can build a presence, sell your offering and grow your business successfully on Wix.

Heading into the back half of the year, **we continue to expect 2H bookings growth to accelerate to 16% y/y at the high end of our full year guidance range** as we focus on executing on these growth initiatives and build upon the momentum achieved so far this year. **Accelerating growth momentum paired with continued operating leverage puts us on the path to achieving the Rule of 40 this year, one year ahead of plan.**

There is still much more to come in 2024, and I look forward to sharing our progress and milestones with you.

Avishai Abrahami
Co-Founder and CEO

Product & Business Updates



New AI-powered offerings

Wix has been at the forefront of AI technology for nearly a decade and continues to pioneer new AI tools in the website-building industry.

This quarter, we continued to roll out new **AI assistants** to help users build and manage their online presence and businesses. These AI assistants can perform specific tasks, answer user or UofU questions, or perform commands. Users can describe their intent and goals through an AI-chat experience, and AI will execute the action or series of actions to satisfy the user. We have numerous marketing AI assistants that can aid users in executing tasks, such as crafting emails, creating logos, and drafting headlines and descriptions for Google Ad campaigns.

In June, we launched **AI creation capabilities for our mobile app builder**, enabling users to generate apps for iOS or Android. Using information gathered from the onboarding chat, the AI generates a fully branded mobile app for the desired business.

Additionally, the recently released **AI Blog Generator** consists of a suite of new AI features designed to help users identify relevant topics for blogs and generate outlines, content, and images for their target audience. With this new experience, users can swiftly turn ideas into near-ready articles, significantly reducing the time and effort required to create engaging content and, ultimately, changing the blog creation experience.

Pushing forward with Partners

In June, we announced a **Figma Plugin** that exports design into the Wix Studio platform to create dynamic web experiences. Leveraging Wix Studio's built-in, robust native business solutions, AI, and agency tools, professionals can save valuable time and resources in the creation process.

We also held our sold-out Developers' Conference, **DevStudio Con**, in Bangalore, India. We announced new features that empower developers to build applications for the Wix App Market. We continue to open the Wix no-code and low-code platform with reusable, customizable apps and AI tools while providing more revenue opportunities for Partners and developers.

Continued expansion of commerce platform

We continue to open our solutions to enable our users and merchants to customize and extend their businesses on Wix. Our new **Product Page customization tools** enable merchants and partners to tailor the design of every product page component. Additionally, the newly introduced **customization options for the checkout page** empower merchants to define mandatory and optional fields, and add custom fields, to meet their client's unique business needs—all without requiring coding.

Financial Review

Building Momentum with Significant Bookings Growth Acceleration and Continued FCF Margin Expansion

Strong execution of our key growth initiatives and solid business fundamentals drove impressive top-line growth this quarter. At the same time, we increased profitability as a result of continued operating leverage from our stable cost structure. **We now expect to achieve the Rule of 40 milestone this year at the high end of our revenue and FCF guidance ranges.**

Highlights of the quarter:

- **Total bookings increased 15% y/y, an acceleration from 10% growth in Q1, driven by:**
 - Strong uptake of Studio (Studio package bookings increased 20% q/q) and benefits from our growing toolbox of AI capabilities
 - Though still moderate in Q2, contribution is ramping and we expect Studio and our AI strategy to be the main drivers of growth in the coming years
 - Price increase implemented earlier this year
 - Expansion of Wix Payments as we added a new payment partner – take rate increased 10 bps q/q to 1.68%
 - Acceleration across Self Creators and Partners businesses
- Total revenue increased 12% y/y, above the top end of our guidance
- Partners revenue increased 29% y/y, with steadily increasing Studio contribution and strong commerce growth
- **GAAP operating margin improved ~430 bps sequentially to 7% of revenue**
- **Higher than expected FCF margin of 27%, driven by continued operating leverage**
- Completed \$225 million of share repurchases, marking over \$1 billion of share repurchases executed since 2021

We expect to sustain the momentum built in 1H through the rest of the year, driven by strong uptake of our main product initiatives, particularly Studio, AI and commerce, as well as strong cohort behavior as our user base continues to absorb the price increase well. **As a result of continued benefits from these growth initiatives, we continue to expect 2H bookings growth to accelerate to 16% y/y at the high end of our guidance range.**

The bookings acceleration this year sets us up for revenue growth acceleration in 2025. **Expected revenue growth acceleration in addition to incremental FCF margin improvements position us to surpass the Rule of 40 in 2025 more meaningfully than previously expected.**

**FCF throughout this document is defined as free cash flow excluding expenses associated with the buildout of our new corporate headquarters, unless otherwise specified*

User Cohort Performance

Our Q1'24 user cohort generated \$43.4 million in cumulative bookings in its first two quarters ending Q2'24. Growth of bookings from the Q1'24 user cohort was driven primarily by increased monetization of these users. New and existing users purchasing higher-priced packages, particularly Studio and commerce packages, and attaching more business applications, as well as the price increase implemented earlier in the year, all contributed to higher ARPS of these users. **Notably, this quarter, a significant increase in transaction revenue benefited ARPS, as GPV grew healthily and take rate meaningfully improved q/q and y/y, reaching a record high.** Bookings growth also benefited from new subscription additions as users in the cohort continued to convert into paid subscriptions.

We continue to hone our ongoing marketing strategy targeting higher-intent users and, as expected, onboarding smaller cohorts of users compared to the cohorts of previous years. We ended Q2'24 with almost 273 million registered users.

Revenue and Bookings

Total revenue grew to \$435.7 million in Q2'24, up 12% y/y and above the high end of our guidance range. Outperformance was driven by strong revenue growth across Creative Subscriptions and Business Solutions. Changes y/y in FX rates had an immaterial impact on revenue.

Total bookings grew to \$458.4 million in Q2'24, up 15% y/y, driven by accelerating bookings growth across both Creative Subscriptions and Business Solutions. Bookings growth also accelerated q/q across both Self Creators and Partners, demonstrating strong underlying fundamentals across the entire business. Solid contribution from our key growth initiatives, including Studio, our AI product suite and expanding commerce platform, along with the solid cohort behavior discussed above, drove the strong bookings performance in the most recent quarter.

Bookings growth also benefited from the price increase implemented earlier this year. While cohort behavior in response to the most recent price increase has been better than expected with strong retention reflecting the increased value of our platform, it is an anticipated headwind to net subscription additions this year. We continue to expect bookings growth will accelerate to 16% in the back half of 2024 at the high end of our annual guidance range.

Total bookings in Q2'24 included a reduction in total unbilled contractual obligations of \$2.8 million as unbilled obligations associated with existing B2B partnerships continued moving into deferred revenue as expected. Changes y/y in FX rates had an immaterial impact on bookings.

Creative Subscriptions Revenue and Bookings

Creative Subscriptions revenue grew to \$312.1 million in Q2'24, up 9% y/y. Creative Subscriptions ARR grew to \$1.28 billion as of the end of Q2'24, up 10% y/y. Creative Subscriptions bookings grew to \$329.0 million in Q2'24, up 12% y/y.

Both bookings and revenue growth were driven by strong business fundamentals and solid conversion of users into subscriptions. Growth was also driven by higher monetization of users as a result of users purchasing higher-priced packages and the price increase implemented earlier this year.

Business Solutions Revenue and Bookings

Business Solutions revenue grew to \$123.6 million in Q2'24, up 20% y/y. **Business Solutions bookings grew to \$129.4 million in Q2'24, up 24% y/y.**

The strong growth of Business Solutions bookings and revenue was driven by continued robust adoption of business applications, particularly Paid Ads and Email Marketing, as well as a significant y/y increase in transaction revenue.

Transaction revenue in Q2'24 was \$53.9 million, or 44% of Business Solutions revenue, up 21% y/y. This impressive growth in transaction revenue was driven by healthy GPV growth of 13% y/y as well as improved monetization of the GPV flowing through our platform.

GPV grew to \$3.2 billion in Q2 was a result of larger merchants joining Wix, particularly Partners who contributed ~50% of this quarter's GPV, and increased GPV from existing businesses as we continued to expand our suite of commerce-enablement tools and supported verticals. Our Bookings and Events products performed exceptionally well, with Bookings GPV up approximately 20% y/y and Events GPV up approximately 25% y/y in the most recent quarter.

Increased monetization was primarily due to the expansion of our Wix Payments platform with the addition of a new payment partner. **As a result, take rate in the second quarter reached a record high of 1.68%, an increase of 10 bps q/q.**

We expect GPV and take rate to continue to improve over the long term as we expand our commerce platform.

Partners Revenue

Partners revenue in Q2'24 totaled \$148.4 million, or 34% of total revenue, up 29% y/y. Growth was driven by market share gains as we onboarded new agencies and freelancers and existing Partners built more projects on Wix. Revenue growth was also a result of higher monetization as Partners adopted more Business Solutions products and generated increasingly more GPV. Wix Studio uptake continues to contribute to Partner momentum with Studio package bookings growing 20% q/q. Studio is expected to be a meaningful driver of Partners growth in the coming years.

Revenue from our B2B partnerships also continues to contribute to Partners revenue growth.

Gross Profit and Margin

Total non-GAAP gross margin was 68% of revenue in Q2'24, in-line with our expectation of achieving non-GAAP gross margin of 68-69% for the full year.

Creative Subscriptions non-GAAP gross margin increased to 84% in Q2'24, up from 83% in the previous quarter. Business Solutions non-GAAP gross margin remained steady at 30% in Q2'24, in-line with our expectation of more than 30% Business Solutions non-GAAP gross margin for the full year.

Strong gross margins are a result of the optimized cost structure that we've streamlined over the past few years as well as ongoing efficiencies across Customer Care activities driven by our AI technology, including the new AI business assistants rolled out this quarter. Business Solutions non-GAAP gross margin this quarter also benefited from strong growth of our high-margin business applications and increasing payments gross margin as our commerce platform continues to scale.

Operating Expenses and Margin

Total non-GAAP operating expenses decreased 4% q/q in Q2, driven by a few factors:

- Payroll efficiencies due in part to lower average headcount throughout the quarter
- Lower overhead costs as a result of lower property taxes on our headquarters and successful sublease of a portion of office footprint
- Lower advertising expenses, in-line with seasonal activity

Non-GAAP R&D expenses were \$88.5 million in Q2'24, an increase of approximately 2% y/y and a decrease of 5% q/q. As a percent of revenue, non-GAAP R&D expenses were 20% in Q2'24, a decrease from 22% of revenue in the year ago quarter. The y/y increase in R&D expenses was driven by higher overhead costs associated with the utilization of our corporate headquarters.

Non-GAAP S&M expenses were \$92.5 million in Q2'24, an increase of 8% y/y and a decrease of 4% q/q. As a percent of revenue, non-GAAP S&M expenses were 21% in Q2'24, a decrease from 22% of revenue in the year ago quarter. The y/y increase in S&M expenses was primarily due to the continued marketing strategy behind Wix Studio.

Non-GAAP G&A expenses were \$27.1 million in Q2'24, an increase of 7% y/y and a decrease of 4% q/q. As a percent of revenue, non-GAAP G&A expenses were 6% in Q2'24, stable compared to the year ago quarter. The y/y increase in G&A expenses is due to higher overhead costs associated with the utilization of our corporate headquarters.

As a result, GAAP operating margin improved ~430 bps sequentially. GAAP operating income was \$28.6 million, or 7% of revenue in Q2, marking a third consecutive quarter of positive GAAP operating income.

Non-GAAP operating income was \$90.2 million in Q2, or 21% of revenue. Non-GAAP operating income excludes stock-based compensation and other one-time items.

Earnings and Earnings Per Share

GAAP net income was \$39.5 million, or \$0.68 per diluted share, in Q2'24. Non-GAAP net income was \$99.6 million in Q2'24, or \$1.67 per diluted share. We remain on track to achieve positive GAAP net income in 2024.

Cash Flow and Balance Sheet

Free cash flow in Q2'24, excluding capital expenditures and other expenses associated with the build out of our new corporate headquarters and restructuring costs, was \$117.8 million, or 27% of total revenue. This comfortably surpasses the 25%+ FCF margin target set for 2025. Similar to the previous quarter, this quarter's outperformance was driven by strong top-line growth coupled with a stable operating cost structure. Including approximately \$5.0 million in new headquarters spend, free cash flow was \$112.8 million in Q2'24. The buildout of our headquarters is now complete and we no longer expect to incur any more initial development-related capital expenditures.

We ended Q2'24 with approximately \$802.4 million in cash and cash equivalents and \$571.3 million outstanding of our convertible bond due in August 2025.

In the second quarter, we completed our \$225 million share repurchase plan with the repurchase of approximately 1.7 million outstanding ordinary shares. This execution marks the completion of the Board-authorized plan approved in August 2023. **Wix has executed over \$1 billion of aggregate share repurchases since 2021.**

We remain committed to returning value to shareholders. In July, the Board of Directors authorized a new \$200 million program to repurchase the Company's securities.

Our total employee count at the end of Q2'24 was 5,242.

Outlook



Our guidance for the second half of the year reflects the momentum built up in the first six months, particularly from the strong traction of our key product initiatives and solid business fundamentals.

We are updating our full year bookings outlook to \$1,802 - \$1,822 million, or 13-14% y/y growth, compared to previous guidance of \$1,796 - \$1,826 million, or 12-14% y/y growth. This outlook reflects the continued expectation that y/y bookings growth will accelerate to 16% in 2H at the high end of our guidance range, as a result of accelerating growth across both Self Creators and Partners. Acceleration is expected to be driven by continued Wix Studio outperformance, benefits from our AI products and our expanded commerce platform, as well as strong user uptake of the price increase implemented earlier this year.

Bookings acceleration in 2024 is expected to translate into y/y revenue growth acceleration in 2025.

We are also updating our full year revenue outlook to \$1,747 - \$1,761 million, or 12-13% y/y, compared to \$1,738 - \$1,761 million, or 11-13% y/y growth, previously.

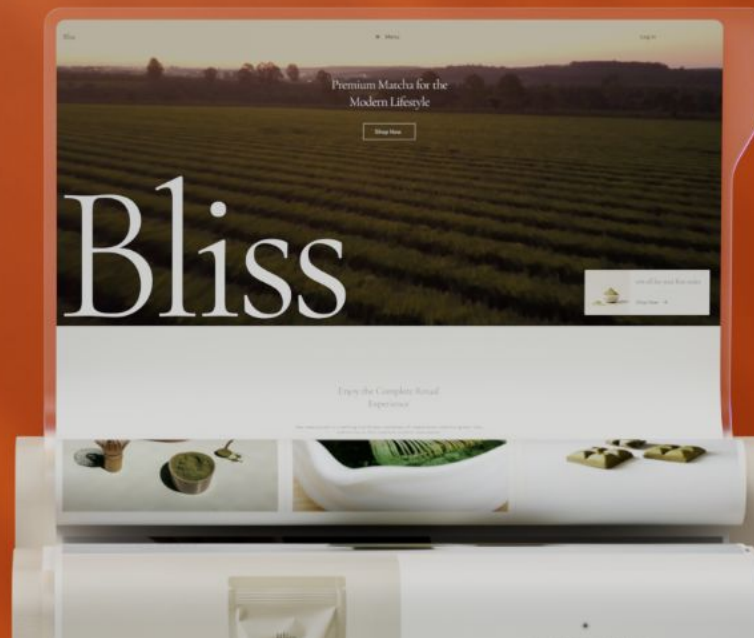
We expect total revenue growth in Q3'24 of \$440 - \$445 million, or 12-13% y/y growth.

For the full year 2024, we continue to expect non-GAAP total gross margin of 68-69% with non-GAAP Business Solutions gross margin to exceed 30% for the full year. We now expect non-GAAP operating expenses to be approximately 50% of revenue for the full year, slightly improved from our previous expectation of 50-51% of revenue, driven by additional operating leverage expected.

We now expect to generate free cash flow, excluding headquarters costs, of \$460 - \$470 million, or 26-27% of revenue, in 2024, up from \$445 - \$455 million, or ~26% of revenue. This increase in free cash flow is expected to be primarily driven by continued operating leverage.

As a result of strong top-line growth and incremental margin improvements, we are now poised to achieve the Rule of 40 milestone this year, if we achieve the high end of our guidance ranges.

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 commitment amount for the upcoming 12 months 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.

Take rate is defined as our transaction revenue as a percentage of GPV.

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

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

Conference Call and Webcast Information

Wix will host a conference call to discuss the results at 8:30 a.m. ET on Wednesday, August 7, 2024. To participate on the live call, analysts and investors should register and join at <https://register.vevent.com/register/B195980ddbd705465cbdf5f8441a1352ac>. A replay of the call will be available through August 6, 2025 via the registration link.

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

Non-GAAP Financial Measures and Key Operating Metrics

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

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

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

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

Forward-Looking Statements

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

Reconciliation of GAAP to Non-GAAP financial measures

in 000s	2023			2024		FY	FY	FY
	Q2	Q3	Q4	Q1	Q2	2021	2022	2023
Revenues	\$389,977	\$393,841	\$403,771	\$419,776	\$435,746	\$1,269,657	\$1,387,666	\$1,561,665
Change in deferred revenues	\$12,043	\$387	\$2,788	\$41,319	\$25,426	\$82,361	\$55,387	\$76,193
Change in unbilled contractual obligations	(\$3,521)	(\$5,133)	(\$11,555)	(\$3,814)	(\$2,773)	\$66,805	\$29,066	(\$40,355)
Bookings	\$398,499	\$389,095	\$395,004	\$457,281	\$458,399	\$1,418,823	\$1,472,119	\$1,597,503
Creative Subscriptions Revenues	\$287,089	\$290,634	\$296,154	\$304,293	\$312,125	\$950,299	\$1,039,479	\$1,152,007
Change in deferred revenues	\$10,361	(\$1,584)	(\$1,098)	\$34,158	\$19,615	\$70,775	\$52,866	\$63,124
Change in unbilled contractual obligations	(\$3,521)	(\$5,133)	(\$11,555)	(\$3,814)	(\$2,773)	\$66,805	\$29,066	(\$40,355)
Creative Subscriptions Bookings	\$293,929	\$283,917	\$283,501	\$334,637	\$328,967	\$1,087,879	\$1,121,411	\$1,174,776
Business Solutions Revenues	\$102,888	\$103,207	\$107,617	\$115,483	\$123,621	\$319,358	\$348,187	\$409,658
Change in deferred revenues	\$1,682	\$1,971	\$3,886	\$7,161	\$5,811	\$11,586	\$2,521	\$13,069
Business Solutions Bookings	\$104,570	\$105,178	\$111,503	\$122,644	\$129,432	\$330,944	\$350,708	\$422,727
Gross Profit	\$262,083	\$264,798	\$277,658	\$282,479	\$294,072	\$781,078	\$861,439	\$1,049,137
Share based compensation expenses	\$3,479	\$3,621	\$3,675	\$3,590	\$3,516	\$15,462	\$17,811	\$15,013
Acquisition related expenses	\$183	\$17	\$5	-	-	\$484	\$140	\$229
Amortization	\$667	\$668	\$667	\$667	\$668	\$2,030	\$2,968	\$2,669
Non GAAP Gross Profit	\$266,412	\$269,104	\$282,005	\$286,736	\$298,256	\$799,054	\$882,358	\$1,067,048
<i>Non GAAP Gross margin</i>	<i>68%</i>	<i>68%</i>	<i>70%</i>	<i>68%</i>	<i>68%</i>	<i>63%</i>	<i>64%</i>	<i>68%</i>

in 000s	2023			2024		FY	FY	FY
	Q2	Q3	Q4	Q1	Q2	2021	2022	2023
Gross Profit - Creative Subscriptions	\$235,039	\$237,447	\$243,360	\$249,490	\$259,086	\$717,680	\$787,892	\$936,492
Share based compensation expenses	\$2,562	\$2,673	\$2,695	\$2,669	\$2,519	\$11,446	\$13,933	\$11,081
Non GAAP Gross Profit - Creative Subscriptions	\$237,601	\$240,120	\$246,055	\$252,159	\$261,605	\$729,126	\$801,825	\$947,573
Non GAAP Gross margin - Creative Subscriptions	83%	83%	83%	83%	84%	77%	77%	82%
Gross Profit - Business Solutions	\$27,044	\$27,351	\$34,298	\$32,989	\$34,986	\$63,398	\$73,547	\$112,645
Share based compensation expenses	\$917	\$948	\$980	\$921	\$997	\$4,016	\$3,878	\$3,932
Acquisition related expenses	\$183	\$17	\$5	-	-	\$484	\$140	\$229
Amortization	\$667	\$668	\$667	\$667	\$668	\$2,030	\$2,968	\$2,669
Non GAAP Gross Profit - Business Solutions	\$28,811	\$28,984	\$35,950	\$34,577	\$36,651	\$69,928	\$80,533	\$119,475
Non GAAP Gross margin - Business Solutions	28%	28%	33%	30%	30%	22%	23%	29%
Research and development (GAAP)	\$115,490	\$125,117	\$125,743	\$124,245	\$119,257	\$424,937	\$482,861	\$481,293
Share Based Compensation	\$28,778	\$30,428	\$31,982	\$31,102	\$30,782	\$102,056	\$120,580	\$119,482
Amortization	-	-	-	-	-	-	-	-
Acquisition related expenses	\$56	\$5	\$4	\$5	\$1	\$7,312	\$4,948	\$237
Non-GAAP research and development	\$86,656	\$94,684	\$93,757	\$93,138	\$88,474	\$315,569	\$357,333	\$361,574
% of revenue	22%	24%	23%	22%	20%	25%	26%	23%
Selling and marketing (GAAP)	\$96,037	\$100,765	\$103,642	\$107,234	\$102,498	\$512,027	\$492,886	\$399,577
Share Based Compensation	\$9,652	\$10,835	\$11,232	\$10,483	\$9,206	\$33,853	\$38,714	\$41,277
Amortization	\$821	\$820	\$821	\$815	\$796	\$2,918	\$3,274	\$3,282
Acquisition related expenses	-	-	-	-	-	\$28	-	-
Non-GAAP selling and marketing	\$85,564	\$89,110	\$91,589	\$95,936	\$92,496	\$475,228	\$450,898	\$355,018
% of revenue	22%	23%	23%	23%	21%	37%	32%	23%
% of Non- GAAP Gross Profit	32%	33%	32%	33%	31%	59%	51%	33%

in 000s	2023			2024		FY	FY	FY
	Q2	Q3	Q4	Q1	Q2	2021	2022	2023
General and administrative (GAAP)	\$37,250	\$40,865	\$43,401	\$41,330	\$43,712	\$169,648	\$171,045	\$160,033
Share Based Compensation	\$11,751	\$13,365	\$11,306	\$12,967	\$16,382	\$70,020	\$59,731	\$48,853
Amortization	\$1	\$1	\$1	\$1	\$1	\$4	\$4	\$4
Acquisition related expenses	\$5	\$1	-	-	-	\$856	\$39	\$6
Sales tax accrual and other G&A expenses (income)	\$157	\$146	\$137	\$121	\$237	\$1,692	\$763	\$748
Non-GAAP general and administrative	\$25,336	\$27,352	\$31,957	\$28,241	\$27,092	\$97,076	\$110,508	\$110,422
<i>% of revenue</i>	<i>6%</i>	<i>7%</i>	<i>8%</i>	<i>7%</i>	<i>6%</i>	<i>8%</i>	<i>8%</i>	<i>7%</i>
GAAP Operating Income (Loss)	\$12,976	(\$5,792)	\$1,769	\$9,670	\$28,605	(\$325,534)	(\$285,353)	(\$24,380)
Share Based Compensation	\$53,660	\$58,249	\$58,195	\$58,142	\$59,886	\$221,391	\$236,836	\$224,625
Amortization	\$1,489	\$1,489	\$1,489	\$1,483	\$1,465	\$4,952	\$6,246	\$5,955
Acquisition related expenses	\$244	\$23	\$9	\$5	\$1	\$8,680	\$5,127	\$472
Sales tax accrual and other G&A expenses (income)	\$157	\$146	\$137	\$121	\$237	\$1,692	\$763	\$748
Restructuring	\$330	\$3,843	\$3,103	-	-	-	-	\$32,614
Non-GAAP Operating Income (Loss)	\$68,856	\$57,958	\$64,702	\$69,421	\$90,194	(\$88,819)	(\$36,381)	\$240,034
<i>% of revenue</i>	<i>18%</i>	<i>15%</i>	<i>16%</i>	<i>17%</i>	<i>21%</i>	<i>-7%</i>	<i>-3%</i>	<i>15%</i>
Net cash provided (used) by operating activities	\$47,761	\$64,144	\$90,379	\$113,835	\$120,029	\$65,685	\$37,152	\$248,246
Capital expenditures, net	(\$15,751)	(\$19,376)	(\$9,989)	(\$8,124)	(\$7,195)	(\$37,700)	(\$70,664)	(\$66,049)
Free Cash Flow	\$32,010	\$44,768	\$80,390	\$105,711	\$112,834	\$27,985	(\$33,512)	\$182,197
Capital expenditures and other cash costs related to Wix HQ office build out	\$14,630	\$18,043	\$8,324	\$5,362	\$4,963	\$23,449	\$65,920	\$57,946
Restructuring	\$2,453	-	\$1,411	-	-	-	-	\$5,915
Free Cash Flow (excluding capex and other cash costs)	\$49,093	\$62,811	\$90,125	\$111,073	\$117,797	\$51,434	\$32,408	\$246,058
<i>% of revenue</i>	<i>13%</i>	<i>16%</i>	<i>22%</i>	<i>26%</i>	<i>27%</i>	<i>4%</i>	<i>2%</i>	<i>16%</i>
Outstanding ordinary shares as year-end						57,254,189	56,305,462	57,172,595
Outstanding Stock options as year-end						4,720,600	4,332,022	3,956,056
Outstanding Restricted share units as year-end						2,225,516	3,123,019	3,236,742
Total Diluted Shares as of year-end						64,200,305	63,760,503	64,365,393

in 000s	2024
	Q2
Bookings	\$458,399
Adjustment for FX changes	\$2,194
Y/Y Constant Currency Bookings	\$460,593
Revenues	\$435,746
Adjustment for FX changes	\$664
Y/Y Constant Currency Revenues	\$436,410