

# Earnings Slides

First Quarter 2020

May 14, 2020

The screenshot displays a Wix website editor interface. The main content area features a slide titled "Column 2" containing a large image of black headphones. To the right of this slide is a vertical sidebar with a "Change Columns" button and a photo of a smiling woman holding a tablet. Below the photo are social media icons for Twitter, Instagram, and Facebook. At the bottom of the slide, there is a "#WixEmailWidget" with the text "Visit our website" and three input fields: "Name", "Mobile", and "Email Address". The "Mobile" field is highlighted in orange. The widget has a red border and a red database icon above it. The background of the editor is a dark green grid.

# Safe Harbor

## Non-GAAP Financial Measures

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, revenue on a constant currency basis, and free cash flow (collectively the "Non-GAAP financial measures"). Collections represents the total cash collected by us from our customers in a given period and is calculated by adding the change in deferred revenues for a particular period to revenues for the same period. Free cash flow represents net cash provided by (used in) operating activities less capital expenditures. 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 "Appendix" 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 has also not reconciled future collections over the next eight years from existing user cohorts. Items that impact future revenue and deferred revenue over an eight year period cannot be reasonably predicted. Accordingly, a reconciliation to revenue is not available without unreasonable effort.

## Forward-Looking Statements

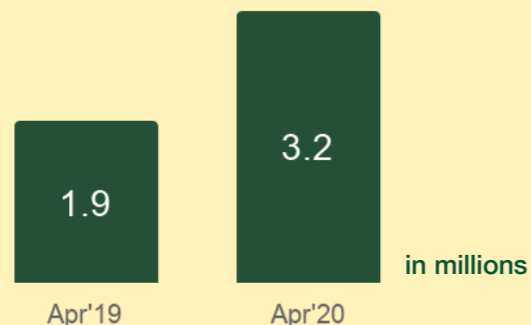
This document contains forward-looking statements, within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 that involve risks and uncertainties. Such forward-looking statements may include projections regarding our future performance, including, but not 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 full year 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, the uncertainty surrounding the duration and severity of COVID-19 and its effects on our business including changes in consumer dynamics shifting to online and increased GMV on our platform and our ability to predict future financial results due to the global and regional impact of COVID-19; our ability to grow our user base and premium subscriptions; our ability to create new and higher monetization opportunities from our premium subscriptions; our ability to enter into new markets, and attract new customer segments, for example through our recent strategic partnerships; our ability to maintain and enhance our brand and reputation; our prediction of the future collections generated by our user cohorts; our ability to manage the growth of our infrastructure effectively; our ability to effectively execute our initiatives to scale and improve our user support function, including through the recent expansion of our Customer Solutions organization by engaging additional agents around the world to provide 24/7 support in nine different languages; the success of our sales efforts; customer acceptance and satisfaction of new products and other challenges inherent in new product development; changes to technologies used in our solutions; or changes in global, national, regional or local economic, business, competitive, market, regulatory and other factors discussed under the heading "Risk Factors" in the Company's 2019 annual report on Form 20-F filed with the Securities and Exchange Commission on April 2, 2020. Any forward-looking statement made by us in this presentation 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.

# Highlights

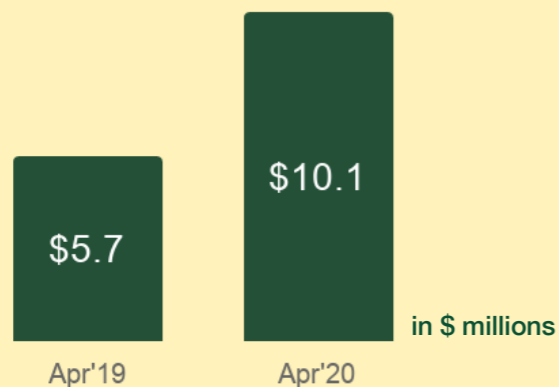
- Strong user growth as demand for online presence accelerates
- Newly acquired user cohorts generating significantly more revenue and collections than user cohorts created in prior periods
- Existing users converting to subscriptions at higher rates driving “negative” churn
- Increasing purchases of Business packages and higher adoption of Business Solutions driving revenue and collections per subscription
- Quickly adapting products to meet changing needs of users

# Outstanding April 2020 Results

**+63%** new registered users y/y



**+76%** April cohort collections y/y



**207%** Net premium subscription additions y/y

**136%** Ascend purchases y/y

**580%** Net new Wix Stores subscriptions y/y

**167%** Net new Wix Restaurants subscriptions y/y

**123%** New Wix Payments merchants m/m

**66%** GMV transacted through Wix Payments m/m in April 2020

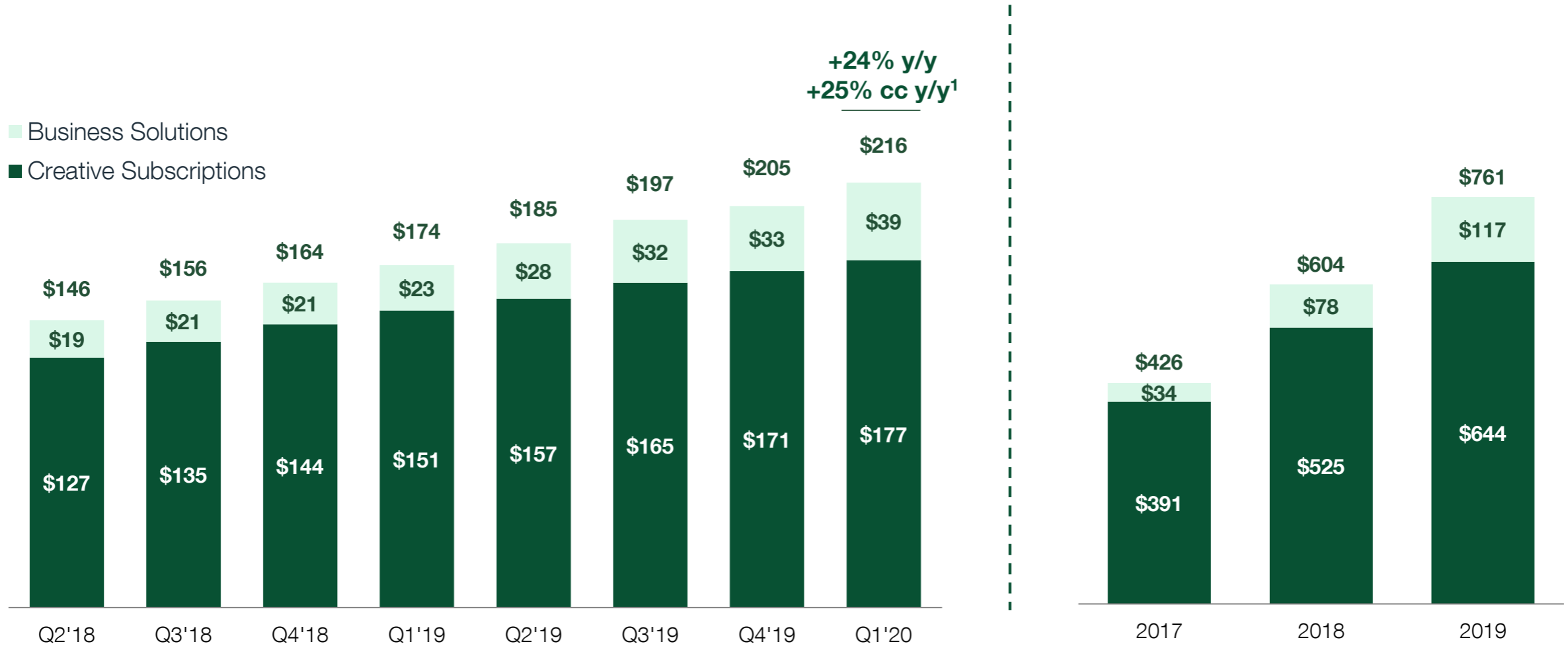
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# Q1 2020 Results

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# Strong revenue growth

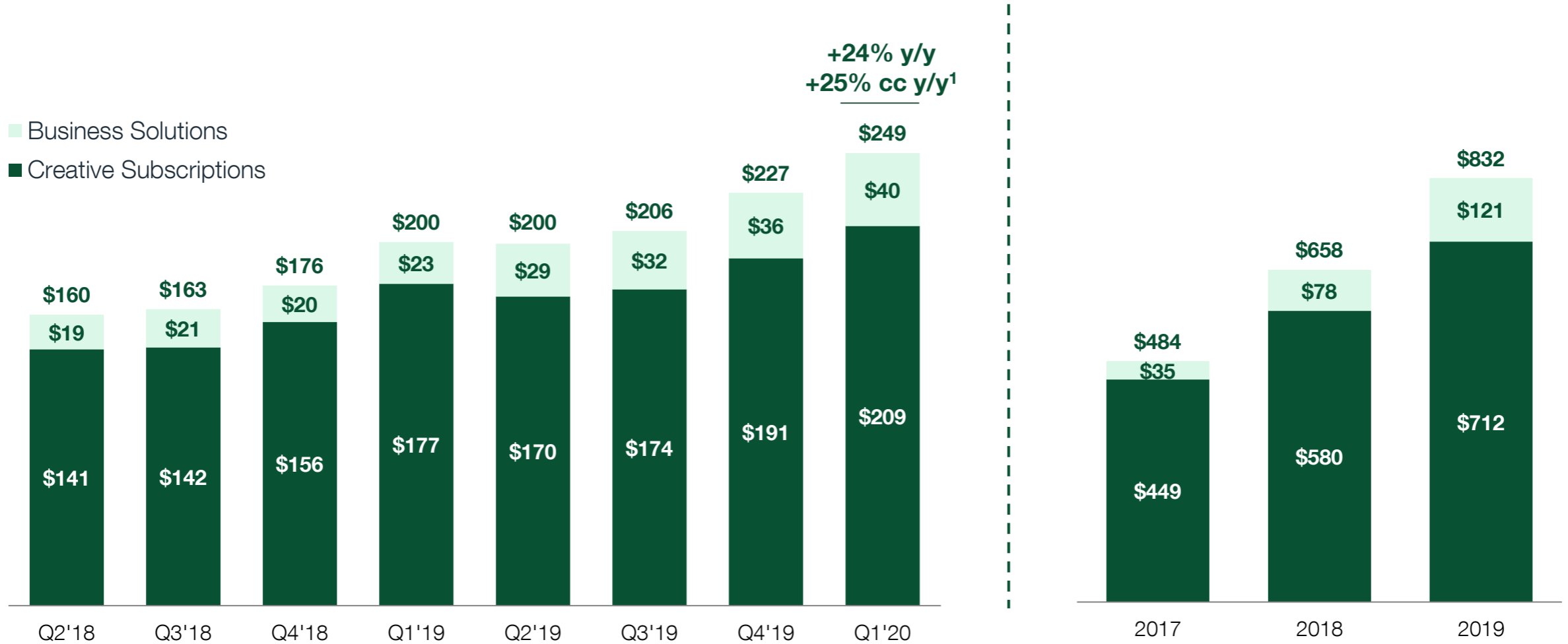
Revenue (\$ millions)



<sup>1</sup>Y/Y change based on constant FX rates from Q1'19

# Strong collections growth...

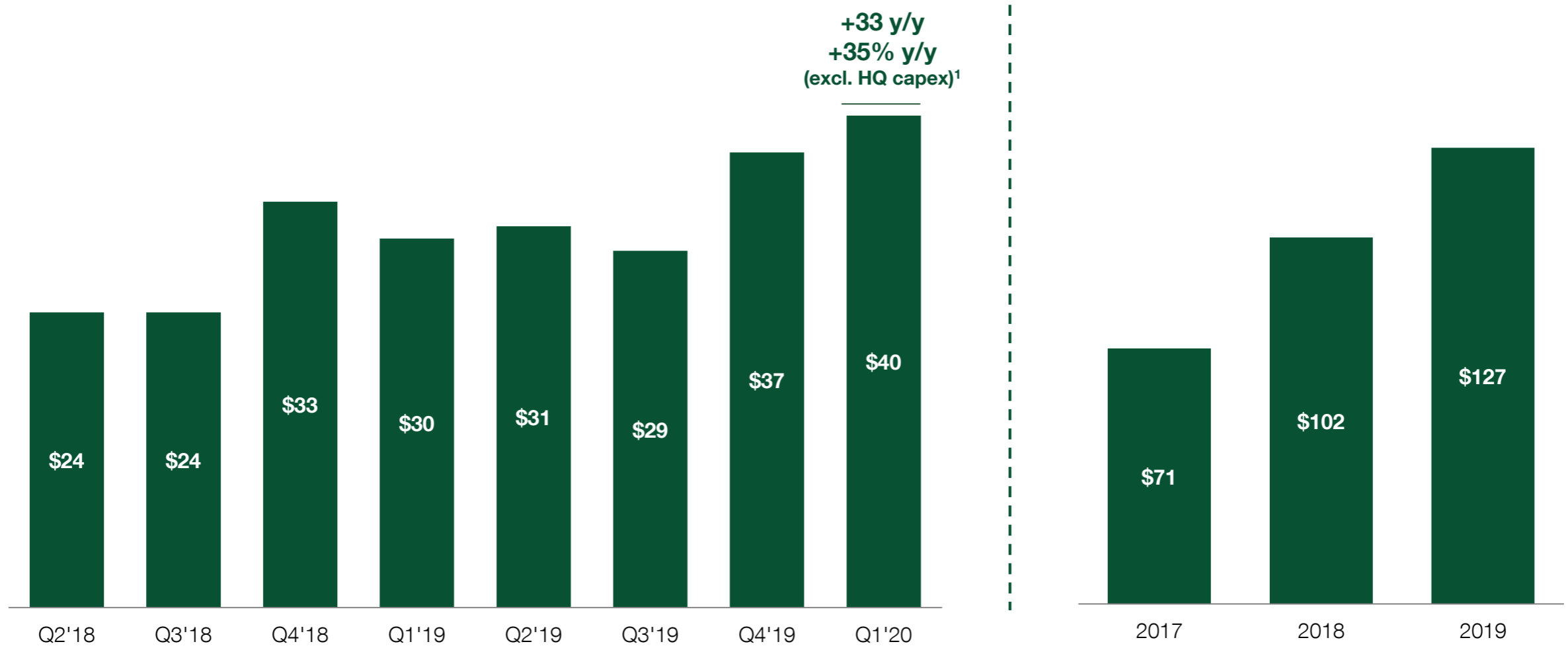
Collections (\$ millions)



<sup>1</sup>Y/Y change based on constant FX rates from Q1'19

# ...combined with robust free cash flow generation

Free Cash Flow (\$ millions)

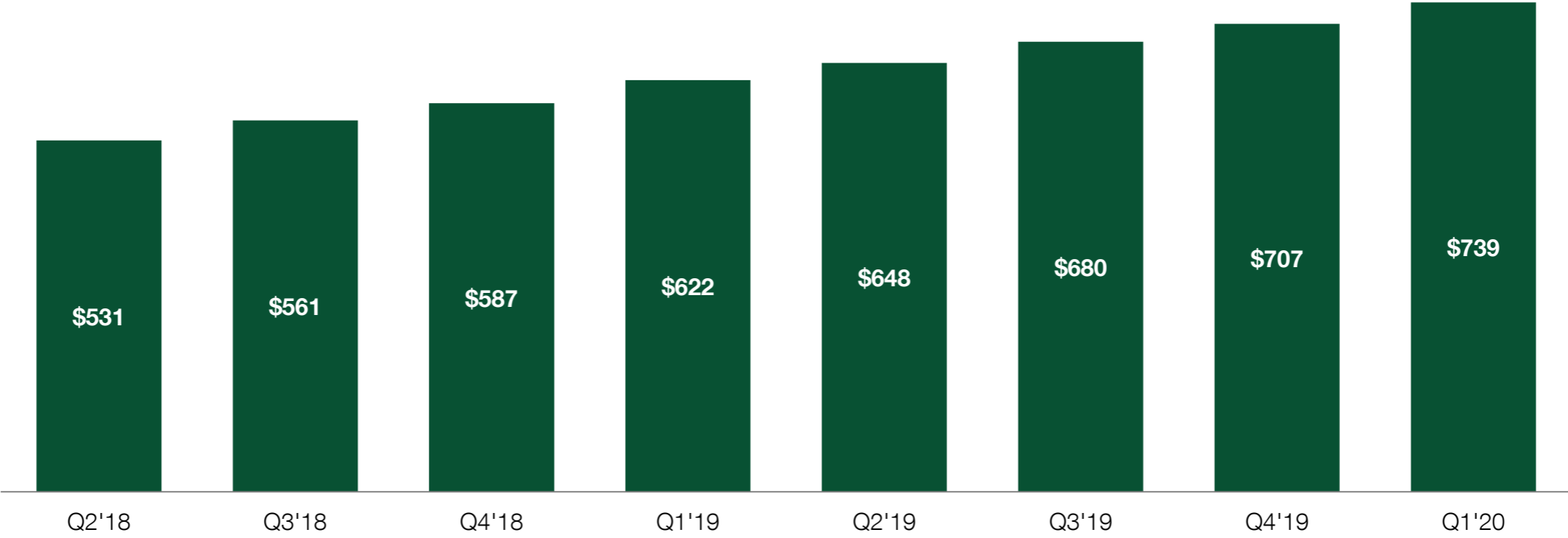


<sup>1</sup>Excluding approximately \$0.4M capital expenditures related to the buildout of our new headquarters offices



# ARR demonstrates consistent growth

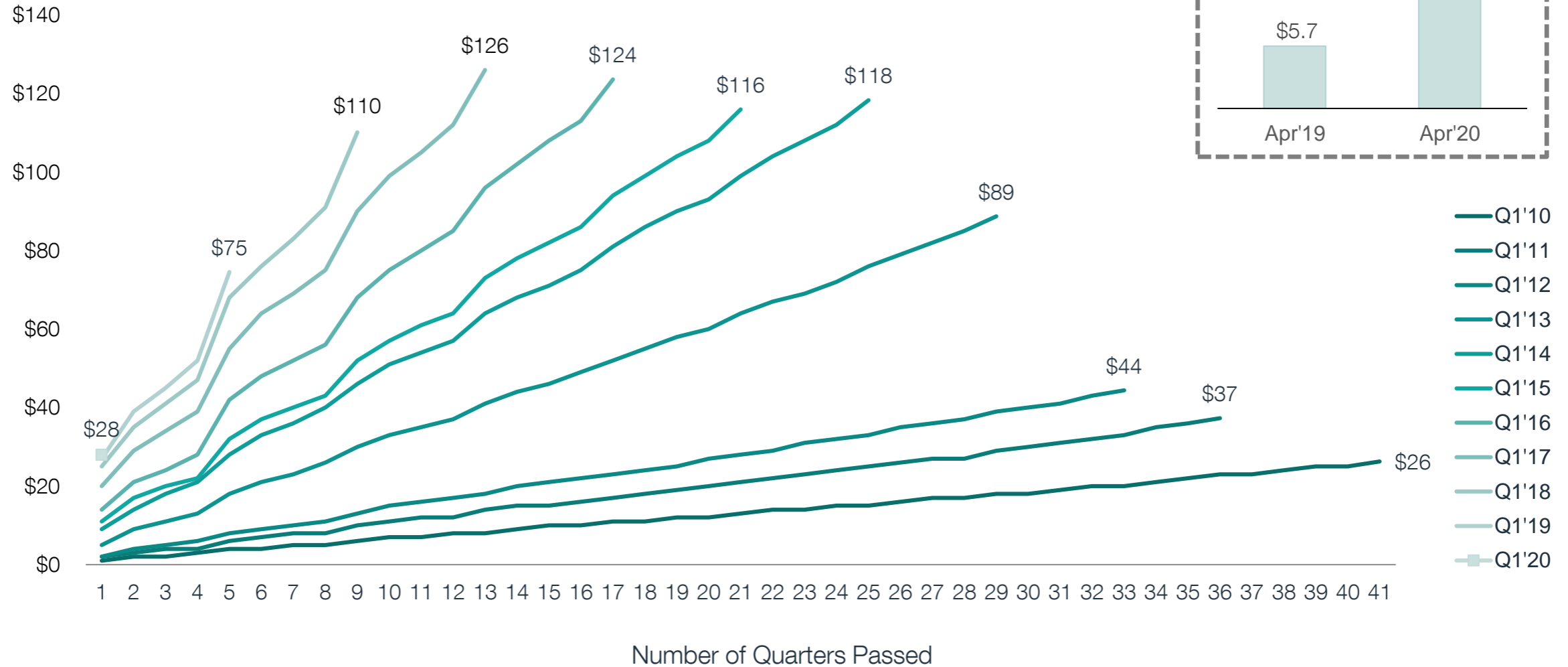
(\$ millions)



Note: Annualized Recurring Revenue (ARR) is calculated as Monthly Recurring Revenue (MRR) multiplied by 12. 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; and (iii) monthly revenue from other partnership agreements.

# Increasing monetization of user cohorts

Cumulative Collections from Q1 User Cohorts (\$ millions)



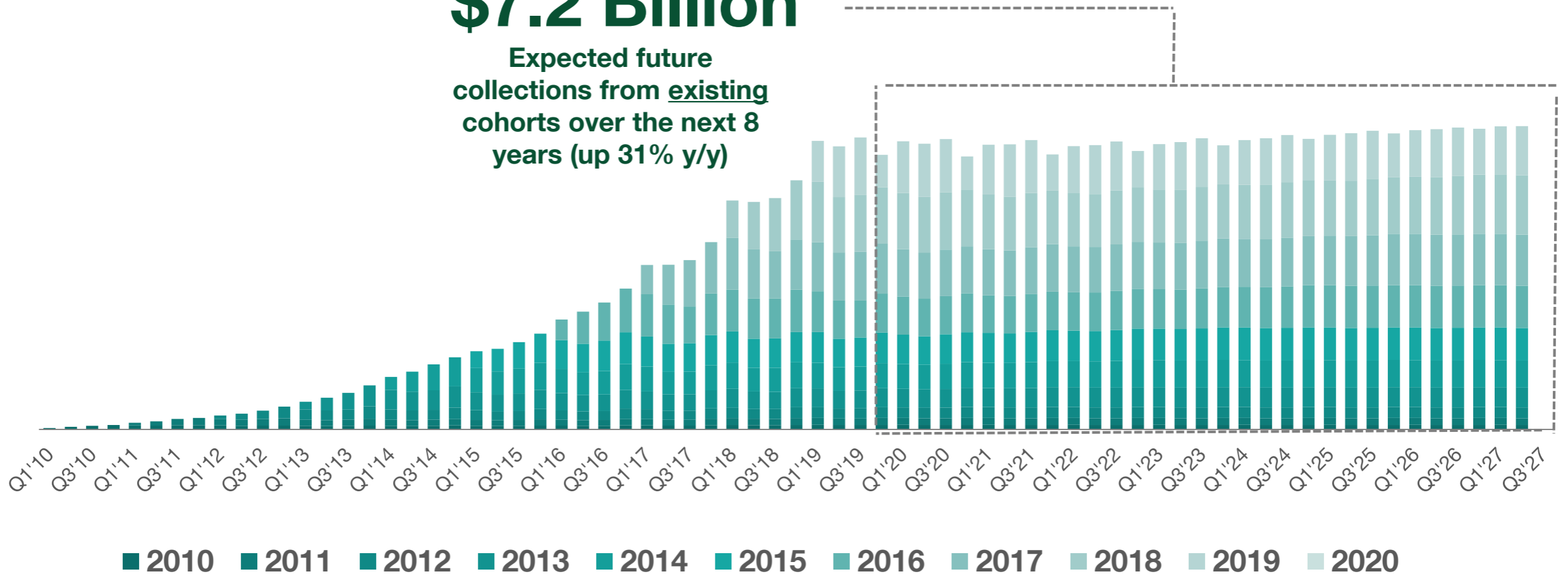
Note: Data as of March 31, 2020. Excludes collections from users coming from the Wix Logo Maker funnel. It also excludes collections from Flok, DeviantArt and Wix Answers

# Existing cohorts are a growing source of future collections

Actual and Potential Future Collections From Q1'10 – Q1'20 Cohorts

## \$7.2 Billion

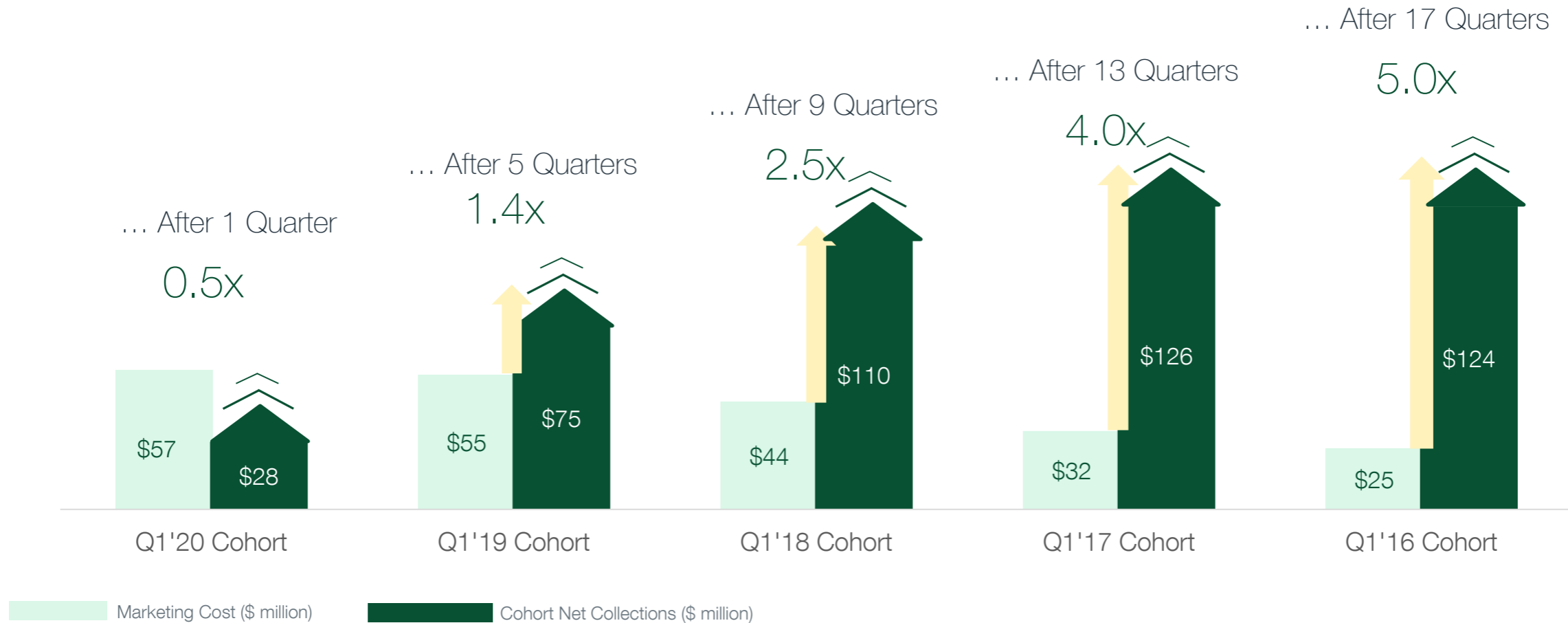
Expected future collections from existing cohorts over the next 8 years (up 31% y/y)



Note: Data represents actual Collections from Q1'10 – Q1'20; cohorts since creation and forecasted future cumulative collections through Q3'27, based on current cohort behavior

# Efficient marketing based on 7-9 month TROI

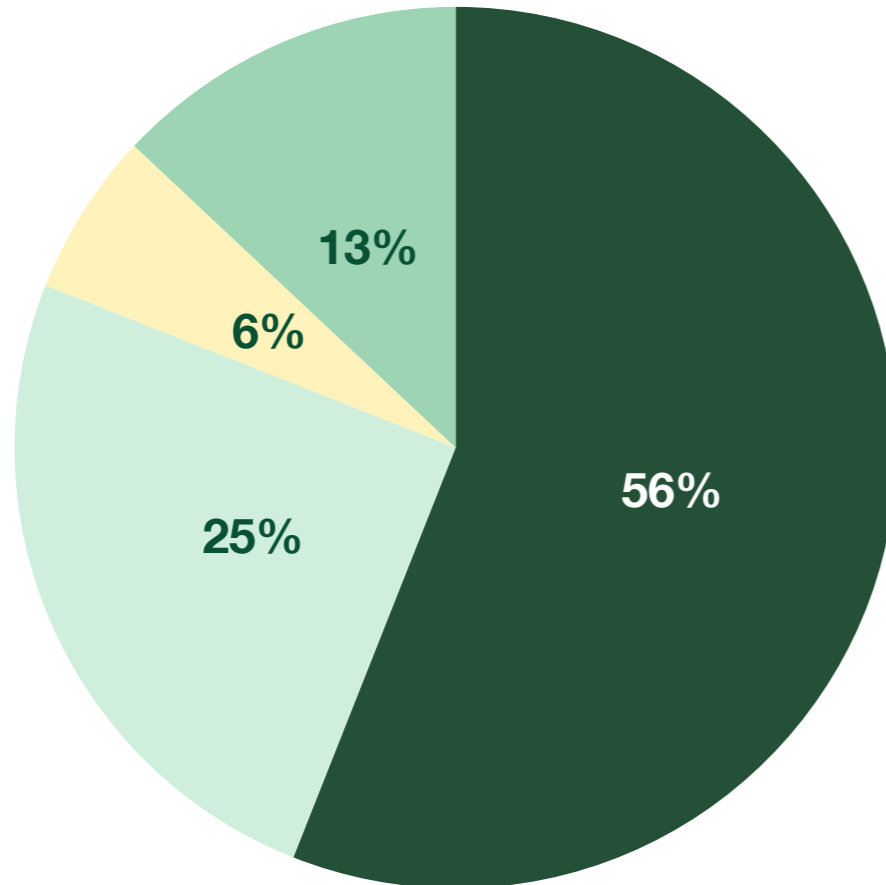
One Time Marketing, Ongoing Collections



Note: Data as of March 31, 2020; TROI is Time to Return On (Marketing) Investment. We define this metric as the time it takes to collect dollars from new premium subscriptions acquired in a cohort to equal dollars spent on marketing costs in the same cohort. We aim for 100% TROI in 7-9 months. Numbers are rounded to the nearest million. Marketing Cost includes marketing expenses associated with the acquisition of users. Cohort Net Collections do not include collections from users coming from the Wix Logo Maker funnel or collections from Flok, DeviantArt and Wix Answers

# Increasing geographic penetration

FX-Neutral Revenue by Geography (% of total) and Q1'20 Y/Y Growth



**North America +30% Y/Y**

**Europe +22% Y/Y**

**Latin America +6% Y/Y**

**Asia and others +19% Y/Y**

■ North America ■ Europe ■ Latin America ■ Asia and others

Note: Q1'20 Revenue by Geography and Y/Y change based on constant FX rates from Q1'19

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# Appendix

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# Reconciliation of GAAP to Non-GAAP Financial Measures

in 000s	2018			2019				2020	2017	2018	2019
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	FY	FY	FY
Revenue	\$146,132	\$155,600	\$164,197	\$174,290	\$185,419	\$196,791	\$204,588	\$215,987	\$425,636	\$603,704	\$761,088
Change in deferred revenue	\$13,763	\$7,177	\$11,861	\$26,089	\$14,144	\$9,069	\$22,095	\$32,871	\$58,353	\$54,681	\$71,397
Collections	\$159,895	\$162,777	\$176,058	\$200,379	\$199,563	\$205,860	\$226,683	\$248,858	\$483,989	\$658,385	\$832,485

in 000s	2018			2019				2020	2017	2018	2019
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	FY	FY	FY
Net cash provided by operating activities	\$27,268	\$27,607	\$36,055	\$35,074	\$37,180	\$36,073	\$41,237	\$45,027	\$83,052	\$115,709	\$149,564
Capital expenditures, net	\$ (3,411)	\$ (3,916)	\$ (3,391)	\$ (5,028)	\$ (6,426)	\$ (6,846)	\$ (3,766)	\$ (5,075)	\$ (12,369)	\$ (14,076)	\$ (22,066)
Free Cash Flow	\$23,857	\$23,691	\$32,664	\$30,046	\$30,754	\$29,227	\$37,471	\$39,952	\$70,683	\$101,633	\$127,498

in millions	Q1'10	Q1'11	Q1'12	Q1'13	Q1'14	Q1'15	Q1'16	Q1'17	Q1'18	Q1'19	Q1'20	Apr'19	Apr'20
	Cumulative Cohort Revenue	\$25	\$35	\$42	\$84	\$111	\$107	\$112	\$110	\$90	\$52	\$7	\$1
Cumulative Cohort change in deferred revenue	\$1	\$2	\$2	\$5	\$7	\$9	\$12	\$16	\$20	\$23	\$21	\$5	\$8
Cumulative Cohort Collections	\$26	\$37	\$44	\$89	\$118	\$116	\$124	\$126	\$110	\$75	\$28	\$6	\$10

Note: non-GAAP items exclude the impact of share-based compensation expense, amortization, amortization of debt discount and debt issuance costs and acquisition-related expense. Numbers may not add due to rounding.

# Reconciliation of GAAP to Non-GAAP Financial Measures

in 000s	2018			2019				2020	2017	2018	2019
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	FY	FY	FY
Creative Subscriptions Revenue	\$126,716	\$134,579	\$143,621	\$151,364	\$157,012	\$164,761	\$171,355	\$176,546	\$391,347	\$525,350	\$644,491
Change in deferred revenues	\$13,934	\$7,266	\$12,047	\$25,529	\$13,482	\$8,810	\$19,450	\$32,251	\$57,778	\$54,769	\$67,272
Creative Subscriptions Collections	\$140,651	\$141,845	\$155,668	\$176,893	\$170,493	\$173,571	\$190,805	\$208,797	\$449,125	\$580,119	\$711,763

in 000s	2018			2019				2020	2017	2018	2019
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	FY	FY	FY
Business Solutions Revenue	\$19,416	\$21,021	\$20,576	\$22,926	\$28,407	\$32,030	\$33,233	\$39,441	\$34,289	\$78,354	\$116,597
Change in deferred revenues	\$(172)	\$(89)	\$(186)	\$560	\$662	\$259	\$2,645	\$620	\$575	\$(88)	\$4,125
Business Solutions Collections	\$19,244	\$20,932	\$20,390	\$23,486	\$29,070	\$32,289	\$35,878	\$40,061	\$34,864	\$78,266	\$120,722

Note: non-GAAP items exclude the impact of share-based compensation expense, amortization, amortization of debt discount and debt issuance costs and acquisition-related expense. Numbers may not add due to rounding.