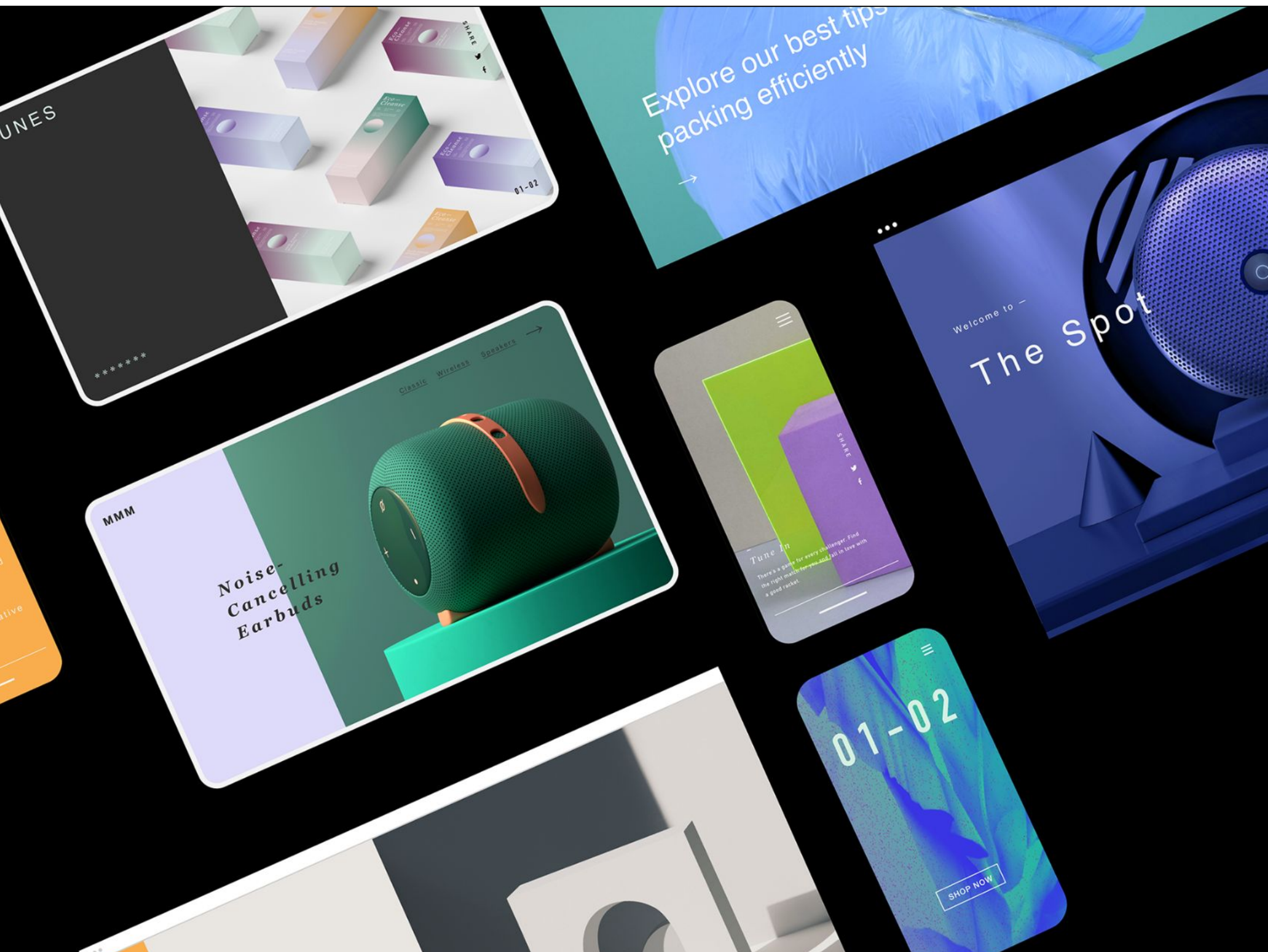


WIX

Shareholder Update

Third Quarter 2021 | November 11, 2021



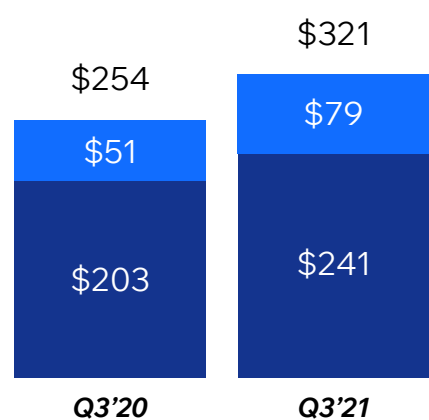
Q3'21 Highlights

- Collections and revenue growth exceeded high end of expectations as key growth drivers outperformed amidst an improving business environment
- Business Solutions revenue growth of 55% y/y and collections growth of 53% y/y reflect the increasing number of businesses relying on Wix as their full operating system
- B2B partnerships emerging as an incremental sustainable go-to-market strategy and organic growth driver
- Increasing full year outlook for revenue and collections due to confidence in recent improvements

Revenue

(in millions)

↑ **+26% y/y**



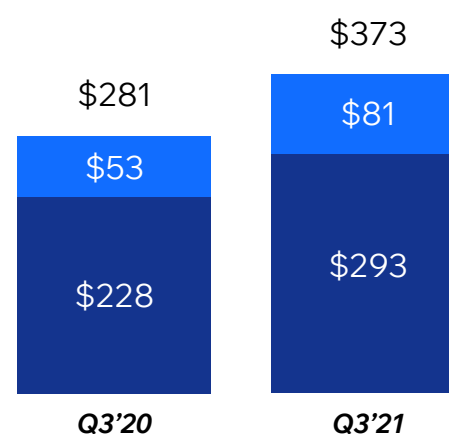
■ *Creative Subscriptions* ■ *Business Solutions*

Note: Numbers may not add due to rounding

Collections

(in millions)

↑ **+33% y/y**



Investments in Technology and Infrastructure are Paying Off

- Google's Core Web Vitals show Wix performance has improved **over 5x** since a year ago
- Wix is currently the **fastest platform** among competitors

Significant Net Promoter Score (NPS) Improvement

NPS scores improved **118%** y/y in Sept'21, driven by Wix's continued investments and improvements in Customer Care

To our Shareholders, our Users & the Wix Team

We are finishing 2021 in a very exciting place for Wix. We saw meaningful improvements in the business environment, and nearly every area of our business outperformed our expectations in Q3, leading to results that beat the high end of our guidance range for both revenue and collections. **I believe that we are in an incredibly strong position right now, and we have an improved outlook for the remainder of this year.**

The world is not the same place we knew before the pandemic. Even two years after it started, many people are still being impacted. This new and unfamiliar state leads to a lot of uncertainty that affects consumers and businesses.

Despite the state of the world, Wix is not slowing down. Our product development velocity is as strong as it has ever been; our brand is becoming more well known to all types of users and businesses looking to create and grow online; and, we have the most robust and now the fastest platform in our industry.

At the beginning of 2020, I shared our long-term ambition - our north star goal for Wix - to become the main engine of the internet, democratizing access and providing a place where the majority of people will build their online presence. I'm happy to say that **I believe we are exiting 2021 in our strongest position since becoming a public company over eight years ago.**

Here are some recent milestones that push us forward toward our goal:

- We have made incredible strides in website performance, which is key to achieving success with higher end users. Our improvements were recently validated by Google's recent Core Web Vitals measurement, which shows our performance has improved over 5x since a year ago, making Wix the fastest platform among our competitors
- We have maintained our position as the leading platform for self creators, with millions of users coming to Wix every month to build their brand, their business or their personal space online
- We continue to expand our reach up market to agencies and designers with nearly 480K users building for others on Wix today, an increase of 92% over a year ago
- New B2B partnerships with global businesses further prove our success in bringing new users to Wix, most notably our technology alliance with Vistaprint, which chose us as a key component of its goal of becoming a brand and marketing agency for SMBs. We believe these B2B partnerships will deliver sustainable growth over many years to come

- We are seeing tremendous growth in commerce on Wix -- in Q3, commerce grew 47% y/y as commerce generated 36% of our collections in Q3, up from 29% a year ago
- Customer Care has been an area of focus for us, and we have seen great success. Our Customer Care organization is giving our users best-in-class support, and they are happier than ever.
- Our Wix Payments platform continues to demonstrate strong y/y growth, and we expect to achieve our outlook of \$10 billion in GPV for the year, growth of over 85% from last year

The work that we have put in this year makes me incredibly excited for 2022. Our platform continues to grow and attract more users of all kinds, our team is working on new products and solutions for them, and we have some very cool things on the way that I can't wait to share with you.

We look forward to continuing to provide updates on our journey.

Sincerely,
Avishai Abrahami, Co-founder and CEO

Business Update

Building our Platform for Any Type of User

Our goal is to become the primary platform for any type of user of any skill level, giving everyone the ability to build their online presence. They can be self creators or use the services of users building for others, but no matter who they are and how they came to Wix, they are able to access a variety of products with which they can create anything online.

The tool a user starts with -- Wix ADI, Wix Editor or Editor X -- depends on their skill level and needs, but they all lead to the same result: a web presence that represents the user's brand and brings their dream online.

We're constantly improving our offerings, including our creation platform and site performance, in order to put us in a position to increase our market share on both fronts: self creators and users building for others.

- **Growing our leadership amongst users who self create:** We have maintained our position as the leading platform for self creators by providing the ability to easily design and create an online presence.

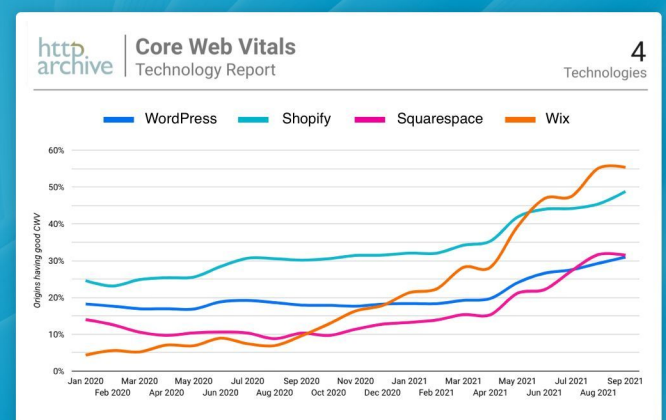
In order to give our users global, best-in-class support, we are continuing to improve our Customer Care organization, while committing to our users' happiness.

These investments are bringing great results. In Q3, our Customer Satisfaction (CSAT) increased to 93% and our Net Promoter Score (NPS) scores improved 118% y/y.

- **Expanding to users who create for others:** We are expanding our reach up market to agencies and designers -- professional and sophisticated users who require a higher level of performance. We are in constant communication with our most advanced users to understand their needs. This has been a key focus for us this year.

After hearing feedback that we needed to improve the speed at which Wix sites load, we focused on this area of improvement through investments in technology and infrastructure. Our investments have paid off as we have made incredible strides in performance this year, validated by **Google's recent Core Web Vitals measurement, which scored Wix the fastest platform among our competitors.**

Google Chrome User Experience Report:
% of websites with good CWV per platform (US)



*Mobile devices **Source: HTTP Archive's Core Web Vitals Technology Report

- **Establishing partnerships to increase share:** B2B partnerships set the precedent for one type of growth initiative we are pursuing, and it's essentially a continuation of our strategy with agencies and designers.

This initiative opens a significant global opportunity for us. Through these partnerships with a variety of companies across multiple industries, we accelerate access to the Wix platform to hundreds of millions of businesses around the globe. We are opening this market to these businesses through existing services they already rely on.

Years of investment in brand marketing and product development have allowed us to expand our platform, and companies are approaching us because they know that our brand and technology can bring massive value to their users. This quarter we signed additional deals with new partners in addition to the Vistaprint agreement we announced in August.

B2B Partnerships Explained

In 2019, we initiated our first B2B partnership. We have since expanded to partnerships with many types of companies including telecom companies, online directories, media companies and marketing services platforms, that intend to offer Wix to their own customers. We now have a global sales team dedicated to finding and executing on opportunities. The companies that we work with act as massive agencies and adopt Wix as their platform to allow businesses to create, manage and grow their online presence. **It is another way for us to go to market with our product platform.**

The unit economics for the subscriptions gained through these partnerships is the same as any other subscription. We do not incur marketing costs associated with acquiring users through partners, and there are no significant incremental R&D, infrastructure and Customer Care costs.

We present firm multi-year commitments for the full contract term as part of collections*. 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 collections as unbilled contractual obligations. It is recorded in the quarter in which the agreement is executed, which may be up to five years. Revenue is recognized once a subscription is activated -- the same way revenue is recognized for any other subscription on Wix. **The initial commitment represents only a small portion of the potential for a partnership -- there are opportunities for ongoing financial benefits such as renewals, additional new subscriptions above and beyond the committed agreement, and business solutions such as Ascend or Wix Payments.**

A large partnership that began in mid-2019 illustrates the potential of these partnerships. The revenue we generated over the last 12 months (ended Sept 2021) of this partnership was 9x the amount of revenue we generated in the prior 12 months. This growth was driven by the continued sale of new subscription packages in addition to renewals from packages sold in the first year. As this partnership continues, we will continue to stack new subscriptions with renewals, driving continued growth.

*As a reminder, beginning in 2022, we will change our terminology to Bookings from Collections, as it is a better descriptor of how we are recording these types of partnership agreements

Expanding our Platform Horizontally for Any Type of Business

Wix has evolved into a full operating system for businesses of any type. As a horizontal platform for design, creation and business management, we attract every type of business with the goal of offering our users the tools to enhance their business, answering their intent with the best services and solutions they need to operate successfully online.

Using Wix, our business users can sell physical goods and manage their inventory; they can offer their customers the ability to book appointments, order food, buy tickets and reserve tables; and they can market and promote themselves, organize their workflow, and much more. This diversification of our platform gives us an advantage over our peers and helps to insulate us from economic fluctuations that could impact some verticals more than others.

In Q3'21, commerce on Wix grew 47% y/y and accounted for 36% of collections, an increase from 29% a year ago. We also recently introduced a number of enhancements and new features that enable commerce and help businesses go beyond site creation:

- Introduced **Wix Fit**, a complete platform tailored to support personal trainers, gyms and multi-location studios and give them tools to manage and grow their business and engage with their customers
- Launched **Multichannel Marketing Campaigns** to help our users create campaigns with a single goal and a unified design, using our Email Marketing, Social Posts and Video Maker tools
- Added new **Payments partnerships** throughout the quarter, including Klarna, in order to expand our payment capabilities offered to our users around the world

Expanding our Reach Through Multiple Channels

Our users approach Wix in three different ways: by themselves, through the Partner Program or through B2B partnerships. In each case, users can access our entire platform to create whatever they have in mind, as seen in these examples:

Hanoi House

A Vietnamese restaurant in Ontario, Canada. They joined Wix and created their DIY site in 2020, offering deliveries and pickups, a Members Area and a loyalty program for their customers.

“Our restaurant has two locations, one started at the beginning of the pandemic and a second opened during,” says the owner Susan Tung. “We have deliveries and pickups on both of them so the multi-location function that Wix offers is amazing and much needed for growing businesses like ours. It allows our business to look polished and professional while staying within our budget.”



www.hanoihouseptbo.com

MyMedChoices

A health & wellness care business from Atlanta. They joined Wix in 2021 through **PIMM**, a New York design, SEO and online marketing agency and a Wix partner.

“The teams who worked with the creative design side and the marketing side did a great job. They give you suggestions on how to post and how to get your website on the map, and it really helps,” says Chasidy K. Ashley from MyMedChoices. “The part that really stood out to me was the way they check back in on you and make sure that you are satisfied and comfortable with the work that they have done.”



www.mymedchoices.com

Shiono

A Japanese confectionery store from Tokyo, Japan. They joined Wix through our partnership with **NTT Town Page**, and revamped their former site.

“Since the renewal, we have received many comments from customers that the website looks beautiful, that we update more frequently and that the recommended products are clear and easy to use,” says the owner Mr Shiono. “We are very satisfied with the new website as it has helped us gain new customers and retain old ones, which has increased the number of visits and orders.”



www.shiono.net

Financial Review

User Cohort Performance

Our Q1'21 user cohort generated approximately \$60 million in collections in its first three quarters driven by continued strong conversion of users to subscriptions, strong retention and higher average collections per subscription (ACPS).

We continue to drive improvements to conversion of new users to subscriptions, as we improve our product platform and reap the benefits of investments we have made in Care and infrastructure. We also continue to see strong retention in our user cohorts. Additionally, we are experiencing strong growth of agencies, designers, developers and other users building professionally on our platform. As our product offering has improved, more users of all types are finding the solutions they need to be successful.

We are also increasing monetization in our user cohorts as users purchase higher-priced packages, increasingly favoring commerce packages, and attach Business Solutions products and services at a higher rate, particularly Wix Payments. The combination of these factors are resulting in higher ACPS.

Due to the history of data we have about the behavior of our user cohorts, we are able to estimate the future collections of existing cohorts -- without the need for meaningful additional marketing or advertising investment -- in order to demonstrate the durable growth inherent in our business

As of the end of Q3'21, we estimate that our existing user cohorts will generate approximately \$15.4 billion in collections over the next 10 years, an increase of 30% vs the same time a year ago. This significant scale underscores the strong underlying growth of Wix today.

Total Revenue and Collections

Total revenue grew to \$320.8 million in Q3'21, an increase of 26% y/y compared to a robust Q3'20. **The results were above the high end of our guidance range of \$311-317 million, driven by outperformance in both Creative Subscriptions and Business Solutions.**

Total collections grew to \$373.3 million in Q3'21, an increase of 33% y/y. **Collections were well above the high end of our guidance range of \$355-365 million as both Creative Subscriptions and Business Solutions performed better than we had initially anticipated in early August as trends improved throughout the quarter.**

The uncertainty that impacted our results last quarter decreased, which allowed us to perform better than our updated expectations. We continue to experience volatility, and the current seasonal behavior is not what we have typically seen this time of year.

However, demand for our products remains strong as users and businesses across the world continue to lean on Wix for the tools to successfully build and manage an online presence. As a result, conversion of new users into subscriptions and ACPS were higher than our expectations.

Collections from new B2B partnerships were also slightly stronger than anticipated due to a new partnership that closed in Q3 that we originally predicted would close in Q4.

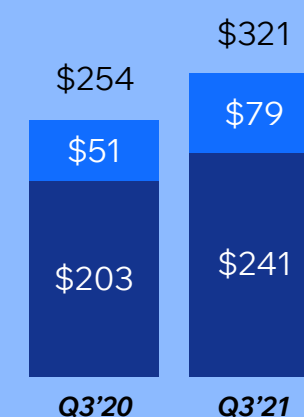
We also recorded collections in Q3 from our Vistaprint alliance, and we expect revenue contribution in the first half of 2022 once existing Vistaprint sites begin to migrate and new subscriptions are activated as part of the agreement.

These B2B partnerships are proving to be an effective go-to-market strategy and another avenue to organically acquire new users and drive growth.

Revenue

(in millions)

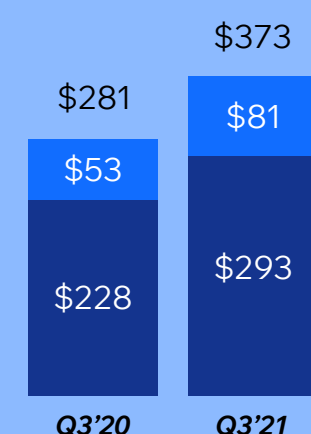
↑ **+26% y/y**



Collections

(in millions)

↑ **+33% y/y**



■ Creative Subscriptions

■ Business Solutions

Note: Numbers may not add due to rounding

Creative Subscriptions Revenue and Collections

Creative Subscriptions revenue was \$241.3 million in Q3'21, an increase of 19% y/y. Creative Subscriptions collections were \$292.7 million in Q3'21, an increase of 28% y/y. Both revenue and collections were ahead of expectations due to higher conversion of new users as well as improved ACPS, as we continued to drive value for users through product improvements and innovations. Creative Subscriptions collections also benefited from slightly higher than expected B2B partnership collections, as previously mentioned.

Creative Subscriptions Annualized Recurring Revenue (ARR) grew to \$992.3 million as of the end of Q3'21, up 18% y/y.

Business Solutions Revenue and Collections

Business Solutions revenue was \$79.5 million in Q3'21, an increase of 55% y/y. Business Solutions collections were \$80.6 million in Q3'21, an increase of 53% y/y. Both revenue and collections outperformed expectations due to better than expected performance from business applications, primarily Google Workspace, and from Wix Payments.

Gross Margin

Total non-GAAP gross margin was 63% in Q3'21, in-line with Q2'21 and Q1'21 while down y/y. Our overall gross margin continues to be impacted by Wix Payments and other Business Solutions products becoming a larger portion of our revenue.

Creative Subscriptions non-GAAP gross margin was 77%, a decline y/y, but in-line with Q2'21 and Q1'21 as we continue to realize gains from our investments in Customer Care and infrastructure. Gross margin declined compared to a year ago due to these investments that we made mainly in the first half of 2021. As a reminder, we expect non-GAAP Creative Subscriptions gross margin to be approximately 76-77% for the full year.

Business Solutions non-GAAP gross margin was 21%, a decline y/y and sequentially. This decline was anticipated as Wix Payments continues to perform well, resulting in a greater mix of our revenue coming from Wix Payments, which is a lower gross margin product. Other Business Solutions products, such as shipping and paid ad campaigns that carry lower gross margins, are also growing. We continue to expect non-GAAP Business Solutions gross margin to be approximately 22% for the full year, as we stated last quarter.

Operating Expenses

Non-GAAP R&D expenses were \$81.0 million in Q3'21, an increase of 4% sequentially and 29% y/y. Non-GAAP R&D expenses were 22% of collections in Q3'21, flat y/y and down slightly from 23% in Q2'21.

Non-GAAP S&M expenses were \$109.1 million in Q3'21, a decrease of 5% from Q2'21 and an increase of 3% y/y. Non-GAAP S&M expenses were 29% of collections in Q3'21, which was lower sequentially and y/y. We incurred lower advertising costs than initially anticipated as we continued to prudently invest in sales and marketing against our TROI parameters throughout the third quarter. We still expect non-GAAP S&M expenses will be approximately 33% of collections for the full year 2021.

Non-GAAP G&A expenses were \$24.3 million in Q3'21, a sequential decrease of 1% and an increase of 48% y/y. Non-GAAP G&A expenses were 7% of collections in Q3'21, roughly flat both sequentially and y/y.

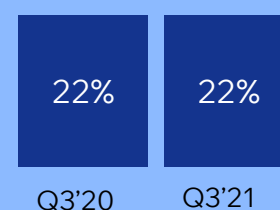
We continue to expect total non-GAAP operating expenses will be approximately 62% of collections for the full year 2021.

Earnings

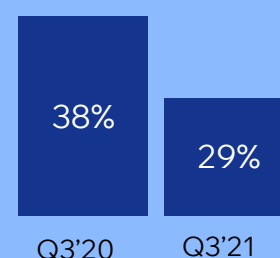
Non-GAAP net loss was \$(11.9) million in Q3'21 or \$(0.21) per share. On a GAAP basis, net income was \$16.7 million, or \$0.29 per diluted share. The notable adjustments to GAAP net income in Q3'21 include realized and unrealized gains of approximately \$112.2 million from our equity investments, primarily attributed to the increase in share price of monday.com. These gains were offset by \$(21.5) million in provisions for income tax effects. Both items were excluded from non-GAAP results.

For the purposes of calculating basic net loss per share on a non-GAAP basis in Q3'21, we used a basic weighted average share count of 57.3 million shares. Because our net income was positive on a GAAP basis, we also calculated diluted net income per share using a diluted weighted average share count of 60.5 million shares. A table showing both basic and fully diluted average share count can be found in the financial tables of our earnings press release.

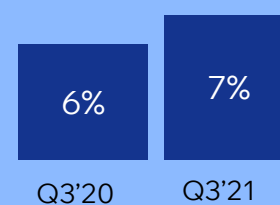
Non-GAAP R&D as a % of collections



Non-GAAP S&M as a % of collections



Non-GAAP G&A as a % of collections



Cash Flow and Balance Sheet

Free cash flow, including capital expenditures associated with the build out of our new corporate headquarters, was \$(8.7) million in Q3'21. Excluding approximately \$10.4 million in new HQ capex, free cash flow was \$1.7 million in Q3.

We ended Q3'21 with approximately \$1.7 billion in cash and \$922 million in long-term debt.

In September, we completed a repurchase of 895,136 ordinary Wix shares, representing approximately 1.6% of total shares outstanding, at an approximate volume-weighted average price per share of \$223.41, totaling \$200 million in aggregate, the full amount possible under the authorization approved by our board and Israeli Courts. We repurchased shares due to the extreme confidence in our business and our belief that our stock price was trading below what we believed to be our intrinsic valuation.

Our total employee headcount at the end of Q3'21 was 5,751.

Outlook Update

As mentioned, our business experienced improvements throughout the third quarter, leading to collections and revenue results that were ahead of our expectations. Due to these improvements, **we are increasing our revenue and collections guidance ranges for FY 2021.**

For Q4 2021, we expect the following:

- Revenue of \$324 to \$333 million, or y/y growth of 15-18%
- Collections of \$348 to \$372 million, or y/y growth of 14-21%

Our revised guidance for FY 2021 is as follows:

- Revenue of \$1.265 to \$1.274 billion, or y/y growth of 28-29%
 - This revised outlook represents an increase from our prior guidance of \$1.255 - \$1.270 billion
- Collections of \$1.415 to \$1.439 billion, or y/y growth of 28-31% y/y
 - This revised outlook represents an increase from our prior guidance of \$1.400 - \$1.435 billion

Q4 2021 Guidance

Revenue

\$324 - \$333 million

15 - 18% y/y growth

Collections

\$348 - \$372 million

14 - 21% y/y growth

FY 2021 Guidance

Revenue

\$1.265 - \$1.274 billion

28 - 29% y/y growth

Collections

\$1.415 - \$1.439 billion

28 - 31% y/y growth

As a reminder, our updated FY 2021 guidance that we provided in August represented a true range of outcomes. The top of the range represented significant improvements to the business environment, as well as potential B2B partnerships closings. The bottom end of the range reflected deterioration.

We are using this same methodology in our updated FY 2021 guidance. **We are raising the top end of our collections guidance as recent improvements provide us with the belief of a higher potential upside scenario.** We are also increasing the low end and midpoint of the collections guidance as uncertainty has decreased.

Also keep in mind that as previously mentioned, a new B2B partnership that we originally anticipated would come in Q4 instead closed in Q3. This shifted a portion of our original 2H collections guidance from Q4 to Q3.

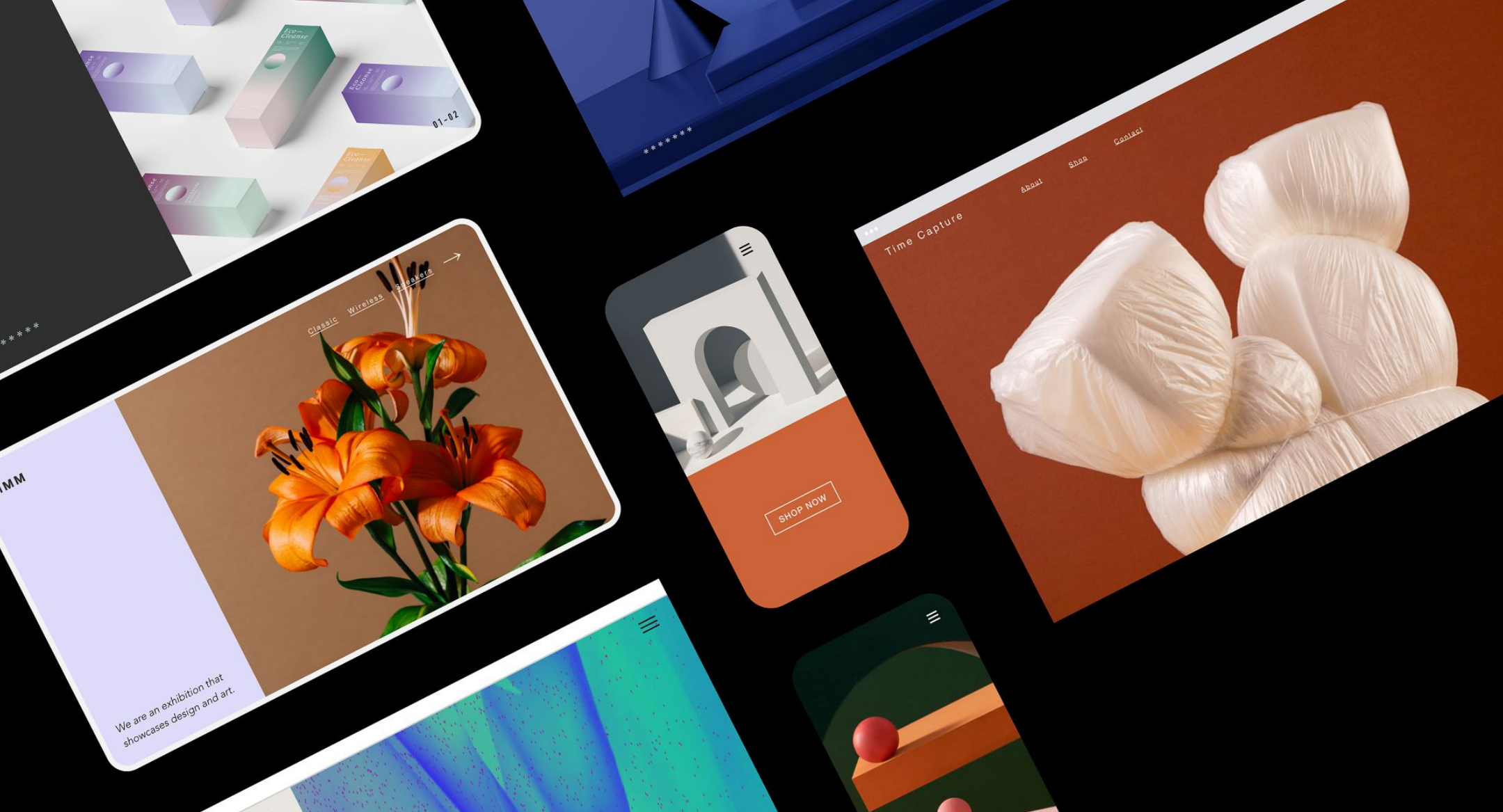
We are also raising the top end and narrowing the range of our revenue guidance.

However, note that due to revenue recognition accounting rules, further improvements we may experience in Q4 will have little impact on revenue, and B2B partnerships that are recorded in Q4 in collections will not be reflected in revenue in Q4.

We are also increasing our investment in marketing due to the business improvements we have experienced. This increase in our investment in marketing is a positive sign -- we are still experiencing the same returns in accordance with our TROI thresholds, but we are able to increase our investment in new user acquisition. In addition, the US dollar to Israeli Shekel exchange rate has become a more significant headwind to our operating expenses.

As a result of the increased marketing investment and unfavorable FX environment, we are revising our free cash flow guidance as follows:

- Free cash flow, excluding capex associated with our HQ buildout, is now expected to be \$45 to \$50 million
 - We anticipate HQ capex will be approximately \$10 million in Q4 or \$23 million in FY 2021 -- in line with our prior expectations -- resulting in free cash flow guidance of \$22 to 27 million for the full year



Appendix

Notes and Modeling Clarifications

GPV or Gross Payments Volume includes the total value, in US dollars, of transactions facilitated by our platform.

“**Creative Subscriptions Revenue**” and “**Creative Subscriptions Collections**” refer to revenue or collections, as applicable, generated from premium subscriptions, including premium subscriptions bundled with vertical solutions and domain name subscriptions, and unbilled contractual obligations relating to our B2B partnerships (and activated premium subscriptions in the case of revenues) and exclude any revenue or collections, as applicable, included under Business Solutions Revenue or Collections, as applicable. Our total revenue is comprised of Business Solutions Revenue and Creative Subscriptions Revenue. Our total collections is comprised of Business Solutions Collections and Creative Subscriptions Collections.

“**Business Solutions Revenue**” and “**Business Solutions Collections**” refer to all revenue or collections, as applicable, generated from business solutions and exclude any revenue or collections, as applicable, included under Creative Subscriptions Revenue or Collections, as applicable.

Commerce includes collections generated from subscriptions and other complementary products or services that support commerce activities; when comparing to total collections, we exclude unbilled contractual obligations.

Unbilled contractual obligations: note that in Q3 2021, a single partner accounted for a material portion of unbilled contractual obligations

Conference Call and Webcast Information

Wix will host a conference call to discuss the results at 8:30 a.m. ET on Thursday, November 11, 2021. 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 9696333. A telephonic replay of the call will be available through November 18, 2021 at 11:30 a.m. ET by dialing +1-855-859-2056 and providing Conference ID 9696333.

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: collections, cumulative cohort collections, 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, 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. Collections is a non-GAAP financial measure calculated by adding the change in deferred revenues for a particular period to revenues for the same period. Collections include cash receipts for premium subscriptions purchased by registered users as well as cash we collect for payments and additional products and services, 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 a majority of the additional products and services are recognized as revenues upon receipt. Committed payments are recognized as revenue as we fulfil 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) and unrealized gain on equity investments and provisions for income tax effects related to non-GAAP adjustments. 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.

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 collections, 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; (ii) the average revenue per month from domain registrations; (iii) monthly revenue from partnership agreements. Finally, Wix discusses GPV. GPV includes the total value, in US dollars, of transactions facilitated by our platform.

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, collections 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 annual and quarterly 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 ability to attract and retain registered users and generate new premium subscriptions; our ability 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, including third-party products offered within our platform, will receive customer acceptance and satisfaction, including the growth in market adoption of our online commerce solutions; our assumption that long-term agreements with partners will become a more significant part of our business in the future and that the expected accounts receivable from such long term partners agreement will ultimately be received; 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 ability to maintain and enhance our brand and reputation; our ability to attract and retain qualified employees and key personnel; our ability to enter into new markets and attract new customer demographics, including new partners; our expectation that our products created for markets outside of North America will continue to generate growth in those markets; the impact of fluctuations in foreign currency exchange rates on our business; our ability to 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; the integration and performance of acquisitions; risks relating to the repurchase of our ordinary shares and/or Convertible Notes pursuant to our repurchase plan; 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 ability to effectively manage the growth of our infrastructure; 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 and the anticipated GPV on our platform, the effectiveness of government policies, vaccine administration rates and other factors; changes to technologies used in our solutions; any regulatory investigations or litigation; our expectations regarding changes in our cost of revenues and our operating expenses on an absolute basis and as a percentage of our revenues; changes in the global, national, regional or local economic, business, competitive, market, and regulatory landscape, including as a result of COVID-19; 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 other factors discussed under the heading “Risk Factors” in the Company’s 2020 annual report on Form 20-F filed with the Securities and Exchange Commission on March 25, 2021. 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		
	Q3	Q4	Q1	Q2	Q3
Revenues	\$254,180	\$282,534	\$304,112	\$316,406	\$320,797
Change in deferred revenues	\$26,761	\$23,847	\$43,622	\$21,810	\$5,336
Change in unbilled contractual obligations	NM	NM	\$3,375	\$4,645	\$47,164
Collections	\$280,941	\$306,381	\$351,109	\$342,861	\$373,297
Creative Subscriptions Revenues	\$202,996	\$213,745	\$226,436	\$235,891	\$241,303
Change in deferred revenues	\$25,331	\$22,675	\$38,248	\$22,509	\$4,270
Change in unbilled contractual obligations	NM	NM	\$3,375	\$4,645	\$47,164
Creative Subscriptions Collections	\$228,327	\$236,420	\$268,059	\$263,045	\$292,737
Business Solutions Revenues	\$51,184	\$68,789	\$77,676	\$80,515	\$79,494
Change in deferred revenues	\$1,430	\$1,172	\$5,374	\$(699)	\$1,066
Business Solutions Collections	\$52,614	\$69,961	\$83,050	\$79,816	\$80,560
Gross Profit	\$174,340	\$179,227	\$188,280	\$194,987	\$198,268
Share based compensation expenses	\$2,455	\$3,172	\$3,501	\$3,809	\$4,057
Acquisition related expenses	\$200	\$260	\$167	\$112	\$108
Amortization	\$226	\$90	\$97	\$358	\$930
Non GAAP Gross Profit	\$177,221	\$182,749	\$192,045	\$199,266	\$203,363
Non GAAP Gross margin	70%	65%	63%	63%	63%

in 000s	2020		2021		
	Q3	Q4	Q1	Q2	Q3
Gross Profit - Creative Subscriptions	\$159,635	\$163,467	\$170,690	\$177,620	\$183,490
Share based compensation expenses	\$1,947	\$2,386	\$2,586	\$2,887	\$2,947
Non GAAP Gross Profit - Creative Subscriptions	\$161,582	\$165,853	\$173,276	\$180,507	\$186,437
<i>Non GAAP Gross margin - Creative Subscriptions</i>	<i>80%</i>	<i>78%</i>	<i>77%</i>	<i>77%</i>	<i>77%</i>
Gross Profit - Business Solutions	\$14,705	\$15,760	\$17,590	\$17,367	\$14,778
Share based compensation expenses	\$508	\$786	\$915	\$922	\$1,110
Acquisition related expenses	\$200	\$260	\$167	\$112	\$108
Amortization	\$226	\$90	\$97	\$358	\$930
Non GAAP Gross Profit - Business Solutions	\$15,639	\$16,896	\$18,769	\$18,759	\$16,926
<i>Non GAAP Gross margin - Business Solutions</i>	<i>31%</i>	<i>25%</i>	<i>24%</i>	<i>23%</i>	<i>21%</i>
Research and development (GAAP)	\$84,473	\$89,625	\$95,086	\$104,199	\$109,323
Share Based Compensation	\$20,312	\$22,170	\$23,288	\$24,490	\$26,250
Amortization	\$123	\$108	\$92	\$16	\$(108)
Acquisition related expenses	\$1,115	\$1,117	\$1,329	\$1,823	\$2,223
Non-GAAP research and development	\$62,923	\$66,230	\$70,377	\$77,870	\$80,958
<i>% of collections</i>	<i>22%</i>	<i>22%</i>	<i>20%</i>	<i>23%</i>	<i>22%</i>
Selling and marketing (GAAP)	\$113,092	\$109,629	\$144,455	\$123,021	\$119,991
Share Based Compensation	\$6,108	\$6,774	\$7,442	\$8,213	\$8,715
Amortization	\$476	\$420	\$409	\$471	\$2,222
Acquisition related expenses	\$152	\$294	\$28	\$0	\$0
Non-GAAP selling and marketing	\$106,356	\$102,141	\$136,576	114,337	\$109,054
<i>% of collections</i>	<i>38%</i>	<i>33%</i>	<i>39%</i>	<i>33%</i>	<i>29%</i>

in 000s	2020		2021		
	Q3	Q4	Q1	Q2	Q3
General and administrative (GAAP)	\$26,515	\$35,433	\$34,394	\$39,411	\$38,917
Share Based Compensation	\$10,047	\$10,590	\$12,400	\$13,884	\$14,048
Amortization	\$1	\$1	\$1	\$1	\$1
Acquisition related expenses	\$22	\$15	\$181	\$416	\$248
Sales tax accrual and other G&A expenses (income)	\$0	\$2,810	\$452	\$579	\$341
Non-GAAP general and administrative	\$16,445	\$22,017	\$21,360	\$24,531	\$24,279
<i>% of collections</i>	6%	7%	6%	7%	7%
GAAP Operating Loss	\$(49,740)	\$(55,460)	\$(85,655)	\$(71,644)	\$(69,963)
Share Based Compensation	\$38,922	\$42,706	\$46,631	\$50,396	\$53,070
Amortization	\$826	\$619	\$599	\$846	\$3,045
Acquisition related expenses	\$1,489	\$1,686	\$1,705	\$2,351	\$2,579
Sales tax accrual and other G&A expenses (income)	\$0	\$2,810	\$452	\$579	\$341
Non-GAAP Operating Income (Loss)	\$(8,503)	\$(7,639)	\$(36,268)	\$(17,472)	\$(10,928)
Net cash provided by operating activities	\$24,514	\$28,550	\$18,488	\$21,833	\$4,323
Capital expenditures, net	\$(5,134)	\$(5,380)	\$(3,849)	\$(7,119)	\$(13,030)
Free Cash Flow	\$19,380	\$23,170	\$14,639	\$14,714	\$(8,707)
Capital expenditures related to future Wix HQ office build out	\$779	\$792	\$835	\$2,197	\$10,370
Free Cash Flow (excluding future Wix HQ office build out)	\$20,159	\$23,962	\$15,474	\$16,911	\$1,663

	Q4'21 Outlook	FY'21 Outlook
Revenue	\$324 - 333 million	\$1,265 - 1,274 million
Collections	\$348 - 372 million	\$1,415 - 1,439 million

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
Cumulative Cohort Revenue	\$30	\$43	\$52	\$104	\$141	\$142	\$155	\$164	\$156	\$123	\$86	\$39
Cumulative Cohort change in deferred revenues	\$1	\$2	\$2	\$5	\$7	\$8	\$11	\$14	\$15	\$19	\$19	\$21
Cumulative Cohort Collections	\$31	\$45	\$54	\$109	\$148	\$150	\$166	\$178	\$171	\$142	\$105	\$60