

WIX

Shareholder Update

First Quarter | May 16, 2022



To our Shareholders, our Users & the Wix Team

Before jumping in, I would like to first extend my thoughts to our team members in Ukraine and the turmoil they have experienced over the last three months, which is impossible to put into words. We also lost one of our people, Eytam Magini, who was murdered in a violent terror attack in Tel Aviv in April. To all of our employees, this time has been hard for all of us, and our priority, as always, is your and your families' safety, and we will continue to support you in every way that we can.

I could not be more proud of our teams around the world who have exhibited extraordinary care and support in going above and beyond to assist colleagues in Ukraine and their families. I have heard countless stories of our people going out of their way to help -- whether it is donating vacation days or salary to driving many hours to pick up people at meeting points or provide housing -- it truly puts into perspective for all of us what is most important and is a reflection of our amazing culture.

Next, I'd like to take a moment and elaborate on something I have been asked many times over these past few months: whether or not the internet will grow again. We, like many other companies, have seen a considerable slowdown in online activity since last summer. The drivers of this are clear -- overall global uncertainty around reopenings and COVID, rising inflation, changes in FX rates and reverberations from the invasion of Ukraine. And while I find it impossible to predict when these headwinds will dissipate, the good news is that we have a stable business with several strong growth initiatives. **Despite broad uncertainty around the global macro economy, conversion of new users to subscriptions and retention have remained stable since summer 2021, demonstrating the durability of our business.**

So then, is the new lower rate of online activity growth the new normal? I think not. In the decade leading up to COVID, the internet grew steadily year over year. Naturally, COVID accelerated that growth dramatically, and now we are seeing all the drivers mentioned above bringing down internet growth significantly. I think it's fair to assume that as these phenomena abate, we will see internet growth rates return to similar levels to what they were in the decade preceding COVID.

Despite this macro uncertainty, we remain laser focused on what is under our control -- executing on our long term opportunity and our product and marketing roadmaps. **Importantly, we continue to focus on prudent cost management and driving operational efficiencies, and we recently adopted a plan approved by our board of directors to achieve 20% FCF margin in 2025.**

The strategy we established several years ago is to expand our addressable market through the development of our product platform and go to market activities. Our investments in the last several years focused on this strategy, and we have made tremendous progress. We believe that businesses and business activity will continue to migrate online to cloud-based platforms, and that the opportunity we address with our platform is enormous and growing. Given our platform's breadth of product offerings, when any type of user or any type of business is moving online, Wix can be a solution. We plan to share more details about our market opportunity and progress at our Investor & Analyst Day.

Our commitment to our strategy as well as these recent investments are why we are seeing areas of our business continuing to grow rapidly, despite macro headwinds and the overall slowdown in online activity. As of the end of Q1, transaction revenue was \$36.6 million, an increase of 24% y/y and 149% on a compound annual growth rate (CAGR) over the last two years, demonstrating our success in growing our commerce products. Revenue from Partners was \$82.0 million, growing 41% y/y and 68% on a two year CAGR, underscoring our early successes in moving up market.

Our B2B partnership initiative is also widening our funnel, bringing users to Wix that we may not normally capture. We were really happy to finalize our partnership with LegalZoom in Q1 and bring the Wix platform and the ability to create a professional digital presence to small businesses at the point of their formation.

We are confident that our investments over the last two years will drive profitable growth over the coming years, and we look forward to sharing a framework for this at our Investor & Analyst Day. The resiliency and fortitude of our team gives me great pride and the confidence that we will continue to successfully execute against our long term goals. Thank you for being with us on this journey.

Avishai Abrahami
Co-founder and CEO

Business Update

Our goal is to become the primary platform for any type of user of any skill level or any business, giving everyone the ability to build their online presence. To achieve this goal, we are focused on providing best-in-class products and services for our users, and investing in our growth drivers: self-creators, partners and commerce.

- **Self creators.** We remain in a leadership position among website builders used by self creators globally to design, manage and succeed online. Recent investments across our entire platform, including product development, infrastructure, marketing and customer care drive growth among these users.

Despite the uncertainty that has affected our users, **revenue from self creators grew at a 19% CAGR over a two year period through Q1'22.** When uncertainty declines, we believe we are well positioned to re-accelerate growth through continued product development and efficient marketing.

- **Partners.** We have invested in expanding our go to market activities up market to attract more advanced users including design agencies, freelancers or teams that use Wix to create content or applications for themselves. We also offer the Wix platform to businesses to re-sell to their end customers.

Partners enjoy the benefits of our technology infrastructure, security, industry-leading performance and reliability, our best-in-class products, such as Editor X, our classic Editor, Velo and our commerce and payments platform, as well as a high level of customer care and support through our sales and agency management teams.

In Q1 2022, partners generated \$82 million in revenue, growth of 41% y/y and a two year CAGR of 68%.

LEGALZOOM

We also announced our partnership with LegalZoom through which we will empower small businesses at the formation stage with the ability to create and manage a professional online presence. Businesses coming to LegalZoom in their formative stage will be able to seamlessly start their business and create an online presence using the Wix platform. The process begins with a business categorization mechanism within the platform identifying the registered business users' intent, which allows them to ultimately have a ready-made site created by Wix to serve their business needs. These businesses will have access to Wix's robust product offering, including advanced customization capabilities, enterprise-grade performance, security and a reliable infrastructure as well as commerce and business solutions, advanced SEO and marketing tools.

LegalZoom is another example of a company turning to Wix to provide a technology solution that adds value to their customers. It also demonstrates the growth of our B2B partnership initiative and follows other significant joint efforts such as VistaPrint and Yell Group among others.

- **Commerce.** Our investments in improving and expanding our commerce platform have enabled us to drive growth across a diverse range of businesses. Commerce benefits all types of users on Wix -- both self creators and Partners. Several recent announcements illustrate our platform diversity and expansion:
 - Our integration with Amazon Multi-Channel Fulfillment (MCF) allows Wix Stores merchants to easily fulfill their orders using Amazon's order fulfillment services with one- and two-day shipping needs. Merchants using Wix in the U.S, whether they sell on Amazon or not, can download the Amazon MCF app to their Wix Store and more easily access Amazon's fulfillment network, operational expertise, lower fulfillment costs and order delivery as fast as one day. This integration reduces the complexities business owners face fulfilling orders on their own and opens the door for them to easily scale and focus on their growth
 - Wix Restaurants users can utilize DoorDash Drive, DoorDash's white-label fulfillment platform that powers direct delivery, providing restaurant owners using Wix Restaurants access to an expansive delivery fleet. Businesses built on Wix Restaurants can now fulfill delivery orders made directly on their website, their Dine App and their fully Branded App through DoorDash Drive. The partnership provides Wix Restaurants users with more flexibility and control over the delivery costs and logistics without the overhead of building or hiring a delivery fleet among several other benefits
 - For our Wix Events users, our new Seating Map Builder enables event planners and venues to create customized seating maps of their venues, enabling their customers to select and purchase assigned seats for those events

In Q1 2022, our commerce platform generated \$2.6 billion in Gross Payment Volume (GPV), an increase of 16% y/y. Transaction revenue, which represents revenue generated through transaction facilitation, primarily from Wix Payments as well as Wix POS, shipping solutions and multi-channel commerce and gift card solutions was \$36.6 million, an increase of 24% y/y.

We continue to develop a robust commerce platform to address the needs of all types of businesses looking to build a fully functioning digital presence.

Pricing Updates

We regularly test the pricing of our subscription packages in every geography around the world. **Our goal is to optimize the lifetime value of our user cohorts measured in bookings.**

As part of our strategic plan entering 2022, we recently implemented a planned price increase across all of our subscription packages in the U.S as of early April and in the EU as of early May. This increase will be on new subscription packages purchased by new users as well as subscriptions renewed at the time of their renewal and will be immaterial to this year's total revenue and y/y revenue growth. We continue to test pricing in other geographies.

This price increase is the most significant increase we have done since 2019. The substantial improvement in our product platform and infrastructure over the last three years supports the new price levels.

Financial Review

User Cohort Performance

Our new Q1'22 user cohort of approximately 6.2 million users generated \$28.2 million in bookings in the first quarter. The Q1'22 user cohort bookings is approximately 2% higher than the bookings in the first quarter of the Q1'20 cohort, which was just prior to the onset of the pandemic. The Q1'21 cohort bookings were the highest Q1 cohort bookings in our company's history. We ended Q1'22 with over 228 million registered users.

Cohort bookings grew due to subscription additions and total ARPS in Q1'22, which was higher than the prior year quarter and sequentially as users purchased higher priced packages and because of additional revenue generated through Business Solutions. Driving this behavior is our improved product offering and investments in infrastructure, performance, marketing and Customer Care.

The slowdown in growth of the macroeconomy since the beginning of this year has dampened online activity for many companies and has increased uncertainty for small businesses. We continue to experience a weaker top of funnel than we would normally expect, lower absolute new subscriptions, changes in FX rates and slower online commerce activity. However, conversion of new users to gross subscriptions remains stable since the summer of 2021 as does retention, and we continue to generate higher ARPS.

As discussed last quarter, net subscription additions face a headwind of consistent levels of cancellation rates applied to the higher base of gross additions from a year ago created by the large cohort in Q1'21. We expect this headwind to continue throughout this year but to dissipate as we progress through the year. Given the impressive stability of both new user conversion to subscriptions and consistent levels of retention, we expect to lap this impact in 2023.

Total Revenue and Bookings

Total revenue grew to \$341.6 million in Q1'22, up 14% y/y and which represents a two year CAGR of 27%. The Q1'21 y/y growth rate of 41% was the highest we had experienced since Q1'18. Total revenue growth was driven by increases in Creative Subscriptions revenue and continued growth in Business Solutions revenue.

Changes in FX rates, primarily the US dollar to Euro and British pound exchange rates, had an adverse impact this quarter as we derive approximately 30% of our revenue in non US dollar currencies. Total revenue on a y/y constant currency basis was \$343.2 million, or 14% y/y growth.

Total bookings grew to \$393.2 million in Q1'22, up 12% y/y and represented a two year CAGR of 26% and was driven by growth in Creative Subscriptions and Business Solutions bookings. Total bookings on a y/y constant currency basis was \$399.4 million or 14% y/y growth.

Due to Russia's invasion of Ukraine, we announced in early March that we suspended all commercial activities in Russia and certain regions in Ukraine, which accounted for less than 1% of our annual total revenue in 2021. There was very little impact from this action in Q1'22.

Creative Subscriptions Revenue and Bookings

Creative Subscriptions revenue grew to \$255.0 million, up 13% y/y. Creative Subscriptions ARR increased to \$1.04 billion, up 12% y/y.

Creative subscriptions revenue growth y/y was driven both by conversion of users to subscriptions and higher ARPS as the number of users who purchase higher-priced packages increased, partially offset by a slowdown at the top of the funnel on a y/y basis due to the macroeconomic uncertainty mentioned above.

Creative Subscriptions bookings grew to \$299.8 million. Creative Subscriptions bookings also benefited from the closing of our partnership with LegalZoom.

Business Solutions Revenue and Bookings

Business Solutions revenue grew to \$86.6 million in Q1'22, up 17% y/y and representing a two year CAGR of 54%. Business Solutions bookings grew to \$93.5 million, up 13% y/y and representing a two year CAGR of 53%.

Transaction revenue -- which is primarily revenue from payments activities -- in Q1'22 was \$36.6 million, up 24% y/y and now comprises 42% of Business Solutions revenue. Transaction revenue growth was driven by the y/y increase in total Gross Payments Volume (GPV) to \$2.6 billion in Q1, an increase of 16% y/y, and improved monetization of payments.

We benefit from a diverse commerce platform that is used not only by retailers selling physical goods via Wix Stores but also by businesses selling services (Wix Bookings), tickets (Wix Events) or orders (Wix Restaurants). In Q1'22, we observed that Wix Stores users are experiencing lower growth of sales activity compared to a year ago due to the macro economic slowdown. These impacts are affecting our users in the EU most significantly but also in the U.S.

Revenue and bookings growth were driven by strong performance in business applications, particularly Google Workspace and Ascend, as well as continued growth of Payments revenue and bookings.

Gross Margin

Total non-GAAP gross margin was 62% in Q1'22, in-line sequentially and slightly down y/y. This decline was expected as our overall gross margin continues to be impacted by the growth of Wix Payments and other Business Solutions products continuing to scale.

Creative Subscriptions non-GAAP gross margin was 76% in Q1'22, a decline sequentially and y/y. The y/y decline in Creative Subscriptions non-GAAP gross margin was driven primarily by slower revenue growth due to macroeconomic volatility. The q/q decline was due to typical seasonality.

Business Solutions non-GAAP gross margin was 21% in Q1'22, flat sequentially but down y/y. This decline was due to lower gross margin products, primarily Wix Payments, continuing to perform well, grow, and increasingly contribute to a larger portion of Business Solutions revenue.

Operating Expenses

Non-GAAP R&D expenses were \$89.5 million in Q1'22, an increase of 4% q/q and 27% y/y. As a percent of revenue, non-GAAP R&D expenses were 26% in Q1'22, in-line with Q4'21 and up from 23% in Q1'21. Non-GAAP R&D expenses as a percent of revenue has stabilized as we realize gains from our investments in headcount made last year.

Non-GAAP S&M expenses were \$146.0 million in Q1'22, an increase of 27% q/q and 7% y/y. As a percent of revenue, non-GAAP S&M expenses were 43% in Q1'22, up from 35% in Q4'21 but down from 45% in Q1'21. The sequential uptick in non-GAAP S&M as a percent of revenue is in-line with prior years as we typically increase marketing activities during Q1, seasonally our strongest quarter of new user additions. Non-GAAP S&M as a percent of revenue declined y/y as we focused on optimizing returns on our marketing investments and TROI targets.

Non-GAAP G&A expenses were \$27.4 million in Q1'22, an increase of 2% q/q and 28% y/y. The y/y increase in G&A expenses was primarily driven by an increase in headcount. As a percent of revenue, non-GAAP G&A expenses were 8% in Q1'22, flat q/q and up slightly from 7% in Q1'21.

Non-GAAP operating expenses in Q1'22 were also negatively impacted by the y/y increasing value of the Israeli shekel in comparison to the US dollar.

Earnings

Non-GAAP net loss was \$(41.4) million in Q1'22 or \$(0.72) per share. On a GAAP basis, net loss was \$(227.3) million, or \$(3.95) per share. The notable adjustments to GAAP net income in Q1'22 include unrealized losses, net of taxes, of approximately \$116.0 million from our equity investments, primarily attributed to the decrease in the share price of monday.com. This was excluded from non-GAAP results.

Cash Flow and Balance Sheet

Free cash flow, including capital expenditures associated with the build out of our new corporate headquarters, was \$(33.6) million in Q1'22. Excluding approximately \$15.4 million in new HQ capex, free cash flow was \$(18.1) million in Q1, as expected due to the seasonally higher marketing spend.

We ended Q1'22 with approximately \$1.5 billion in cash and cash equivalents and \$924 million in long-term debt.

Our total employee headcount at the end of Q1'22 was 6,084.

Outlook Update

We continue to experience a high level of volatility in demand for online services -- as many companies do today -- due to the combination of macroeconomic headwinds and global uncertainty.

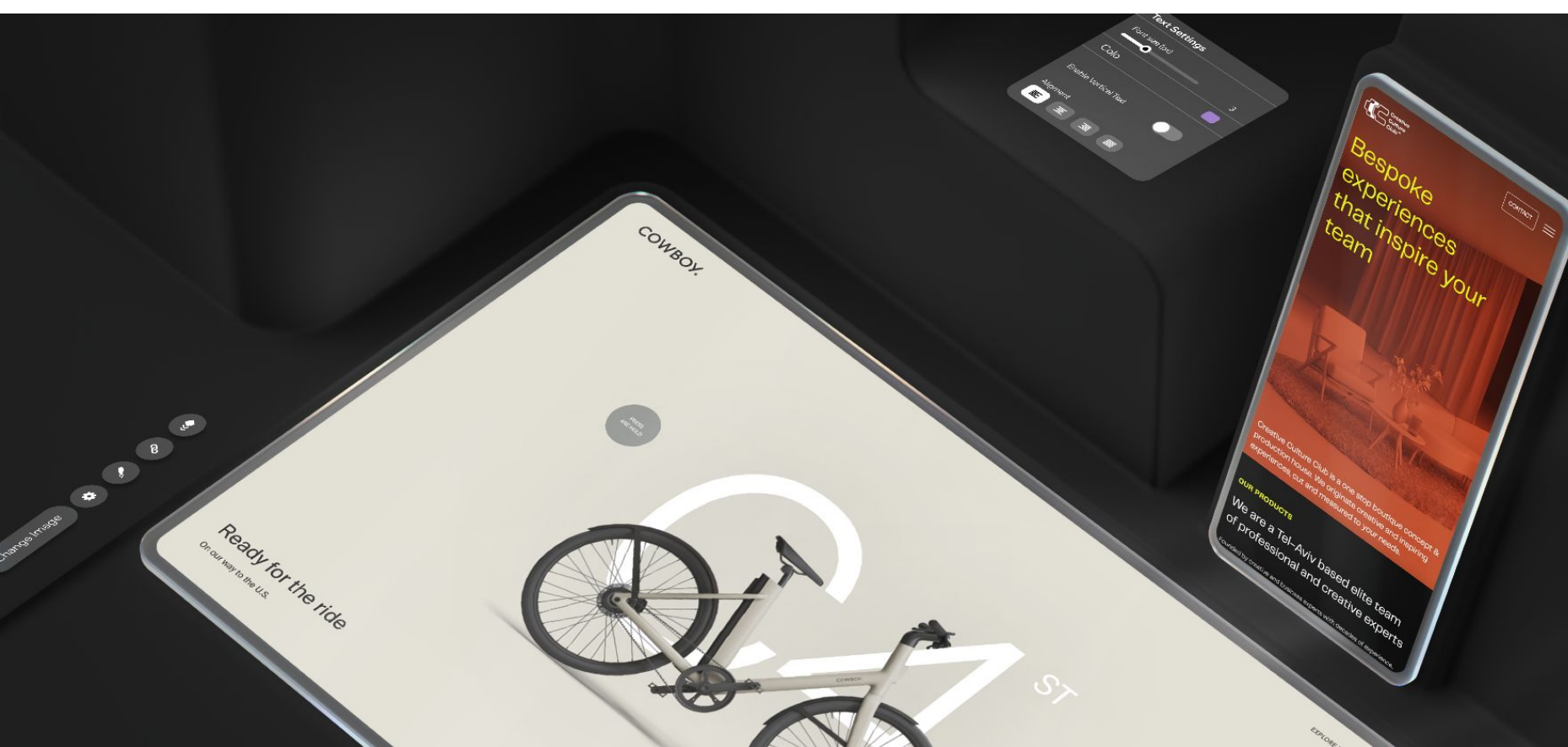
While it remains challenging to confidently forecast our business with this ongoing volatility and uncertainty, we are confident in the fundamental strength of our business and our ability to execute on what we can control. Since last summer, conversion of users to subscriptions and retention remain stable, indicating that our business is in a steady state of growth, not a deteriorating one, giving us confidence that once macroeconomic conditions improve, we will return to higher levels of growth.

As of today, we expect total revenue in Q2'22 to be \$342 - \$346 million, representing 8 - 10% y/y growth. This range takes into account the negative impact of approximately \$0.6 million due to the closure of our activities in Russia and certain regions in Ukraine and headwinds of approximately \$4 million due to y/y changes in FX rates. **Excluding these, we would have expected Q2'22 revenue to grow 10 - 11% y/y.**

If we do not see further deterioration in the macro environment, for the full year 2022 we believe revenue growth will be 10 - 13% y/y. This range includes the negative impact from suspending activities in Russia and certain regions in Ukraine, which we estimate accounts for approximately \$3 million in revenue in 2022, and approximately \$20 million in headwinds due to y/y changes in FX rates. **Excluding these, our expectation for revenue growth for the full year would be 12 - 15% y/y, assuming no further deterioration in the macro environment.**

Further, despite macroeconomic headwinds, we remain committed to driving profitable growth and have already undertaken actions this year to improve gross margins and reduce operating expenses.

During our upcoming Investor and Analyst Day, we will provide more details on our multi-year plans to increase incremental margins and share our recently adopted, board-approved financial plan to achieve 20% FCF margin by 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 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.

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.

Immaterial prior year adjustment: we revised the previously reported financial statements to reflect revenue recognition timing differences related to the sale of Google Workspace solutions. This revision had an immaterial impact on previously issued financial statements (the impact on full year 2021 revenue was approximately \$5 million). All financial data referenced in our earnings materials reflect the revised figures. Please refer to the Interactive Analyst Center on ir.wix.com for revised historical figures.

Conference Call and Webcast Information

Wix will host a conference call to discuss the results at 8:30 a.m. ET on Monday, May 16, 2022. To participate on the live call, analysts and investors should dial +1-877-667-0467 (US/ Canada), +1-346- 354-0953 (International) or 1-809-315-362 (Israel) and reference Conference ID 7607579. A telephonic replay of the call will be available through May 23, 2022 at 11:30 a.m. ET by dialing +1-855-859-2056 and providing Conference ID 7607579.

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 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 FX 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 recognised 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 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; our expectation that we will effectively execute our initiatives to scale and improve our user support function through our Customer Care team, 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 expected 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 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
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Revenues	\$213,105	\$235,337	\$253,391	\$282,534	\$300,779	\$315,575	\$319,890	\$333,413	\$341,597
Change in deferred revenues	\$35,753	\$30,514	\$27,550	\$23,847	\$50,330	\$19,266	\$6,243	\$6,522	\$37,552
Change in unbilled contractual obligations	NM	NM	NM	NM	\$NM	\$8,020	\$47,164	\$11,621	\$14,099
Bookings	\$248,858	\$265,851	\$280,941	\$306,381	\$351,109	\$342,861	\$373,297	\$351,556	\$393,248
Creative Subscriptions Revenues	\$176,546	\$190,169	\$202,996	\$213,745	\$226,436	\$235,891	\$241,303	\$246,669	\$254,968
Change in deferred revenues	\$32,251	\$27,527	\$25,331	\$22,675	\$38,248	\$22,509	\$4,270	\$5,748	\$30,720
Change in unbilled contractual obligations	NM	NM	NM	NM	\$3,375	\$4,645	\$47,164	\$11,621	\$14,099
Creative Subscriptions Bookings	\$208,797	\$217,696	\$228,327	\$236,420	\$268,059	\$263,045	\$292,737	\$264,038	\$299,787
Business Solutions Revenues	\$36,558	\$45,168	\$50,396	\$68,789	\$74,343	\$79,684	\$78,587	\$86,744	\$86,629
Change in deferred revenues	\$3,503	\$2,987	\$2,218	\$1,172	\$8,707	\$132	\$1,973	\$744	\$6,832
Business Solutions Bookings	\$40,061	\$48,155	\$52,614	\$69,961	\$83,050	\$79,816	\$80,560	\$87,518	\$93,461
Gross Profit	\$152,793	\$165,296	\$174,032	\$179,227	\$186,980	\$194,663	\$197,914	\$201,521	\$206,848
Share based compensation expenses	\$1,631	\$1,869	\$2,455	\$3,172	\$3,501	\$3,809	\$4,057	\$4,095	\$4,231
Acquisition related expenses	\$0	\$305	\$200	\$260	\$167	\$112	\$108	\$97	\$81
Amortization	\$0	\$0	\$226	\$90	\$97	\$358	\$930	\$645	\$761
Non GAAP Gross Profit	\$154,424	\$167,470	\$1176,913	\$182,749	\$190,745	\$198,942	\$203,009	\$206,358	\$211,921
<i>Non GAAP Gross margin</i>	<i>72%</i>	<i>71%</i>	<i>70%</i>	<i>65%</i>	<i>63%</i>	<i>63%</i>	<i>63%</i>	<i>62%</i>	<i>62%</i>

in 000s	2020				2021				2022
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Gross Profit - Creative Subscriptions	\$141,156	\$151,659	\$159,635	\$163,467	\$170,690	\$177,620	\$183,490	185,880	\$190,094
Share based compensation expenses	\$1,322	\$1,485	\$1,947	\$2,386	\$2,586	\$2,887	\$2,947	\$3,026	\$3,385
Non GAAP Gross Profit - Creative Subscriptions	\$142,478	\$153,144	\$161,582	\$165,853	\$173,276	\$180,507	\$186,437	\$188,906	\$193,480
<i>Non GAAP Gross margin - Creative Subscriptions</i>	<i>81%</i>	<i>81%</i>	<i>80%</i>	<i>78%</i>	<i>77%</i>	<i>77%</i>	<i>77%</i>	<i>77%</i>	<i>76%</i>
Gross Profit - Business Solutions	\$11,637	\$13,636	\$14,397	\$15,760	\$16,290	\$17,043	\$14,424	\$15,641	\$16,753
Share based compensation expenses	\$309	\$384	\$508	\$786	\$915	\$922	\$1,110	\$1,069	\$846
Acquisition related expenses	\$0	\$305	\$200	\$260	\$167	\$112	\$108	\$97	\$81
Amortization	\$0	\$0	\$226	\$90	\$97	\$358	\$930	\$645	\$761
Non GAAP Gross Profit - Business Solutions	\$11,946	\$14,325	\$15,331	\$16,896	\$17,469	\$18,435	\$16,572	\$17,472	\$18,441
<i>Non GAAP Gross margin - Business Solutions</i>	<i>33%</i>	<i>32%</i>	<i>30%</i>	<i>25%</i>	<i>24%</i>	<i>23%</i>	<i>21%</i>	<i>20%</i>	<i>21%</i>
Research and development (GAAP)	\$70,716	\$75,464	\$84,473	\$89,625	\$95,086	\$104,199	\$109,323	\$116,329	\$119,865
Share Based Compensation	\$16,185	\$18,216	\$20,312	\$22,170	\$23,288	\$24,490	\$26,250	\$28,028	\$28,720
Amortization	\$123	\$123	\$123	\$108	\$92	\$16	\$(108)	\$0	\$0
Acquisition related expenses	\$436	\$1,091	\$1,115	\$1,117	\$1,329	\$1,823	\$2,223	\$1,937	\$1,615
Non-GAAP research and development	\$53,972	\$56,034	\$62,923	\$66,230	\$70,377	\$77,870	\$80,958	\$86,364	\$89,530
<i>% of revenue</i>	<i>25%</i>	<i>24%</i>	<i>25%</i>	<i>23%</i>	<i>23%</i>	<i>25%</i>	<i>25%</i>	<i>26%</i>	<i>26%</i>
Selling and marketing (GAAP)	\$96,156	\$119,333	\$113,092	\$109,629	\$144,455	\$123,021	\$119,991	\$124,560	\$156,714
Share Based Compensation	\$4,568	\$5,395	\$6,108	\$6,774	\$7,442	\$8,213	\$8,715	\$9,483	\$9,875
Amortization	\$442	\$442	\$476	\$420	\$409	\$471	\$2,222	\$(184)	\$812
Acquisition related expenses	\$241	\$269	\$152	\$294	\$28	\$0	\$0	\$0	\$0
Non-GAAP selling and marketing	\$90,905	\$113,227	\$106,356	\$102,141	\$136,576	114,337	\$109,054	\$115,261	\$146,027
<i>% of revenue</i>	<i>43%</i>	<i>48%</i>	<i>42%</i>	<i>36%</i>	<i>45%</i>	<i>36%</i>	<i>34%</i>	<i>35%</i>	<i>43%</i>

in 000s	2020				2021				2022
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
General and administrative (GAAP)	\$25,436	\$24,531	\$26,515	\$35,433	\$34,394	\$39,411	\$38,917	\$56,926	\$45,686
Share Based Compensation	\$8,334	\$9,487	\$10,047	\$10,590	\$12,400	\$13,884	\$14,048	\$29,688	\$18,158
Amortization	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1
Acquisition related expenses	\$262	\$32	\$22	\$15	\$181	\$416	\$248	\$11	\$3
Sales tax accrual and other G&A expenses (income)	\$1,974	\$(485)	\$0	\$2,810	\$452	\$579	\$341	\$320	\$172
Non-GAAP general and administrative	\$14,865	\$15,496	\$16,445	\$22,017	\$21,360	\$24,531	\$24,279	\$26,906	\$27,352
% of revenue	7%	7%	6%	8%	7%	8%	8%	8%	8%
GAAP Operating Loss	\$(39,515)	\$(54,033)	\$(50,048)	\$(55,460)	\$(86,955)	\$(71,968)	\$(70,317)	\$(96,294)	\$(115,417)
Share Based Compensation	30,718	34,967	\$38,922	\$42,706	\$46,631	\$50,396	\$53,070	\$71,294	\$60,984
Amortization	566	566	\$826	\$619	\$599	\$846	\$3,045	\$462	\$1,574
Acquisition related expenses	939	1,697	\$1,489	\$1,686	\$1,705	\$2,351	\$2,579	\$2,045	\$1,699
Sales tax accrual and other G&A expenses (income)	1,974	(485)	\$0	\$2,810	\$452	\$579	\$341	\$320	\$172
Non-GAAP Operating Income (Loss)	\$ (5,318)	\$(17,288)	\$(8,811)	\$(7,639)	\$(37,568)	\$(17,796)	\$(11,282)	\$(22,173)	\$(50,988)
Net cash provided (used) by operating activities	\$45,027	\$49,958	\$24,514	\$28,550	\$18,488	\$21,833	\$4,323	\$21,041	\$(13,662)
Capital expenditures, net	\$(5,075)	\$(3,264)	\$(5,134)	\$(5,380)	\$(3,849)	\$(7,119)	\$(13,030)	\$(13,702)	\$(19,924)
Free Cash Flow	\$39,952	\$46,694	\$19,380	\$23,170	\$14,639	\$14,714	\$(8,707)	\$7,339	\$(33,586)
Capital expenditures related to future Wix HQ office build out	\$483	\$408	\$779	\$792	\$835	\$2,197	\$10,370	\$10,047	\$15,438
Free Cash Flow (excluding future Wix HQ office build out)	\$40,435	\$47,102	\$20,159	\$23,962	\$15,474	\$16,911	\$1,663	\$17,386	\$18,148

in millions	Q1'10	Q1'11	Q1'12	Q1'13	Q1'14	Q1'15	Q1'16	Q1'17	Q1'18	Q1'19	Q1'20	Q1'21	Q1'22
Cumulative Cohort Revenue	\$32	\$45	\$55	\$111	\$151	\$152	\$169	\$182	\$176	\$147	\$113	\$70	\$7
Cumulative Cohort change in deferred revenues	\$1	\$2	\$2	\$6	\$8	\$10	\$13	\$16	\$20	\$22	\$24	\$28	\$21
Cumulative Cohort Bookings	\$33	\$47	\$57	\$117	\$159	\$162	\$182	\$198	\$196	\$169	\$137	\$98	\$28