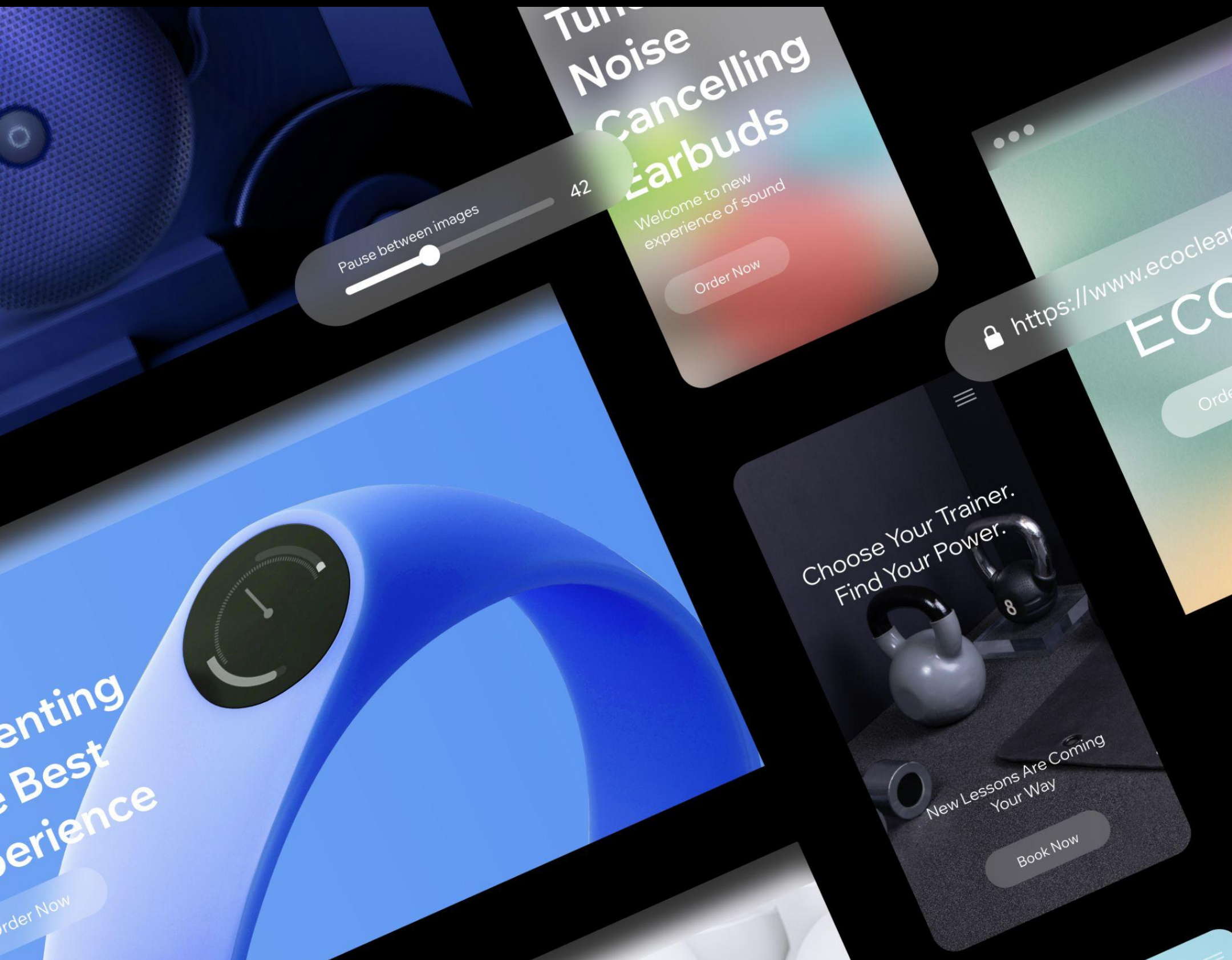


WIX

Shareholder Update

Fourth Quarter and Full Year 2021 | February 16, 2022



To our Shareholders, our Users & the Wix Team

We exited 2021 with the fundamentals of our business at much higher levels than when we entered the pandemic, positioning us for success in the coming years.

As we enter the third year of this pandemic, the state of the world looks very different than it did a few years ago. Human behavior and digital consumption have significantly changed, and the resulting uncertainty has impacted many companies, including Wix, which has made it particularly difficult to forecast our business.

In this letter, I want to share a bit about the areas of tremendous growth we had during this time, as well as our areas of focus to drive profitable growth over the long term.

Wix continues to establish itself as a strong global brand with best in class products. We ended 2021 with revenue and bookings¹ growth of 29% y/y compared to 2020. When compared to 2019, our 2021 revenue grew 67% and bookings grew 70%. While demand obviously came down from the peak of 2020, bookings and revenue generated by the user cohorts created in 2021 were substantially larger than those created in 2019.

Further, we made improvements to our commerce platform, which attracts larger commerce businesses, and succeeded in bringing new users through agencies and freelancers. We expect the shifting mix more towards these types of users will increase our cohorts' lifetime value through higher monetization per subscription, higher retention and compounding growth.

Our success can primarily be attributed to three main growth initiatives: increasing our market leadership with self-creators, expanding our reach through partners -- agencies, freelancers and B2B partnerships -- and growing our commerce platform.

¹ Beginning with this earnings release, we are renaming our prior "collections" measure as "bookings". This is merely a terminology adjustment and does NOT change the calculation or the components previously comprising this measure. Past years' reported collections results are directly comparable to bookings. We believe that the term bookings better reflects this measure as it includes not only cash collected by us but also unbilled contractual obligations we secure from partners.

To accelerate growth in these areas, over the last two years, we have invested significantly in customer care, infrastructure, product development, and sales and agency management. While these organic investments have created headwinds to our profitability, the early success we have seen provides us with validation of these investments, and we expect that free cash flow margins will improve in 2022 and more significantly in 2023.

Notably, expanding our reach through partners has been a key initiative for us, and we have achieved tremendous growth in recent years. Revenue from partners² in 2021 was \$256.6 million, 75% higher than 2020 and nearly 3x the amount in 2019. This fantastic growth is one of many direct results from our investments...and we believe there is much more growth to come.

Growth in our commerce platform is illustrated through the growth of GPV on our platform, which increased 78% y/y, as well as our continued leadership with self creators. We are still in the early stages of reaching the full potential of these initiatives, but we believe they will be the primary drivers of our growth for the next several years.

Our business has evolved a great deal over the past three to five years. From a company that was focused primarily on the self-creators market, we have expanded into new markets, new products and new services. This evolution is aligned with our north star goal and our vision to become the best platform for any type of user and any type of business in any country.

As I think about the coming years, our goal is for Wix to be a place that empowers users to grow and thrive, and during 2022 we will continue making Wix the best place to make it happen.

I would like to thank all of you for your trust in me and the Wix team on this exciting journey.

Avishai Abrahami
Co-founder and CEO

² We define partners revenue 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 Vistaprint or NTT. 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.

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** remain a cornerstone of our business, as we maintain our leadership position as the largest self-creation platform in the world. Wix continued to lead as the go-to platform across the globe for anyone, any business and any organization who wanted to create an online presence, focusing on our users' wide range of needs and shaping our products to be best in class.

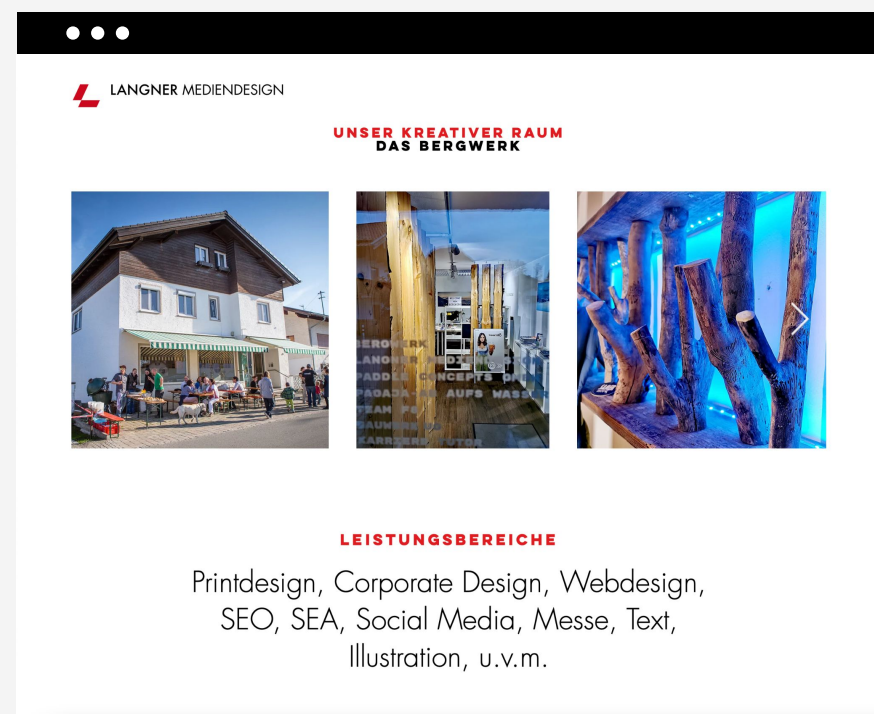
Investments across product development, acquisition marketing and customer care are important drivers of this growth. Our efforts to provide improved global chat and call support for our users by expanding our customer care organization immediately translated into increased user happiness, indicated by higher NPS and CSAT scores achieved in 2021. Additionally, our recent product investments, particularly across commerce and payments, are driving conversion and monetization improvements among self-creators who are increasingly adopting business applications and generating GPV. As the needs of self-creators continue to expand, we are meeting those needs with products that can help them succeed, in turn creating higher lifetime value.

- **Partners** are agencies, freelancers or companies that use Wix to create content or applications for their clients or offer Wix products and services to their end customers, whether they are individuals or businesses, and are a critical part of our go-to-market strategy.

User Spotlight

Nico Langner, owner at **Langner Mediendesign** advertising agency from Bavaria, Germany. Joined Wix at 2017, and part of the Partner Program since 2021 :

"I never expected to be receiving this many free, high quality leads through the Wix Marketplace. I am delighted and honored to be a part of my client's success and to get the chance to work with Wix users from all over the world. It makes me happy to see that I can help them fulfill their dreams and receive feedback directly from them."



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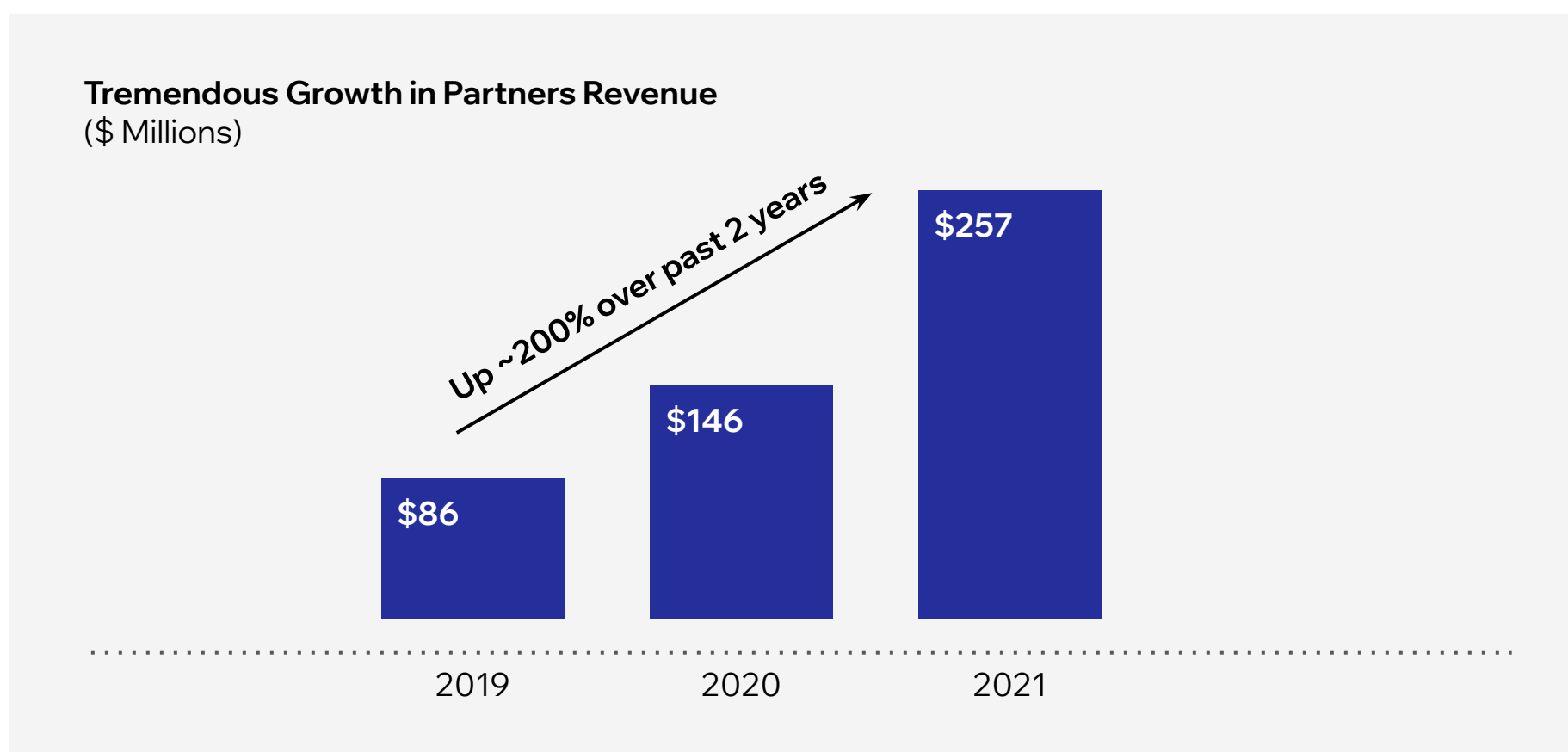
Our strategy here is simple – we are providing partners with best-in-class products, such as Editor X, our classic Editor, Velo and our commerce and payments platform, combined with the high level of support they need from our sales and agency management teams. These products are stacked on top of our broader platform and technology infrastructure that also provides security, industry-leading performance and reliability to all of our end users. By attracting more partners to Wix, we expand our reach to individuals and businesses that may not have come to Wix directly. We also create an ecosystem of designers and developers that through our Wix Marketplace can combine their expertise with our products to drive success for the end user.

Additionally, we are constantly looking for ways to solve our partners' pain points and improve their experience, which led to our investments in performance, SEO and growing our agency management team in 2021.

To improve transparency around our success in partners, beginning this quarter, we will disclose partners revenue on a quarterly basis.

In 2021, we generated \$256.6M in partners revenue, up 75% y/y and up an incredible 199% over the last two years, and now 20% of total revenue. We define partners revenue as revenue generated through agencies and freelancers that build sites or applications for other users³ as well as revenue generated through B2B partnerships, such as Vistaprint or NTT. Partners revenue includes revenue from both the Creative Subscriptions and Business Solutions segments. In 2021, revenue from B2B partnerships comprised just over 1% of partners revenue, but we expect that this share will increase as customers of our B2B partners activate subscriptions.

In 2022, we anticipate partners will contribute even more significantly to our success and market share.



³ 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.

- Among both self-creators and partners, **commerce and payments** are areas in which we achieved tremendous growth in 2021 and expect to continue this momentum into 2022. With the pace at which the world is changing, businesses' needs are quickly evolving, and Wix is increasingly becoming the full operating system of choice for businesses of all types. We leaned into the opportunity we saw in 2021 and made investments across a number of products and services that we believe will make commerce users, both self-creators and those coming through our partners funnel, more successful.

During 2021, we extended our commerce offering in multiple ways: we launched Wix POS, an end-to-end omnichannel solution unifying the online and offline sales directly from the Wix platform; we began providing a fully native solution to manage gift cards and customer re-engagement activities, following the acquisition of Rise.ai; and, we made it easier for merchants to manage scheduled and local deliveries for their customers.

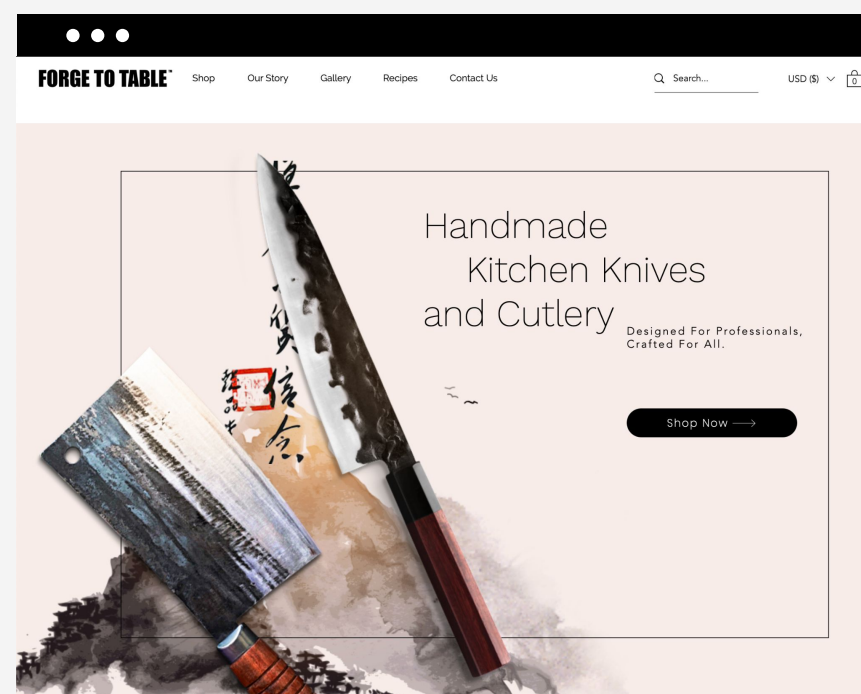
We also added significant enhancements in our Wix Payments offerings including Apple Pay and Pix in Brazil for Wix Payments users, improved the chargeback dispute mechanism, and gained 24/7 coverage with the help of our new Payments dedicated group in customer care.

In addition we onboarded dozens of new payment providers and new payment methods globally.

User Spotlight

Noah Rosen, owner at **Forge to Table**, handmade kitchen knives & cutlery store from California, USA. Joined Wix at 2017:

"Shortly after starting Forge To Table, I moved our shop to Wix, a platform I'd used for my restaurant, and has been the perfect partner for over four years now. My site has been able to grow with the business and our small team can process thousands of orders and still offer efficient customer service and a great shopping experience. The team at Wix has also worked to problem solve and create custom solutions for my website and business to help us adapt in the times of COVID-19."



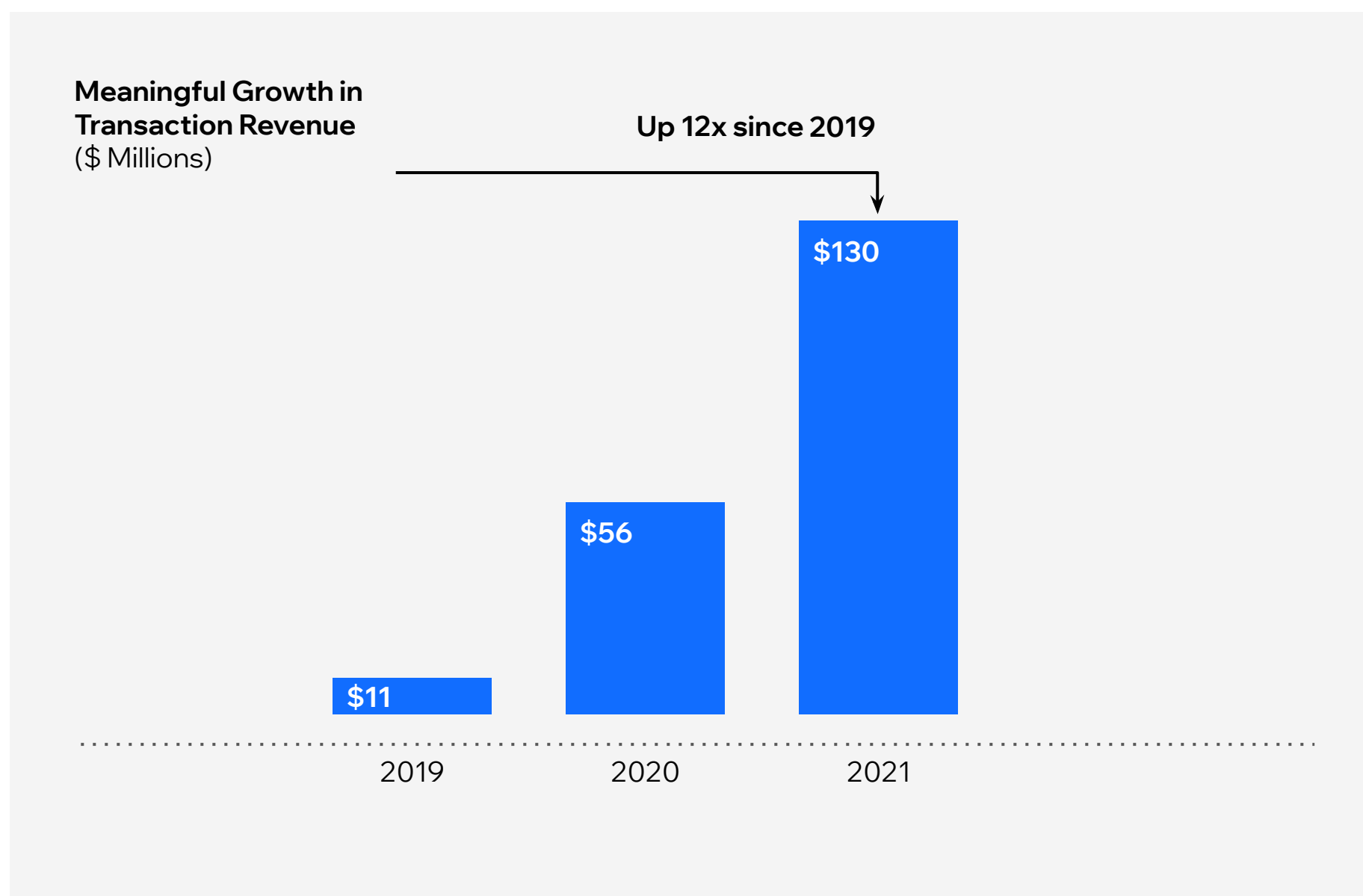
www.forgetotable.com

By enabling businesses of all types to build, grow and transact on Wix, we were able to increase our share of commerce users, average revenue per subscription (ARPS) and user success across both self-creators and partners, resulting in:

- Total GPV on Wix in 2021 of \$9.6B, an increase of 78% y/y and 400% compared to 2019
- Transaction revenue⁴ of \$130.3M, an increase of 134% y/y and a ~12x increase compared to 2019

As commerce and payments continue to grow and become an increasingly more meaningful contributor to both our self-creators and partners go-to-market strategies, **we will also be disclosing transaction revenue and GPV on a quarterly basis going forward.** Transaction revenue is a portion of Business Solutions, 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.

We'll continue to drive growth in commerce and payments by attracting more businesses to the platform and providing them with the tools for success.



⁴ Transaction revenue is a portion of Business Solutions, 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.

Financial Review

Our business has evolved tremendously over the past 3-5 years as Wix expanded into new markets, new products and new services. In order to get to where we are today and more importantly, continue to evolve and drive profitable growth, over the last two years we have made meaningful investments in our business across all fronts, particularly in customer care, technology infrastructure, partners and Wix Payments. These initiatives are still in their early stages of growth, and we expect more growth in the future.

We estimate these incremental investments lowered our free cash flow by approximately \$80 million in 2020 and \$110 million in 2021.

These growth investments enabled us to put in place the headcount and infrastructure needed to generate long term revenue growth. While we have begun to see the early stages of top-line growth from these initiatives, we believe there is much more to come.

Importantly, we do not need to invest in these new growth initiatives in 2022 or subsequent years at the same level we have the past two years. Combined with the anticipated revenue growth of these new initiatives, we expect FCF margins to increase to approximately 5% of revenue in 2022 and to approximately 8-10% of revenue in 2023.

User Cohort Performance

Our Q1'21 user cohort generated \$71 million in bookings in full year 2021 (the first four quarters for this cohort). **This amount is 19% and 36% higher than the bookings generated by the Q1'20 and Q1'19 user cohorts, respectively, in their first four quarters.** This growth was driven by continued strong conversion of users to subscriptions and increased ARPS as we increasingly attract more commerce users and partners.

As of the end of Q4'21, we estimate that our existing user cohorts will generate approximately \$15.7 billion in bookings over the next 10 years. This estimate assumes no meaningful additional marketing or advertising investments, emphasizing the benefits of our freemium model and strong durable growth of the business today.

We ended FY 2021 with over 220 million users and added 478 thousand subscriptions to our platform on a net basis, bringing our total to 6.0 million premium subscriptions. Gross subscription additions in 2021 were 16% higher compared to 2019 as we continue to increase conversion of new users to subscriptions. Net subscription additions were down compared to 2019 because of a higher absolute number of canceled subscriptions coming off of the very strong year of new additions in 2020. Cohort net revenue retention improved to 116% in 2021 compared to 113% in both 2020 and 2019.

In addition to strong growth in subscriptions, cohort value was further driven by increases to ARPS as commerce users and users that came through partners generate higher cohort lifetime values. For the second consecutive year, ARPS grew more than 10% y/y.

Total Revenue and Bookings

Total revenue grew to \$328.3 million in Q4'21, up 16% y/y and up 60% compared to Q4'19. Total revenue grew to \$1.270 billion in FY 2021, up 29% y/y and up 67% compared to FY 2019.

Partners revenue in Q4'21 was \$73.3 million or 22% of total revenue. Partners revenue in FY 2021 was \$256.6 million or 20% of total revenue, up 75% y/y and up 199% compared to FY 2019. The investments and hard work we put into improved performance, infrastructure and support are setting Wix up to become the go-to platform for agencies and designers.

Net revenue retention for FY 2021 grew to 116%, up from 113% in FY 2020. This increase was driven by compounding growth from commerce and payments users as we improved our product and expanded capabilities, bringing higher quality users to Wix.

Total bookings grew to \$351.6 million in Q4'21, up 15% y/y and up 55% compared to Q4'19. Total bookings grew to \$1.419 billion in FY 2021, up 29% y/y and up 70% compared to FY 2019. Unbilled contractual obligations totaled \$11.6 million in Q4'21. Both Q4'21 and FY'21 bookings ended within our respective guidance ranges. As a reminder, the top end of the updated Q4'21 and FY 2021 guidance ranges provided in November 2021 assumed significant improvements to the business environment as well as potential B2B partnerships closing as anticipated while the bottom end of the ranges reflected deterioration in the environment.

Creative Subscriptions

Creative Subscriptions revenue grew to \$246.7 million in Q4'21, up 15% y/y and up 44% compared to Q4'19 while Creative Subscriptions ARR grew to \$1.010 billion as of the end of Q4'21, up 15% y/y and up 43% compared to the end of Q4'19. Creative Subscriptions revenue grew to \$950.3 million in FY 2021, up 21% y/y and up 47% compared to FY 2019. Revenue in Q4 and throughout 2021 was slightly ahead of expectations due to a larger base of subscribers and higher ARPS as we increasingly attracted more commerce users and partners who purchased higher priced packages.

Creative Subscriptions bookings grew to \$264.0 million in Q4'21, up 12% y/y and up 38% compared to Q4'19, and included \$11.6 million of unbilled contractual obligations. Creative Subscriptions bookings grew to \$1.088 billion in FY 2021, up 22% y/y and up 53% compared to FY 2019. Bookings growth was driven by strong conversion of new users, high rate of renewals among existing premium subscriptions and increased monetization. This was partially offset by approximately \$14 million in B2B partnership bookings that did not close as anticipated in Q4'21. We continue to be excited about the pipeline of B2B opportunities ahead and importantly, their testament to Wix's leading product innovation, best-in-class platform and strong brand.

Business Solutions

Business Solutions revenue grew to \$81.7 million in Q4'21, up 19% y/y and up 146% compared to Q4'19. Business Solutions revenue grew to \$319.4 million in FY 2021, up 59% y/y and up 174% compared to FY 2019.

Business Solutions bookings grew to \$87.5 million in Q4'21, up 25% y/y and up 144% compared to Q4'19. Business Solutions bookings grew to \$330.9 million in FY 2021, up 57% y/y and up 174% compared to FY 2019.

Growth in both Business Solutions bookings and revenue were driven by strong performance from business applications, including Google Workspace, Ascend and paid ad campaigns, as well as meaningfully higher transaction revenue compared to the prior two years as we increased share of commerce users and drove improved monetization among these users.

Transaction revenue in Q4'21 was \$36.1 million or 44% of Business Solutions revenue. Transaction revenue in FY 2021 was \$130.3 million or 41% of Business Solutions revenue, up 134% y/y and up ~12x compared to FY 2019 benefiting from higher GPV and continued increases to take rate.

Total GPV in FY 2021 grew to \$9.6B, an increase of 78% y/y and 400% compared to 2019 as we attracted more businesses to the platform, helped existing users become more successful and expanded transaction capabilities across more geographies. Total GPV in FY 2021 ended slightly lower than we had anticipated due to a more muted end to the year for commerce, as we believe many businesses were impacted by supply chain shortages and other macroeconomic headwinds in Q4'21.

Gross Margin

Total non-GAAP gross margin was 62% of revenue in Q4'21, compared to 63% in Q3'21 and 65% in Q4'20. Total non-GAAP gross margin was 63% of revenue in FY 2021, compared to 69% in FY 2020.

Creative Subscriptions non-GAAP gross margin was 77% in Q4'21, down y/y, but in-line throughout 2021. Creative Subscriptions non-GAAP gross margin was 77% in FY 2021, compared to 80% in FY 2020. Gross margin declined y/y but has stabilized as we continue to realize gains from our investments in Customer Care and infrastructure made in the first half of 2021.

Business Solutions non-GAAP gross margin was 19% in Q4'21, down both q/q and y/y. Business Solutions non-GAAP gross margin was 22% in FY 2021, compared to 29% in FY 2020. This decline was driven in part by the success of Wix Payments, which is a lower gross margin product, however we are beginning to see improvements in gross margin as this business scales. Other Business Solutions products, such as paid ad campaigns that carry lower gross margins, are also growing. While these products have lower margins, they are incremental to our overall business and carry very little to no operating expenses.

Operating Expenses

Non-GAAP R&D expenses were \$86.4 million in Q4'21, an increase of 7% q/q and 30% y/y. As a percent of revenue, non-GAAP R&D expenses were 26% in Q4'21, up from 25% in Q3'21 and 23% in Q4'20. The increase in Q4'21 was mainly driven by investments in headcount. In FY 2021, non-GAAP R&D expenses were \$315.6 million, or 25% of revenue, up slightly from FY 2020.

Non-GAAP S&M expenses were \$115.3 million in Q4'21, an increase of 6% q/q and 13% y/y. As a percent of revenue, non-GAAP S&M expenses were 35% in Q4'21, which was up sequentially but down y/y. The increase q/q - as mentioned in the outlook update we provided last quarter - was driven by investments in marketing consistent with our TROI parameters as we started to see improvement in demand throughout Q4. In FY 2021, non-GAAP S&M expenses were \$475.2M, up 15% y/y, driven mainly by investments in headcount within the organization. Non-GAAP S&M expenses were 37% of revenue in FY 2021, compared to 42% in FY 2020, which was within our expectations.

Non-GAAP G&A expenses were \$26.9 million in Q4'21, an increase of 11% q/q and 22% y/y. As a percent of revenue, non-GAAP G&A expenses were 8% in Q4'21, flat q/q and up y/y. In FY 2021, non-GAAP G&A expenses were \$97.1 million, or 8% of revenue, up slightly from FY 2020.

Non-GAAP operating expenses in Q4'21 were also negatively impacted by the increasing value of the Israeli shekel in comparison to the US dollar, as we highlighted in our updated outlook last quarter.

Earnings

Non-GAAP net loss was \$(21.1) million in Q4'21 or \$(0.37) per share. On a GAAP basis, net loss was \$(111.0) million, or \$(1.94) per share. The notable adjustments to GAAP net income in Q4'21 include unrealized losses, net of taxes, of approximately \$12.5 million from our equity investments, primarily attributed to the decrease in share price of monday.com (Nasdaq: MNDY). This was excluded from non-GAAP results.

In FY 2021, non-GAAP net loss was \$(79.0) million or \$(1.39) per share. On a GAAP basis, net loss was \$(117.2) million or \$(2.06) for FY 2021. GAAP net loss in 2021 included realized and unrealized gains, net of taxes, of approximately \$210.5 million from our equity investments in FY 2021, which were 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 \$7.3 million in Q4'21. Excluding approximately \$10.0 million in new HQ capex, free cash flow was \$17.4 million in Q4'21. For FY 2021, free cash flow was \$28.0 million, or \$51.4 million excluding \$23.4 million in new HQ capex.

We ended FY 2021 with approximately \$1.7 billion in cash and cash equivalents and \$923.0 million in long-term debt.

Our total employee headcount at the end of FY 2021 was 5,929.

Outlook Update

We have experienced a much higher level of volatility in demand for online services over the last year and a half due to COVID. As a result, we are not able to forecast our business with the same level of confidence as we have historically been able to pre-COVID, even as fundamentals remain strong. Given this volatility and continued uncertainty, we are adjusting our current guidance practice.

As long as we are in a period of heightened volatility, we will not be providing annual guidance for bookings, revenue or free cash flow. We will issue quarterly guidance for total revenue to provide updates on our progress to drive growth. We will also provide additional color around forward expectations in our quarterly earnings releases.

In addition, on a quarterly basis, we plan to continue to report revenue segmentation for Creative Subscriptions and Business Solutions as we have in the past as well as additional disclosure on our partners revenue and transaction revenue as introduced this quarter, to provide more transparency into our key growth initiatives. We will also report bookings and GPV on a quarterly basis.

The following reflects our expectations for Q1 2022 and full year 2022 as of today:

Revenue and Gross Margin

We expect total revenue in Q1'22 to be \$338 million - \$343 million, representing 11% - 13% y/y growth

- Given Q1'21 saw revenue grow 41% y/y, it is the most difficult y/y comparable we face in 2022, and we expect y/y growth of total revenue to accelerate each quarter through the end of 2022
- The guidance range implies a two-year CAGR of 25-26%

We expect Creative Subscriptions non-GAAP gross margin % to modestly improve in 2H'22.

We expect Business Solutions non-GAAP gross margin to improve throughout 2022, driving re-acceleration in growth of Business Solutions gross profit.

Free Cash Flow plan for the next two years

Our business has evolved tremendously over the past 3-5 years as Wix expanded into new markets, new products and new services. In order to get to where we are today and more importantly, continue to evolve and drive profitable growth, over the last two years we have made meaningful investments in our business across all fronts, particularly in customer care, technology infrastructure, partners and Wix Payments. These initiatives are still in their early stages of growth, and we expect more growth in the future.

We estimate these incremental investments lowered our free cash flow by approximately \$80 million in 2020 and \$110 million in 2021.

These growth investments enabled us to put in place the headcount and infrastructure needed to generate long term revenue growth. While we have begun to see the early stages of top-line growth from these initiatives, we believe there is much more to come.

We do not need to invest in our new growth initiatives in 2022 or subsequent years at the same level we have the past two years. Combined with the anticipated revenue growth of these new initiatives, we expect FCF margins (excluding capex related to our new HQ build-out) to increase to approximately 5% of revenue in 2022 and to approximately 8-10% of revenue in 2023.

We expect Q1'22 free cash flow (excluding capex related to our new HQ build-out) to be negative as we typically invest much more in marketing during this quarter due to seasonality, and that free cash flow in Q2-Q4 will sequentially increase as a percentage of revenue each quarter.

Our FCF outlook is inclusive of an unfavorable foreign exchange rate environment between the Israeli Shekel and USD which will create an estimated additional \$12 million in operating expenses in 2022.

Capex related to our new corporate HQ is expected to be approximately \$80 million in 2022. The increase over our original plan for expected HQ capex is due to our choice to take additional space at the new complex where our offices will be located as well as the unfavorable foreign exchange rate environment today.

- We expect capex related to our HQ build-out to be another \$40 million in 2023
- Our new corporate HQ will house our entire Tel Aviv-based team with room to grow for several years; we plan to open the first phase in late 2022 with full occupancy expected in late 2023

Appendix

Notes and Modeling Clarifications

Net revenue retention rate: we calculate our Annual Net Revenue Retention Rate at the end of a base year (e.g., Dec 31, 2021), by identifying all of the registered users on our platform as of the end of the prior year (e.g., Dec 31, 2020) and then dividing the total revenue generated by that cohort of registered users at the end of the base year by the total revenue generated by same cohorts of registered users at the end of the prior year. The quotient obtained from this calculation is the Annual Net Revenue Retention Rate. The Annual Net Revenue Retention Rate excludes revenue from B2B partnerships, DeviantArt, Wix Answers, or recent acquisitions.

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. a portion of Business Solutions, and we define transaction revenue as all revenue generated through transaction facilitation products and services, which are 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 Vistaprint or NTT. 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 has an immaterial impact on previously issued financial statements.

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

“Creative Subscriptions Revenue” and **“Creative Subscriptions Bookings”** refer to revenue or bookings, 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 bookings, as applicable, included under Business Solutions Revenue or Bookings, as applicable. 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, as applicable.

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 at 8:30 a.m. ET on Wednesday, February 16, 2022 to answer questions about the financial and operational performance of the business for the fourth quarter and full year ended December 31, 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) at least ten minutes prior to the start time of the call and reference Conference ID 6553878. A telephonic replay of the call will be available through February 23, 2022 at 11:30 a.m. ET by dialing +1 (855) 859-2056 and providing Conference ID 6553878.

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, 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 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 for a particular period to revenues for the same period. Bookings include cash receipts for premium subscriptions purchased by registered users as well, cash we collect for payments and additional products and services, as well as payments due to us under the terms of contractual agreements for obligations we have fulfilled. 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.

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), Business Solutions ARR and Gross Payment Volume (GPV) as key operating metrics. 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. Business Solutions ARR is calculated as Business Solutions MRR multiplied by 12. Business Solutions MRR is calculated as the total of all active subscriptions to Ascend, G-Suite, TPAs, FB Ads or Wix apps products in effect on the last day of the period, multiplied by the monthly revenue of such subscriptions. 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, 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 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; 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	2019		2020				2021				2019	2020	2021
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	FY	FY	FY	
Revenues	\$204,588	\$213,105	\$235,337	\$253,391	\$282,534	\$304,112	\$316,406	\$320,797	\$328,342	\$761,088	\$984,367	\$1,269,657	
Change in deferred revenues	\$22,095	\$35,753	\$30,514	\$27,550	\$23,847	\$43,622	\$21,810	\$5,336	\$11,593	\$71,397	\$117,664	\$82,361	
Change in unbilled contractual obligations	NM	NM	NM	NM	NM	\$3,375	\$4,645	\$47,164	\$11,621	NM	NM	\$66,805	
Bookings	\$226,683	\$248,858	\$265,851	\$280,941	\$306,381	\$351,109	\$342,861	\$373,297	\$351,556	\$832,485	\$1,102,031	\$1,418,823	
Creative Subscriptions Revenues	\$171,355	\$176,546	\$190,169	\$202,996	\$213,745	\$226,436	\$235,891	\$241,303	\$246,669	\$644,491	\$783,456	\$950,299	
Change in deferred revenues	\$19,450	\$32,251	\$27,527	\$25,331	\$22,675	\$38,248	\$22,509	\$4,270	\$5,748	\$67,272	\$107,784	\$70,775	
Change in unbilled contractual obligations	NM	NM	NM	NM	NM	\$3,375	\$4,645	\$47,164	\$11,621	NM	NM	\$66,805	
Creative Subscriptions Bookings	\$190,805	\$208,797	\$217,696	\$228,327	\$236,420	\$268,059	\$263,045	\$292,737	\$264,038	\$711,763	\$891,240	\$1,087,879	
Business Solutions Revenues	\$33,323	\$36,559	\$45,168	\$50,395	\$68,789	\$77,676	\$80,515	\$79,494	\$81,673	\$116,597	\$200,911	\$319,358	
Change in deferred revenues	\$2,645	\$3,502	\$2,987	\$2,219	\$1,172	\$5,374	\$(699)	\$1,066	\$5,845	\$4,125	\$9,880	\$11,586	
Business Solutions Bookings	\$35,878	\$40,061	\$48,155	\$52,614	\$69,961	\$83,050	\$79,816	\$80,560	\$87,518	\$120,722	\$210,791	\$330,944	
Gross Profit	\$147,353	\$152,793	\$165,296	\$174,032	\$179,227	\$188,280	\$194,987	\$198,268	\$199,543	\$564,181	\$671,348	\$781,078	
Share based compensation expenses	\$1,582	\$1,631	\$1,869	\$2,455	\$3,172	\$3,501	\$3,809	\$4,057	\$4,095	\$5,854	\$9,127	\$15,462	
Acquisition related expenses	\$0	\$0	\$305	\$200	\$260	\$167	\$112	\$108	\$97	\$0	\$765	\$484	
Amortization	\$1,526	\$0	\$305	\$226	\$90	\$97	\$358	\$930	\$645	\$1,951	\$316	\$2,030	
Non GAAP Gross Profit	\$150,461	\$154,424	\$167,470	\$1176,913	\$182,749	\$192,045	\$199,266	\$203,363	\$204,380	\$571,986	\$681,556	\$799,054	
Non GAAP Gross margin	74%	72%	71%	70%	65%	63%	63%	63%	62%	75%	69%	63%	

in 000s	2019		2020				2021				2019	2020	2021
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	FY	FY	FY	
Gross Profit - Creative Subscriptions	\$137,935	\$141,156	\$151,659	\$159,635	\$163,467	\$170,690	\$177,620	\$183,490	\$185,880	\$523,586	\$615,917	\$717,680	
Share based compensation expenses	\$1,334	\$1,322	\$1,485	\$1,947	\$2,386	\$2,586	\$2,887	\$2,947	\$3,026	\$4,994	\$7,140	\$11,446	
Non GAAP Gross Profit - Creative Subscriptions	\$139,269	\$142,478	\$153,144	\$161,582	\$165,853	\$173,276	\$180,507	\$186,437	\$188,906	\$528,580	\$623,057	\$729,126	
<i>Non GAAP Gross margin - Creative Subscriptions</i>	<i>81%</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>82%</i>	<i>80%</i>	<i>77%</i>	
Gross Profit - Business Solutions	\$9,418	\$11,637	\$13,636	\$14,397	\$15,760	\$17,590	\$17,367	\$14,778	\$13,663	\$40,595	\$55,431	\$63,398	
Share based compensation expenses	\$248	\$309	\$384	\$508	\$786	\$915	\$922	\$1,110	\$1,069	\$860	\$1,987	\$4,016	
Acquisition related expenses	\$0	\$0	\$305	\$200	\$260	\$167	\$112	\$108	\$97	\$0	\$765	\$484	
Amortization	\$1,526	\$0	\$0	\$226	\$90	\$97	\$358	\$930	\$645	\$1,951	\$316	\$2,030	
Non GAAP Gross Profit - Business Solutions	\$11,192	\$11,946	\$14,325	\$15,331	\$16,896	\$18,769	\$18,759	\$16,926	\$15,474	\$43,406	\$58,499	\$69,928	
<i>Non GAAP Gross margin - Business Solutions</i>	<i>34%</i>	<i>33%</i>	<i>32%</i>	<i>30%</i>	<i>25%</i>	<i>24%</i>	<i>23%</i>	<i>21%</i>	<i>19%</i>	<i>37%</i>	<i>29%</i>	<i>22%</i>	
Research and development (GAAP)	\$66,634	\$70,716	\$75,464	\$84,473	\$89,625	\$95,086	\$104,199	\$109,323	\$116,329	\$250,791	\$320,278	\$424,937	
Share Based Compensation	\$14,900	\$16,185	\$18,216	\$20,312	\$22,170	\$23,288	\$24,490	\$26,250	\$28,028	\$56,161	\$76,883	\$102,056	
Amortization	\$308	\$123	\$123	\$123	\$108	\$92	\$16	\$(108)	\$0	\$718	\$477	\$0	
Acquisition related expenses	\$0	\$436	\$1,091	\$1,115	\$1,117	\$1,329	\$1,823	\$2,223	\$1,937	\$0	\$3,759	\$7,312	
Non-GAAP research and development	\$51,426	\$53,972	\$56,034	\$62,923	\$66,230	\$70,377	\$77,870	\$80,958	\$86,364	\$193,912	\$239,160	\$315,569	
<i>% of revenue</i>	<i>25%</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>25%</i>	<i>24%</i>	<i>25%</i>	
Selling and marketing (GAAP)	74,809	\$96,156	\$119,333	\$113,092	\$109,629	\$144,455	\$123,021	\$119,991	\$124,560	\$307,718	\$438,210	\$512,027	
Share Based Compensation	4,614	\$4,568	\$5,395	\$6,108	\$6,774	\$7,442	\$8,213	\$8,715	\$9,483	\$18,458	\$22,845	\$33,853	
Amortization	550	\$442	\$442	\$476	\$420	\$409	\$471	\$2,222	\$(184)	\$1,911	\$1,780	\$2,918	
Acquisition related expenses	1,705	\$241	\$269	\$152	\$294	\$28	\$0	\$0	\$0	\$2,269	\$957	\$28	
Non-GAAP selling and marketing	67,940	\$90,905	\$113,227	\$106,356	\$102,141	\$136,576	114,337	\$109,054	\$115,261	\$285,080	\$412,628	\$475,228	
<i>% of revenue</i>	<i>33%</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>37%</i>	<i>42%</i>	<i>37%</i>	

in 000s	2019		2020				2021				2019	2020	2021
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	FY	FY	FY	
General and administrative (GAAP)	\$23,602	\$25,436	\$24,531	\$26,515	\$35,433	\$34,394	\$39,411	\$38,917	\$56,926	\$85,922	\$111,915	\$169,648	
Share Based Compensation	\$7,377	\$8,334	\$9,487	\$10,047	\$10,590	\$12,400	\$13,884	\$14,048	\$29,688	\$28,864	\$38,458	\$70,020	
Amortization	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$8	\$4	\$4	
Acquisition related expenses	\$163	\$262	\$32	\$22	\$15	\$181	\$416	\$248	\$11	\$216	\$331	\$856	
Sales tax accrual and other G&A expenses (income)	\$2,135	\$1,974	\$(485)	\$0	\$2,810	\$452	\$579	\$341	\$320	\$5,309	\$4,299	\$1,692	
Non-GAAP general and administrative	\$13,926	\$14,865	\$15,496	\$16,445	\$22,017	\$21,360	\$24,531	\$24,279	\$26,906	\$51,525	\$68,823	\$97,076	
<i>% of revenue</i>	7%	7%	7%	6%	8%	7%	8%	8%	8%	7%	7%	8%	
GAAP Operating Loss	\$(17,692)	\$(39,515)	\$(54,033)	\$(50,048)	\$(55,460)	\$(85,655)	\$(71,644)	\$(69,963)	\$(98,272)	\$(80,250)	\$(199,055)	\$(325,534)	
Share Based Compensation	\$28,473	30,718	34,967	\$38,922	\$42,706	\$46,631	\$50,396	\$53,070	\$71,294	\$109,337	\$147,313	\$221,391	
Amortization	\$2,385	566	566	\$826	\$619	\$599	\$846	\$3,045	\$462	\$4,588	\$2,577	\$4,952	
Acquisition related expenses	\$1,868	939	1,697	\$1,489	\$1,686	\$1,705	\$2,351	\$2,579	\$2,045	\$2,485	\$5,811	\$8,680	
Sales tax accrual and other G&A expenses (income)	\$2,135	1,974	(485)	\$0	\$2,810	\$452	\$579	\$341	\$320	\$5,309	\$4,299	\$1,692	
Non-GAAP Operating Income (Loss)	\$17,169	\$(5,318)	\$(17,288)	\$(8,811)	\$(7,639)	\$(36,268)	\$(17,472)	\$(10,928)	\$(24,151)	\$41,469	\$(39,055)	\$(88,819)	
Net cash provided by operating activities	\$41,237	\$45,027	\$49,958	\$24,514	\$28,550	\$18,488	\$21,833	\$4,323	\$21,041	\$149,564	\$148,049	\$65,685	
Capital expenditures, net	\$(3,766)	\$(5,075)	\$(3,264)	\$(5,134)	\$(5,380)	\$(3,849)	\$(7,119)	\$(13,030)	(13,702)	\$(22,066)	\$(18,853)	\$(37,700)	
Free Cash Flow	\$37,471	\$39,952	\$46,694	\$19,380	\$23,170	\$14,639	\$14,714	\$(8,707)	\$7,339	\$127,498	\$129,196	\$27,985	
Capital expenditures related to future Wix HQ office build out	\$0	\$483	\$408	\$779	\$792	\$835	\$2,197	\$10,370	\$10,047	\$0	\$2,462	\$23,449	
Free Cash Flow (excluding future Wix HQ office build out)	\$37,471	\$40,435	\$47,102	\$20,159	\$23,962	\$15,474	\$16,911	\$1,663	\$17,386	\$127,498	\$131,658	\$51,434	

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	\$31	\$44	\$53	\$107	\$145	\$146	\$161	\$173	\$165	\$135	\$99	\$53
Cumulative Cohort change in deferred revenues	\$1	\$2	\$2	\$5	\$8	\$9	\$11	\$13	\$15	\$17	\$16	\$18
Cumulative Cohort Bookings	\$32	\$46	\$55	\$112	\$153	\$155	\$172	\$186	\$180	\$152	\$115	\$71