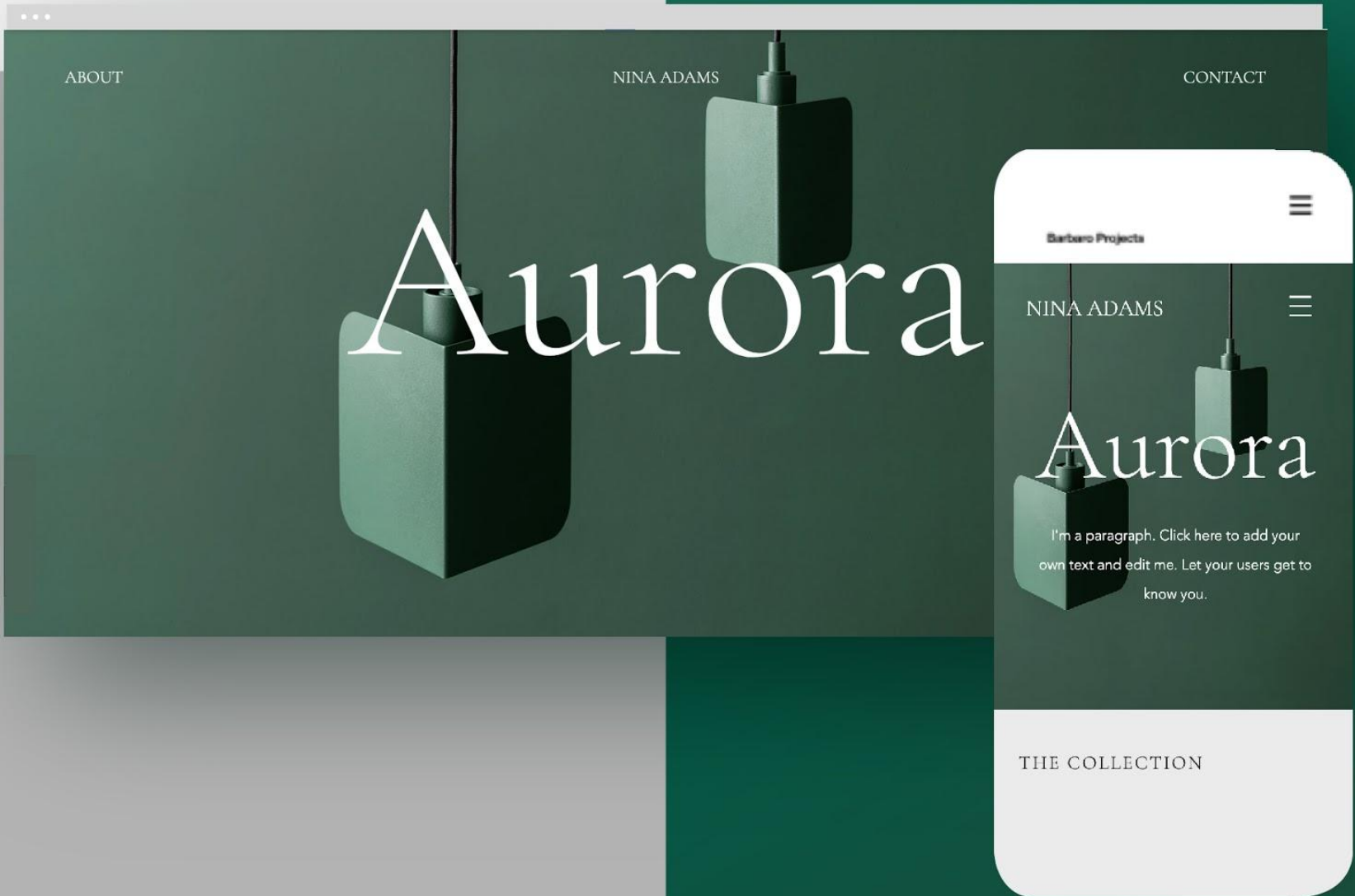




Shareholder Update

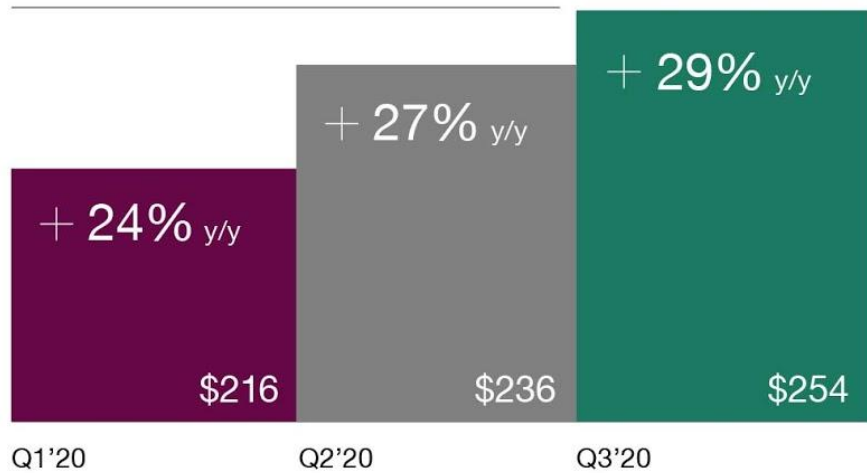
Third Quarter 2020 | November 12, 2020



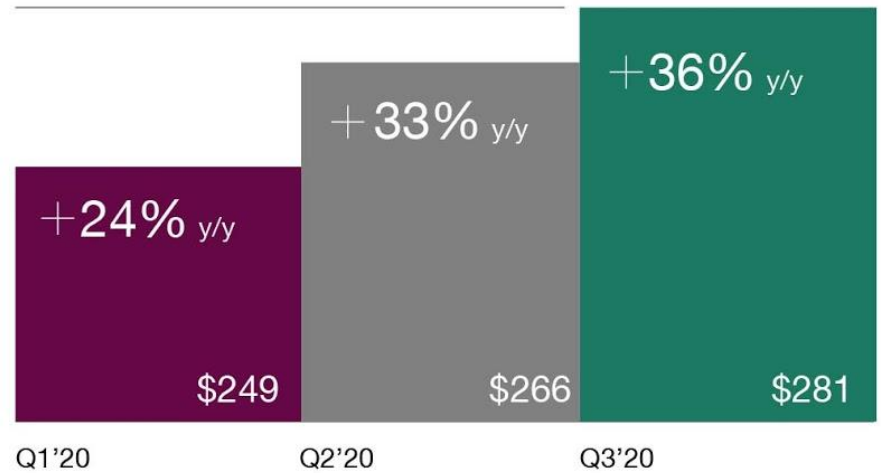
May 14, 2020

Accelerating Growth in Q3 2020

Total Revenue \$Millions



Total Collections \$Millions



7.8 Million	+ 60%	\$841 Million
New registered users	Business Solutions y/y revenue growth	Creative Subscriptions ARR
+42% y/y	+63% y/y collections growth	+24% y/y

Strong growth of new cohort of users - driven by combination of highest conversion in 2+ years and higher collections per new subscription

Growth accelerating in recent cohorts - Q1 and Q2 2020 cohort collections y/y growth accelerating over prior quarter

Businesses coming to Wix at increasing rates - Business and eCommerce package subscriptions growing faster than overall subscriptions

New products + strong base of users to drive growth through Q4 2020 and 2021

Dear Shareholders, Users and our Wix Team,

At the beginning of the pandemic, we saw a surge in demand as businesses adapted to their new circumstances. It very well could have been temporary. But in fact, we are months into this new way of life and work, and the demand remains at very high levels. Throughout the third quarter, even as economies in some parts of the world began to reopen, the demand continues. It is clear that there is a new state of mind for individuals and businesses alike - an online presence is essential moving forward.

Millions of users came to Wix this quarter. I attribute this sustained demand to two main factors: the depth of our product suite and the strength of our business model. While new users continue to come to Wix at higher levels and create new sites, existing users also continue to build new websites. These users are spending more on Wix as their needs change and they require more business applications, like Wix Stores, Wix Restaurants, and Ascend. As their businesses grow, so do their sales, and Wix Payments enables them to transact with their growing customer bases.

We have been leveraging the momentum from last quarter by continuing to invest in marketing much more aggressively, which is creating cohorts of users that will be valuable for many years down the road.

One of the most remarkable results to come of the last few months is our internal growth. Rapid internal growth is hard to manage in normal circumstances, and yet we have successfully onboarded hundreds of new employees in a few short months. Months into working from home, the creativity and engagement remains astounding to me -- from virtual team retreats to shifting our quarterly roadmap reviews online, I am continuously impressed by our global team.

We are closing out the year on a very strong note, and I am excited to see how our team will continue to exceed my expectations in 2021.

Avishai Abrahami
CEO and Co-founder

Earnings Highlights

Sustained momentum driving strong revenue and collections growth in Q3, well ahead of expectations

- Revenue increased 29% y/y to \$254 million and collections of \$281 million increased 36% y/y, both accelerating from Q2
- Creative Subscriptions ARR increased 24% y/y to \$841 million

Continued cohort collections growth demonstrates increasing monetization on the platform

- Added 7.8 million registered users, +42% y/y, reflecting continued demand
- Net premium subscriptions of 302K, +164% y/y, exceeding the y/y growth from Q2
- Strong y/y collections growth in new Q3 cohort driven by highest conversion of new registered users to premium subscriptions in over two years
 - Collections per premium subscription in the new cohort of Q3 also increased materially y/y
- Momentum from the Q1'20 and Q2'20 user cohorts drove accelerated y/y growth from existing user cohorts
- Future collections expected over the next eight years from all existing cohorts increased 43% y/y to over \$9.2 billion, based on current cohort behavior

Business adoption of Wix solutions continues to grow, further strengthening user cohort collections

- Business Solutions revenue up 60% y/y and collections up 63% y/y in Q3
- New premium subscription additions with a vertical application attached grew faster than total new premium subscription additions
- New Ascend subscriptions in Q3 were up over 100% y/y
- Strong growth in Wix Stores subscriptions, increasing over 2x overall subscriptions growth
- Wix Payments adoption continues to increase with 80% of new eligible users adopting Wix Payments in Q3

Agencies and professional designers continue to expand on Wix

- Expanded product offering through the Partner Program, driving significant growth in new agencies using Wix
- Collections from Partners in Q3 grew more than double the rate of overall Wix collections
- Continued strong growth in usage of Editor X

Significant growth + strong execution in product and marketing carries into Q4 outlook and positions Wix well for growth in 2021 and beyond

- Resounding belief that online presence is critical in all situations carries the momentum into strong Q4 outlook
- Multiple product improvements, new product launches and investments in 2020 expected to drive growth in 2021

Q3'20 Results vs. Guidance

Revenue:

Actual

\$254 million, + 29% y/y

Prior guidance

\$247-250 million

Collections:

Actual

\$281 million, + 36% y/y

Prior guidance

\$270-275 million

Business Update

This quarter's results demonstrated the sustained momentum of our business and are a testament to the strength of our offering and brand and the endurance of our business model. Our Q3 results were outstanding across the board, and we generated another exceptionally large cohort of users that adds to our strong base on which we will continue to drive growth.

Our outperformance this quarter - as well as our strong outlook for the remainder of the year - further demonstrate the new state of mind of businesses and the enduring importance of an online presence.

Revenue and collections in Q3 came in well ahead of our expectations and accelerated from the y/y growth in Q2. We benefited from multiple drivers during the quarter:

- **Demand for building an online presence remained strong as 7.8 million new users joined Wix during the quarter**, a 42% increase on a y/y basis. User additions were fairly steady on a monthly basis throughout the quarter with y/y growth consistent with seasonality as Q3 historically is a slower quarter than Q2.
- **Strong collections growth from the new Q3 user cohort was driven by high demand and intent.** The conversion of new users into premium subscriptions reached its highest level in over two years, and collections per new subscription from the Q3 user cohort increased materially y/y.
- **We built on the strong performance of Q1 and Q2, driving collections growth in existing user cohorts.** The y/y collections growth of the Q1 and Q2 cohorts accelerated from last quarter, and older user cohorts sustained strong growth. Further, new subscriptions from our existing user cohorts - those that existed prior to Q3 - exceeded the total number of cancelled subscriptions in the quarter, again leading to “negative churn”.
- **Wix is increasingly a destination for businesses and e-commerce users moving online as the penetration of our vertical applications in subscriptions remained elevated during Q3.** Our Business and eCommerce subscription packages carry a higher price than Website packages as they come with many additional features needed to operate a business online.

During Q3, new subscriptions with a vertical application attached grew faster than overall subscriptions, including new Wix Stores subscriptions, which grew 2x the rate of overall subscriptions

- **Business Solutions growth remained strong in Q3.** Users adopting business applications such as G-Suite, Ascend and third party apps continued to grow. Businesses are also continuing to choose Wix Payments as their payment provider, and users that have used Wix Payments for many quarters continue to grow their businesses on Wix.
- **Our new Channels initiative struck new partnerships with several service providers, including Vodafone in the UK and FCR Media in Belgium.** Service providers are increasingly looking for value added products to extend to their customers, and we now have a solution to quickly implement Wix as an offering to meet this need. The growing demand for an online presence as well as our strong and global brand is creating this opportunity, and we expect many types of service providers to turn to Wix for this solution.
- **Our Customer Care team continues to positively contribute to conversion and the sale of Business Solutions.** Our investment in reorganizing our support team has paid off, and we continue to grow our Care team. In Q3 alone, we welcomed over 400 new Experts to meet the increasing demand, provide a higher level of support and drive further growth.

Last quarter, we highlighted our increased investment in marketing to create new and larger user cohorts. Multiple factors drove our decision to make these investments:

- The consistent and predictable behavior of our user cohorts, supported by over a decade of data
- Higher levels of monetization of our newest user cohorts, driven by higher rates of conversion and more collections per subscription
- The benefits of our freemium model that brings us the ongoing monetization of cohorts for years after they are created without need to continue to invest in marketing
- Continuous development of our platform with new product offerings and enhancements to existing products

We are already realizing the benefits from the size of the Q1 and Q2 user cohorts, and our elevated level of investment remained in Q3 as we created another large user cohort that will generate growth for years to come.

As we look ahead to Q4 and 2021, we are excited to continue to build on the large base of users who came to Wix throughout the challenging times of 2020. We continue to develop our complete platform of creation products and business solutions and believe these improvements collectively will drive further growth.

Drivers of Growth

In order to sustain high levels of growth, we focus our business operations and investments on the following goals:

- 1. Maintain and grow our lead as a web creation platform for all creators**
- 2. Move creation products up market to freelance designers, agencies and in-house design teams**
- 3. Provide solutions for businesses to grow online**

In the following section, we have provided an update on our progress in each of these areas of strategic focus.

Leading Web Creation Platform for Creators

Wix aims to be the best web creation platform in the world for any type of user with any purpose. With the **Wix Editor** and **Wix ADI**, we provide all of the essential tools needed for a DIY user or professional designer to build a web presence for their business, brand, or personal use.

The pandemic and economic shutdowns have expedited a shift online, which has amplified the importance of us continuing to iterate on and enhance our core web creation tools to address the challenges our users are facing in this moment. Our teams are constantly adding new features to the web creation tools.

For example, this quarter we implemented **concurrent editing**, which allows multiple users to work in the Editor at the same time, as well as **continuous save**, which provides a user with continuous saving of every action. We now enable multilingual websites by allowing users to **auto-translate** their entire site, in seconds, using Google Translate.

Our **vertical applications** are also a key part of our web creation tools, and they continue to evolve based on feedback and requests from users building businesses on Wix.

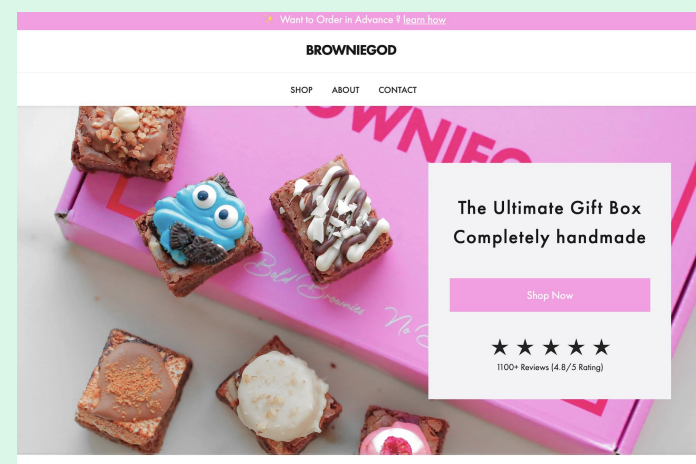
Recently, **Wix Restaurants** was integrated with Wix ADI, making it easy to build new sites in minutes that automatically includes robust menu setup, online ordering tools, and reservation management. There are more Wix Restaurant users coming to Wix than ever before, and the businesses are rapidly growing their sales on our platform.

Wix Stores is a complete solution for businesses of all sizes, whether they are entrepreneurs starting an online business, retailers moving their store online or brands that are already very successful. The advanced business features on Wix Stores help our users launch, run and scale their online store successfully.

We have focused on supporting the increased demand and the needs of our top sellers. We developed gift card support by integrating with the third-party app Gifted. We also began offering installment payments through Afterpay in the US, Australia and New Zealand and Clearpay in the UK as well as Laybuy in the UK, Australia and New Zealand. We have also released various enhancements for highly requested Catalog and Storefront features.

In Q3, **Wix Bookings** introduced a new ultra-fast, fully customizable and responsive Service Page. As part of this service page, we introduced new business reports for our users, continued focusing on answering our users' needs during the pandemic and improved our Owner Calendar to better support capacity control needs.

User Spotlight



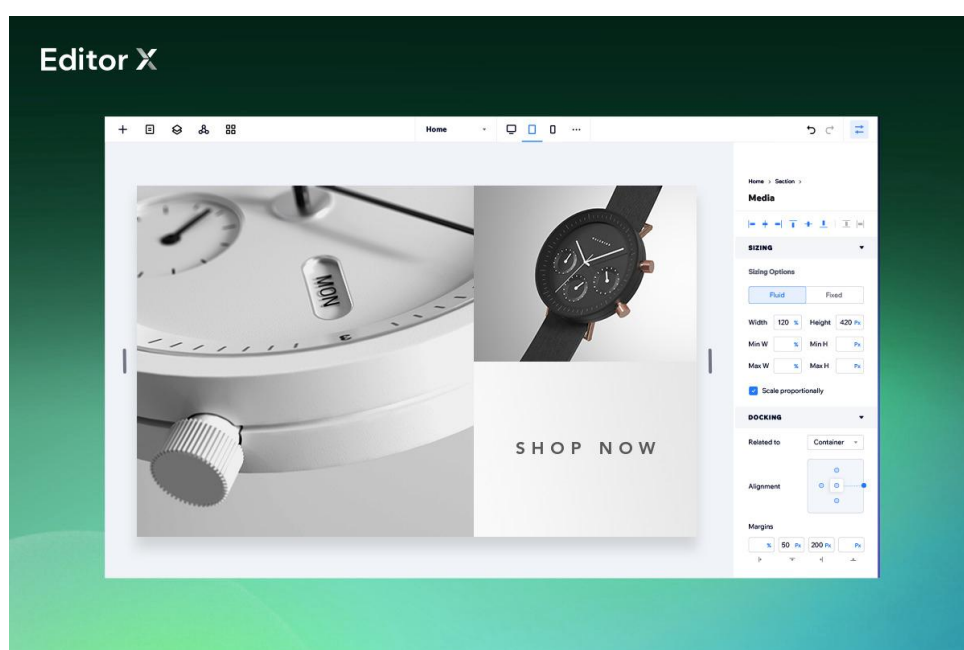
“Our brownie business started from two small stands in London. After COVID-19, I transferred it online on Wix, and my brother joined me. Over the past couple of months our business grew dramatically, and we now deliver all over the UK, offering personalised brownies. We recently hired four people, and we’re moving to a proper bakery instead of my private kitchen.”

Kanita Ramaxhiku
Owner at www.browniegod.com/
London, UK

Moving Creation Products Up Market

The combination of **Editor X**, our advanced design platform, and **Corvid by Wix**, our advanced developer ecosystem, has made Wix the most comprehensive solution for professional web creators. With Corvid and Editor X, we have been able to significantly elevate our brand perception among agencies and freelance designers and developers.

In addition to providing the best creation platform for professionals, we aim to give them the tools and resources needed to grow their website building businesses. The **Partner Program** is for freelancers and agencies who use Wix and Editor X to build websites for clients. The Program offers access to the Partner Dashboard, ability to use the Get Feedback feature, and utilize the Partner Blog, Partner Forum, and other Partner Resources, priority support, access to product betas, client billing, access to the Wix Marketplace, and a dedicated account manager. More Partners joined the program in Q3 than any other quarter so far, and collections from Partners in Q3 grew more than double the rate of overall Wix collections.



The **Wix Marketplace** connects users with Partners by offering professional web services to Wix users and provides Partners with a place to find and manage clients. This quarter, we made a number of improvements to the **Partner Dashboard** to give Partners a seamless experience, including automatically adding projects to the Partner's Contact List, moving all Partner to client communication into the Wix Marketplace, and providing a project timeline for all communications and deadlines with the clients.

We also introduced client billing on Wix, which allows agencies and freelancers to use Wix Payments to invoice their clients, set up recurring invoices, view overdue amounts, and support different currencies, all within the Partner Dashboard.

Since its introduction in February, **Editor X**, even while still in beta, has successfully become a funnel for high engagement in the Partner Program. In March, a full service agency building sites on a competitor signed up for the Editor X beta. After several conversations with our account management team, this agency purchased a subscription package at the highest level of the Partner Program and is now redesigning its agency marketing website on Editor X. This is one example of a trend we are seeing across many agencies on Wix.

Providing Tools for Businesses to Grow Online

In order to grow their businesses, users require more than just a web presence. Wix provides businesses with many solutions to manage and grow their business online, including third-party applications, Ascend by Wix, and Wix Payments, among others.

Recently we introduced **Wix Analytics**, a tool to help users gain actionable insights on their website visitors' behavior and use them to improve their website. Users can get tailored, data-based recommendations to improve their sites based on the reports, allowing them to make better decisions with confidence, analyze their revenue, track their website traffic, get to know their customer base, and understand website visitors' behavior. Users can also find personalized suggestions to boost traffic and engage potential customers and are directed to our marketing tools, such as **SEO Wiz, Email Marketing, Coupons, and Facebook Ads**. Every website built on Wix has access to Wix Analytics in the Dashboard. Users can choose from dozens of ready-made, customizable reports or create their own.

Ascend by Wix is our all-in-one marketing and customer management application that helps businesses grow online. In Q3'20, we generated 2x more Ascend subscriptions than in Q3'19. We have made significant improvements to the discoverability of these features, such as adding chat widgets to templates, form builders to the Add Elements menu in the Editor, and Ascend logos to emails sent from Wix.

As a website gets bigger and businesses grow, users tend to add more features from Ascend onto their website and many end up purchasing a subscription to better manage their business and serve their customers.

Wix Payments provides users with the best way to accept payments and manage their funds, and adoption and payment volume continues to rise as new users join the platform and grow their businesses on Wix.

User Spotlight



"We started back in 2014. Since COVID-19, my business switched gears to sell online directly to customers. This year we're on track to hit over \$1.6 million in sales and Wix has been able to keep up with our rapid growth from year one. Not only does Wix provide a platform for small businesses to grow, they also provide incredible support and a desire to help you succeed. We look forward to continuing to grow with them!"

Amanda Buhse

Owner of www.coalandcanary.com

Winnipeg, Canada

Financial Review Q3 2020



Revenue and Collections

Total revenue in Q3 was \$254.2M, up 29% y/y.
Total collections in Q3 were \$280.9M, up 36% y/y.
Both revenue and collections accelerated over Q2 and exceeded the high end of our guidance ranges for the quarter. Changes in FX had an immaterial impact of less than \$1M on both collections and revenue this quarter.

Creative Subscriptions

Creative Subscriptions revenue in Q3 was \$203.0M, up 23% y/y, accelerating from growth of 21% y/y in Q2'20. Creative Subscriptions ARR grew to \$840.5M, up 24% y/y, accelerating from growth of 22% y/y in Q2'20. The increase in ARR was driven by both a significant increase in premium subscriptions and average revenue per subscription (ARPS).

Creative Subscriptions collections in Q3 were \$228.3M, up 32% y/y, accelerating from y/y growth of 28% in Q2. The acceleration was again driven by the increase in subscriptions, subscriptions to higher priced packages, as new subscriptions with a vertical application attached grew faster than overall subscriptions, and a slightly higher ratio of annual and multi-year subscriptions. In Q3, 72% of gross new subscription additions were annual, continuing the trend from Q2 of longer term subscription purchases.

We added 302K subscriptions on a net basis in the quarter, which is up 164% y/y, higher than the y/y growth in Q2. New subscriptions from both the new Q3 cohort as well as existing cohorts were both strong this quarter.

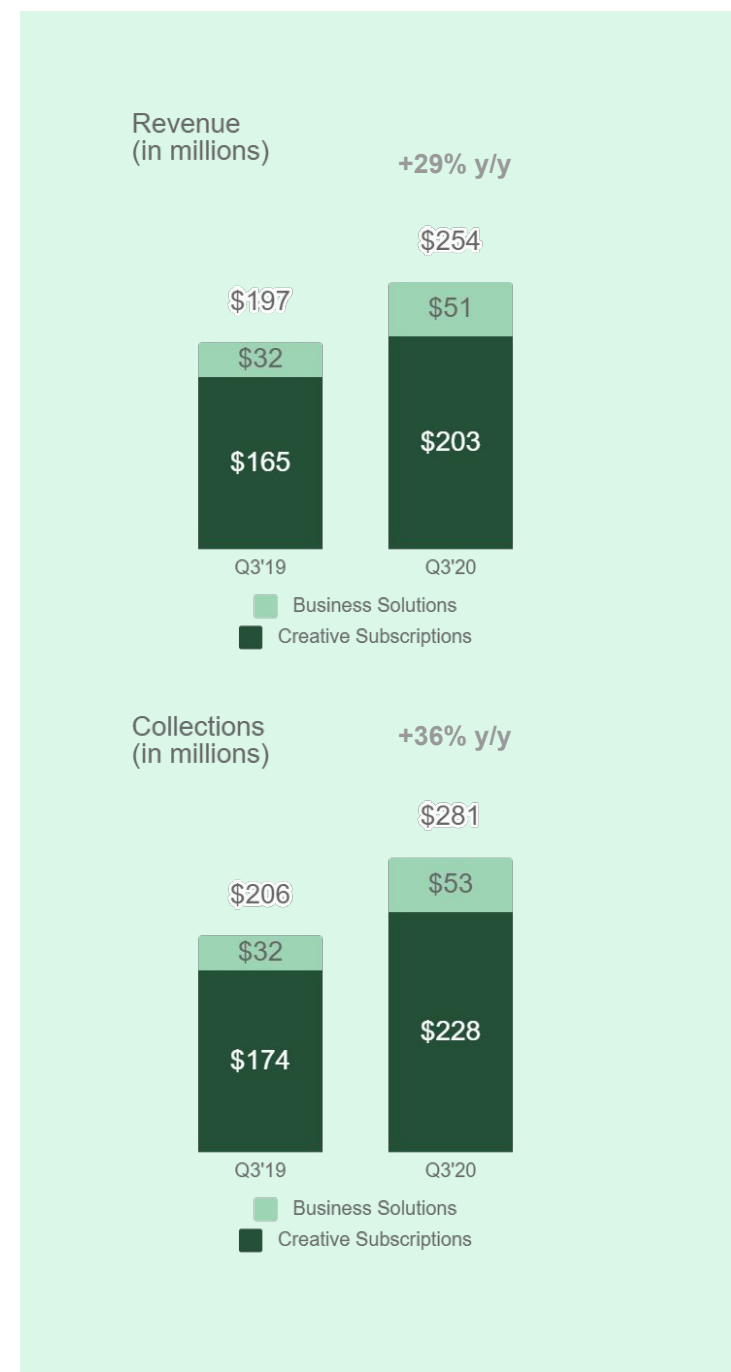
The Q3 user cohort achieved the strongest conversion of users to subscriptions in over two years, and these new subscriptions from the Q3 cohort of users accounted for 39% of total new gross subscriptions in Q3. Strong conversion of users in existing cohorts drove another quarter of negative churn; new subscriptions from existing cohorts accounted for 61% of total new gross subscriptions in the quarter.

Our new Channels initiative also contributed to outperformance in Q3. For these partnership agreements, we recognize collections for the commitment amount by the partner. Revenue is recognized over the term of the subscription, and premium subscriptions are only counted once a subscription is purchased by a customer of the partner.

Business Solutions

Business Solutions revenue in Q3 was \$51.2M, up 60% y/y and Business Solutions collections in Q3 were \$52.6M, up 63% y/y.

Growth was driven primarily by an increase in applications, most notably Ascend by Wix. Growth in Wix Payments was also strong as adoption remains about 80% of eligible users and sales processed through Wix Payments increased. Business Solutions results are also benefiting from increasing contributions from Facebook Ads, shipping solutions and Business Phone Number purchases.



Creative Subscriptions captures all revenue and collections generated from subscriptions to website and Partner packages, including vertical applications when purchased in a bundled subscription and domain subscriptions by any type of user.

Business Solutions is made up of various products that we offer to help users manage and growth their business online. Revenue models differ depending on the product.

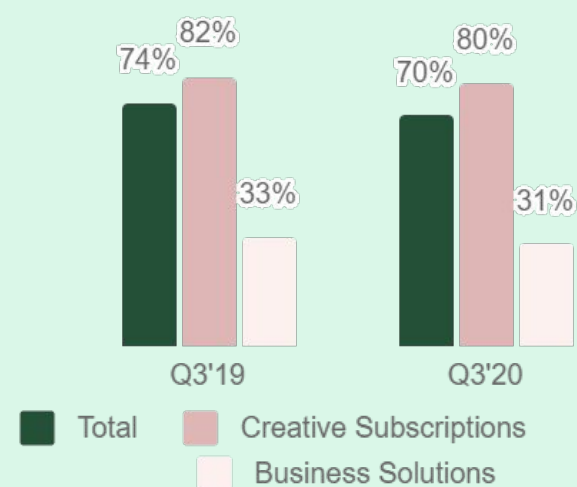
Non-GAAP Gross Margin

Total non-GAAP gross margin was 70% of revenue in Q3, compared to 71% in Q2 and 74% in Q3 2019. Overall gross margin declined due to incremental investments in Customer Care as well as increased hosting costs, both associated with the higher demand we are experiencing. We opened up three new Customer Care locations in the U.S. in order to continue to serve our rapidly growing user base, recently hiring agents in Denver, Austin, and Cedar Rapids, Iowa.

Creative Subscriptions non-GAAP gross margin was 80% in Q3, compared to 81% in Q2 and 82% in Q3 2019. The decline was related to the investment in expanding our Customer Care organization as well as higher hosting costs to meet the rise in users.

Business Solutions non-GAAP gross margin was 31% in Q3, compared to 32% in Q2 and 33% in Q3 2019. The decline was also partly attributed to high allocated support and hosting costs. In addition, the growth of Wix Payments continues to impact our gross margin as it carries a lower gross margin than the other products in this segment; however, the gross margin of Payments is increasing as we scale this solution.

Non-GAAP Gross Margin



Operating Expenses

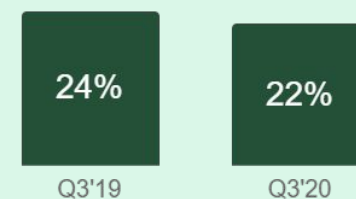
Non-GAAP R&D expenses were \$62.9M in Q3 compared to \$56.0M in Q2 and \$49.5M in Q3 2019. As a percent of collections, non-GAAP R&D expenses were 22% in Q3, up from 21% in Q2 and down from 24% in Q3 2019. Our disciplined approach to strategically investing in growth allows us to continue to deliver groundbreaking new products on time and do so with operating leverage.

Non-GAAP S&M expenses were \$106.4M in Q3 compared to \$113.2M in Q2 and \$70.3M in Q3 2019. As a percent of collections, S&M expenses were 38% in Q3 compared to 43% in Q2 and 34% in Q3 2019.

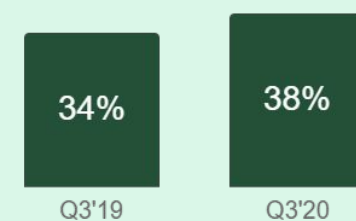
We continued to make significant incremental investments into acquisition marketing in response to the increased demand that we have witnessed since the beginning of the pandemic. The higher conversion of users to subscriptions and increasing collections per subscriptions is driving efficiencies in our marketing investment as we remained within our targeted range of time to return on investment (TROI) of 7-9 months.

Non-GAAP G&A expenses were \$16.4M in Q3 compared to \$15.5M in Q2 and \$13.2M in Q3 2019. Non-GAAP G&A expense was 6% of collections in Q2 2020, roughly the same as it has been for more than two years. G&A expenses have increased in parallel with the growth of our overall business.

Non-GAAP R&D
as a % of Collections



Non-GAAP S&M
as a % of Collections



Non-GAAP G&A
as a % of Collections



Operating Income (Loss)

Non-GAAP operating loss in Q3 was \$(8.5)M, compared to operating loss of \$(17.0)M in Q2 and income of \$12.3M in Q3 2019. The operating loss in Q3 was due to the incremental investment in marketing as well as increased hiring in Customer Care and slightly increased hosting costs in conjunction with the rapid growth of our user base.

Overall collections again grew faster in the quarter, which also impacted operating income. When incremental collections growth exceeds revenue growth, our income statement profitability slows as revenue can only be recognized ratably over the term of a subscription even though cash is collected up front. This impact is further supported by the y/y change in total deferred revenue, which increased 39% y/y.

Free Cash Flow and Balance Sheet

Free cash flow in Q3 was \$19.4M, compared to \$46.7M in Q2 and \$29.2M in Q3 2019. The decrease was mostly driven by the increased marketing expenses from Q2. Excluding capital expenditures related to the buildout of our new headquarters offices, free cash flow would have been \$20.2M in Q3, a decrease of (31)% y/y.

Total capital expenditures were \$5.1M in Q3, compared to \$3.3M in Q2 and \$6.8M in Q3 2019. Total capex in Q3 included approximately \$1M in costs associated with our new headquarters office buildout.

We originally believed that the capex associated with our new office buildout would be \$8-9M in 2020; however, delays in construction during the pandemic will push much of this capex into 2021. In Q1-Q3 2020, we have incurred approximately \$1.7M in capex related to this buildout, and we expect only another \$0.5-\$1M in Q4 2020.

We ended the quarter with \$1.5B in cash on the balance sheet and \$824M in long-term debt. In Q3 we issued \$575M in 0% convertible senior notes due 2025, generating approximately \$513M of cash, after expenses related to the call spread and fees.

Our total employee headcount was 4,219 as of the end of Q3.

At the end of Q3, our basic weighted average share count was approximately 55.4M and our weighted average fully diluted share count was approximately 66.6M.

Outlook Update

While uncertainty surrounding the pandemic and its impact on economies continues -- with some countries returning to a sense of normalcy and others resuming lockdown measures -- we have experienced sustained growth.

Our Q3 results and Q4 outlook demonstrate the new state of mind of creators and businesses about the importance of an online presence.

Despite the continued uncertainty surrounding the pandemic, we remain focused on being a destination for creators and businesses to move and grow online. Our Q4 guidance reflects the continuation of this growth and demand for our offering.

Our outlook is also underscored by continued gains from investments in our business, including improving and growing our Customer Care organization, bolstering our infrastructure and increasing marketing activities. We believe these investments will continue to drive positive returns.

For Q4 2020, we expect the following (assumes FX rates as of today):

- Revenue of \$266 to \$271 million, or 30-32% y/y growth
 - Q4 revenue guidance implies full year 2020 revenue of \$972 to \$977 million, or y/y growth of 28%
- Collections of \$295 to \$305 million, or 30% - 35% y/y growth
 - Q4 collections guidance implies full year 2020 collections of \$1.09 to \$1.10 billion, or y/y growth of 31% - 32%
- Free cash flow of \$16 to \$21 million, including approximately \$1 million in capex for the future build out of our new headquarters
 - Q4 FCF guidance implies full year 2020 FCF of \$122 to \$127 million

The importance of an online presence has never been more apparent. As this new state of mind endures, along with our investments in growth, we are excited about what is to come in 2021.

Q4 2020 Guidance

Revenue:

\$266-\$271 million
30-32% y/y growth

Collections:

\$295-\$305 million
30-35% y/y growth

Free Cash Flow:

\$16-\$21 million

FY 2020 Guidance

Revenue:

\$972-\$977 million
28% y/y growth

Collections:

\$1.09 - \$1.10 billion
31-32% y/y growth

Free Cash Flow:

\$122-\$127 million

Additional Modeling Notes

- Gross margin: we continue to expect non-GAAP gross margin of our Creative Subscriptions segment to be approximately 79-80% of revenue for the full year 2020 due to the incremental investments we have made in Customer Care and hosting throughout the year. We expect this investment will return itself through future collections growth

We expect the non-GAAP gross margin of our Business Solutions segment to continue to decline from the 1H 2020 through the end of the year, primarily due to to expected growth of Wix Payments as well as allocated support and hosting costs

- Non-GAAP operating expenses: as demand remains high, we expect marketing activities to remain elevated in Q4. We anticipate non-GAAP R&D and G&A expenses to be in line with dollar levels that we planned prior to the pandemic
- GAAP and Non-GAAP tax expense: expected to be \$3-4 million for the full year 2020
- Capital expenditures: expected to be approximately \$18-20 million for the full year 2020. This amount includes approximately \$3.0-3.5 million of capex related to the build out of our new HQ offices
 - The actual capex related to our new HQ build out was below what we expected for the full year of 2020 due to delays in construction related to the pandemic. We will update our future expectations of capex related to this project in our next earnings release
- Depreciation expense: expected to be approximately \$15-16 million for the full year 2020
- Share based compensation expense: is expected to be roughly \$146-148 million for the full year 2020
- Share count: we estimate we will have approximately 56 million basic shares outstanding and approximately 63 million fully diluted shares outstanding at the end of full year 2020
 - Considering the above, weighted average shares outstanding used to calculate EPS is expected to be approximately 53-54 million shares for the full year 2020
 - Please note that basic weighted average shares outstanding is equal to fully diluted weighted shares outstanding to calculate fully diluted EPS as long as there is a GAAP net loss, which we anticipate will be the case for 2020

Appendix

Notes and Modeling Clarifications

Annualized Recurring Revenue (ARR): 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; (iii) monthly revenue from partnership agreements.

Share repurchase authorization: Wix plans to submit to the Israeli District Court a renewal of a repurchase authorization for up to \$300 million of ordinary shares or convertible notes from time to time, until December 31, 2021 or a shorter period approved by the court.

Conference Call and Webcast Information

Wix will host a conference call at 8:30 a.m. ET on Thursday, November 12, 2020 to answer questions about the financial and operational performance of the business for the third quarter ended September 30, 2020. The conference call will include a brief statement by management and will focus on answering questions about our results during the quarter. To enhance the Q&A portion of this call, the Company has posted a shareholder update and supporting slides to its Investor Relations website at <https://investors.wix.com/>. These materials provide shareholders and analysts with additional detail for analyzing results in advance of the quarterly conference call.

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 4409229. A telephonic replay of the call will be available through November 19, 2020 at 11:30 a.m. ET by dialing +1-855-859-2056 and providing Conference ID 4409229.

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

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, collections on a constant currency basis, revenue on a constant currency basis, non-GAAP gross margin, non-GAAP operating income (loss), non-GAAP net income (loss), non-GAAP net income (loss) per share, free cash flow, free cash flow, as adjusted, free cash flow margins, non-GAAP R&D expenses, non-GAAP S&M expenses, non-GAAP G&A expenses, non-GAAP operating expenses, non-GAAP cost of revenue expense, non-GAAP 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 represent 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. 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. 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, 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 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.

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 fourth quarter 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 grow our user base and premium subscriptions, including through our Wix Partner Program; 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; 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, and our ability to successfully enter into partnership agreements; our ability to maintain and enhance our brand and reputation; our prediction of the future collections generated by our user cohorts; our share repurchases made pursuant to our share repurchase plan; 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 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		
	Q3	Q4	Q1	Q2	Q3
Revenues	\$196,791	\$204,588	\$215,987	\$236,059	\$254,180
Collections	\$205,860	\$226,683	\$248,858	\$265,851	\$280,941
Non-GAAP Gross Profit	\$145,163	\$150,461	\$155,548	\$167,751	\$177,221
<i>Non-GAAP Gross Margin %</i>	74%	74%	72%	71%	70%
Non-GAAP R&D expenses	\$49,465	\$51,426	\$53,972	\$56,034	\$62,923
<i>% of revenues</i>	25%	25%	25%	24%	25%
<i>% of collections</i>	24%	23%	22%	21%	22%
Non-GAAP S&M expenses	\$70,255	\$67,940	\$90,905	\$113,227	\$106,356
<i>% of revenues</i>	36%	33%	42%	48%	42%
<i>% of collections</i>	34%	30%	37%	43%	38%
Non-GAAP G&A Expenses	\$13,185	\$13,926	\$14,865	\$15,496	\$16,445
<i>% of revenues</i>	7%	7%	7%	7%	6%
<i>% of collections</i>	6%	6%	6%	6%	6%
Non-GAAP Operating Income (Loss)	\$12,258	\$17,169	(\$4,194)	(\$17,006)	\$(8,503)
<i>% of revenues</i>	6%	8%	(2%)	(7%)	(103%)
<i>% of collections</i>	6%	8%	(2%)	(6%)	(3%)
Non-GAAP Net Income (Loss)	\$20,826	\$19,898	(\$396)	(\$14,170)	\$(8,016)

in 000s	2019			2020		
	Q2	Q3	Q4	Q1	Q2	Q3
Revenues	\$185,419	\$196,791	\$204,588	\$215,987	\$236,059	\$254,180
Change in deferred revenues	\$14,144	\$9,069	\$22,095	\$32,871	\$29,792	\$26,761
Collections	\$199,563	\$205,860	\$226,683	\$248,858	\$265,851	\$280,941
Creative Subscriptions Revenues	\$157,012	\$164,761	\$171,355	\$176,546	\$190,169	\$202,996
Change in deferred revenues	\$13,481	\$8,810	\$19,450	\$32,251	\$27,527	\$25,331
Creative Subscriptions Collections	\$170,493	\$173,571	\$190,805	\$208,797	\$217,696	\$228,327
Business Solutions Revenues	\$28,407	\$32,030	\$33,233	\$39,441	\$45,890	\$51,184
Change in deferred revenues	\$663	\$259	\$2,645	\$620	\$2,265	\$1,430
Business Solutions Collections	\$29,070	\$32,289	\$35,878	\$40,061	\$48,155	\$52,614
Gross Profit	\$138,757	\$142,496	\$147,353	\$153,917	\$165,577	\$174,340
Share based compensation expenses	\$1,436	\$1,525	\$1,582	\$1,631	\$1,869	\$2,455
Acquisition related expenses	\$0	\$0	\$0	\$0	\$305	\$200
Amortization	\$141	\$142	\$1,526	\$0	\$0	\$226
Non GAAP Gross Profit	\$140,334	\$143,496	\$150,461	\$155,548	\$167,751	\$177,221
<i>Non GAAP Gross margin</i>	<i>76%</i>	<i>74%</i>	<i>74%</i>	<i>72%</i>	<i>71%</i>	<i>70%</i>
Gross Profit - Creative Subscriptions	\$127,717	\$133,219	\$137,935	\$141,156	\$151,659	\$159,635
Share based compensation expenses	\$1,225	\$1,285	\$1,334	\$1,322	\$1,485	\$1,947
Non GAAP Gross Profit - Creative Subscriptions	\$128,942	\$134,503	\$139,269	\$142,478	\$153,144	\$161,582
<i>Non GAAP Gross margin - Creative Subscriptions</i>	<i>82%</i>	<i>82%</i>	<i>81%</i>	<i>81%</i>	<i>81%</i>	<i>80%</i>

in 000s	2019		2020		
	Q3	Q4	Q1	Q2	Q3
Gross Profit - Business Solutions	\$10,277	\$9,418	\$12,761	\$13,918	\$14,705
Share based compensation expenses	\$240	\$248	\$309	\$384	\$508
Acquisition related expenses	\$0	\$0	\$0	\$305	\$200
Amortization	\$142	\$1,526	\$0	\$0	\$226
Non GAAP Gross Profit - Business Solutions	\$10,659	\$11,192	\$13,070	\$14,607	\$15,639
<i>Non GAAP Gross margin - Business Solutions</i>	<i>33%</i>	<i>34%</i>	<i>33%</i>	<i>32%</i>	<i>31%</i>
Research and development (GAAP)	\$64,488	\$66,634	\$70,716	\$75,464	\$84,473
Share Based Compensation	\$14,886	\$14,900	\$16,185	\$18,216	\$20,312
Amortization	\$137	\$308	\$123	\$123	\$123
Acquisition related expenses	\$0	\$0	\$436	\$1,091	\$1,115
Non-GAAP research and development	\$49,465	\$51,426	\$53,972	\$56,034	\$62,923
<i>% of collections</i>	<i>24%</i>	<i>23%</i>	<i>22%</i>	<i>21%</i>	<i>22%</i>
Selling and marketing (GAAP)	\$75,862	\$74,809	\$96,156	\$119,333	\$113,092
Share Based Compensation	\$4,590	\$4,614	\$4,568	\$5,395	\$6,108
Amortization	\$453	\$550	\$442	\$442	\$476
Acquisition related expenses	\$564	\$1,705	\$241	\$269	\$152
Non-GAAP selling and marketing	\$70,255	\$67,940	\$90,905	\$113,227	\$106,356
<i>% of collections</i>	<i>34%</i>	<i>30%</i>	<i>37%</i>	<i>43%</i>	<i>38%</i>

in 000s	2019		2020		
	Q3	Q4	Q1	Q2	Q3
General and administrative (GAAP)	\$23,751	\$23,602	\$25,436	\$24,531	\$26,515
Share Based Compensation	\$7,391	\$7,377	\$8,334	\$9,487	\$10,047
Amortization	\$1	\$1	\$1	\$1	\$1
Acquisition related expenses	\$0	\$163	\$262	\$32	\$22
Sales tax accrual and other G&A expenses (income)	\$3,174	\$2,135	\$1,974	(\$485)	\$0
Non-GAAP general and administrative	\$13,185	\$13,926	\$14,865	\$15,496	\$16,445
<i>% of collections</i>	6%	6%	6%	6%	6%
GAAP Operating Loss	(\$20,605)	(\$17,692)	(\$38,391)	(\$53,751)	(\$49,740)
Share Based Compensation	\$28,392	\$28,473	\$30,718	\$34,967	\$38,922
Amortization	\$733	\$2,385	\$566	\$566	\$826
Acquisition related expenses	\$564	\$1,868	\$939	\$1,697	\$1,489
Sales tax accrual and other G&A expenses (income)	\$3,174	\$2,135	\$1,974	(\$485)	\$0
Non-GAAP Operating Income (Loss)	\$12,258	\$17,169	(\$4,194)	(\$17,006)	\$(8,503)
Net cash provided by operating activities	\$36,073	\$41,237	\$45,027	\$49,958	\$24,514
Capital expenditures, net	\$6,846	\$3,766	\$5,075	\$3,264	\$(5,134)
Free Cash Flow	\$29,227	\$37,471	\$39,952	\$46,694	\$19,380
Capital expenditures related to future Wix HQ office build out	\$0	\$0	\$483	\$408	\$779
Free Cash Flow (excluding future Wix HQ office build out)	\$29,227	\$37,471	\$40,435	\$47,102	\$20,159

in millions	Q4'20 Outlook	FY'20 Outlook
Revenues	\$266-271 million	\$972 - 977 million
Deferred Revenue	\$29-34 million	\$118-123 million
Collections	\$295 - 305 million	\$1,090 - 1,100 million