



# SHAREHOLDER UPDATE

Third Quarter 2019

November 14, 2019

# Wix

## Q3 2019

### Earnings Summary

**160M users**  
**+5.5M adds**

**4.4M subs**  
**+114K net adds**

**\$6.1 billion**

in expected future collections  
from existing cohorts over the  
next 8 years

**Introduced Wix  
Partner Program**

**Revenue**  
**+ 26% y/y**

**Collections**  
**+ 26% y/y**

**ARPS**  
**+ 8% y/y**

## Q3'19 Highlights

### Global pricing optimization and product adoption drove continued top line growth in Q3

- The y/y increase in registered users and premium subscriptions as well as increases to monetization per subscription demonstrate the success of recent initiatives
- Revenue was \$196.8M, up 26% y/y. Revenue was impacted by changes in FX since Q3 guidance was provided, as well as a change in mix
- Collections were \$205.9M, up 26% y/y, accelerating from 25% y/y growth in Q2'19. Assuming constant foreign exchange (FX) rates since Q3 guidance was issued in July, Q3 collections were \$207.0M, up 27% y/y

### Lifetime cohort value continues to increase, providing a source of sustainable and durable growth

- Net subscription additions were 114K, adding to a strong base of now over 4.4M subscriptions
- Average Annual Revenue per Subscription (ARPS) was up 8% y/y to \$175
- Average Collections per Subscription (ACPS) of new, full-priced, annual subscriptions in the US increased 39% y/y to \$247
- The Q1'19 user cohort generated 10% more in collections in the first three quarters than the Q1'18 user cohort
- Future collections of all existing cohorts expected to be \$6.1 billion over the next 8 years, an increase of 24% from \$4.6 billion over a year ago

### Investment in Sales & Marketing to professionals market beginning to show positive results

- This quarter we rolled out the Wix Partner Program, offering agencies professional resources to help them achieve their business goals and serve their clients
- Based on data collected to date, professionals that have built sites on Wix are extremely high-quality users, who not only have higher retention rates but also buy far more subscriptions than the average user
- Non-GAAP S&M as a % of collections improved over 200 bps y/y, from 36% in Q3'18 to 34% in Q3'19. Excluding the incremental investment in marketing to professionals that we announced earlier this year, this improvement would have been even greater

## Q3 Results vs. Guidance

### GAAP Revenue

Actual Results

**\$196.8 million**

Prior Guidance

**\$196-198 million**

### Collections

Actual Results

**\$205.9 million**

Constant Currency (since July 2019)

**\$207.0 million**

Prior Guidance

**\$204-206 million**

## **Heading into 2020 with several key initiatives expected to contribute to growth**

- We believe net subscription additions will accelerate in 2020 due to several initiatives, including the continued release of new and improved products that we believe will increase conversion of users to premium subscriptions, growth of subscriptions from Partners and our investment in Customer Solutions
- We also expect that non-subscription products and third party services, such as Wix Payments and business applications, will contribute to growth in 2020
- We are planning a significant new product introduction for Q1 2020

# Financial Performance

Please refer to the "Notes" section at the end of this document in regards to the presentation of these financial results.

## Revenue and Collections

Revenue in Q3 was \$196.8M, up 26% y/y. Changes in FX after we provided our Q3 guidance in July caused a headwind of ~\$0.5M in Q3. Revenue in Q3 was also impacted by a change in mix of products purchased by our users. Specifically, we sold a higher than expected number of subscription packages -- which produce less revenue in the quarter they are sold in as we recognize revenue over the term of the package -- relative to other services for which we recognize revenue immediately.

Collections in Q3 were \$205.9M, up 26% y/y, accelerating from Q2'19 growth of 25% y/y, as expected. Changes in FX after we provided our Q3 guidance in July caused an additional \$1.1M headwind to collections. **If FX rates had stayed the same, collections for Q3 would have been \$207.0M, exceeding our previous guidance by \$1M.**

We operate a global business with users in over 190 countries. As a result, our financial results are subject to fluctuations in changes in currency exchange rates. Approximately 30% of our collections are paid in currencies other than the US dollar.

Throughout 2019, changes in FX rates on a y/y basis have been a material headwind to our top line growth. If FX rates had remained the same throughout 2019 as they were in 2018, **our outlook for FY 2019 revenue would be ~\$10M higher or \$771-\$773M and collections would be ~\$12M higher, or \$840-\$843M, reflecting y/y growth of 28% for both.** These represent the growth of our business in 2019 on a y/y currency neutral basis.

Revenue (in millions)



Collections (in millions)



## Gross Margin and Operating Income

Non-GAAP gross margin was 74% of revenue in Q3, as expected, compared to 76% last quarter and 80% in Q3 of 2018. The decline is driven by the growth of Wix Payments and the investment in expanding our Customer Solutions organization.

**Non-GAAP gross margin for the full year 2019 is expected to be 75%, in line with the 75%-76% range that we previously provided.**

We have expanded our product and service offerings over the past two years to drive top line growth and provide an overall better experience for users. **Gross margin for our core subscription packages continues to be approximately 84%, in line to what we generated in 2017.**

The decline in GM% from 2017 to today's level has been expected and can be attributed to three reasons:

- The recognition of revenue from sales of G-Suite on a gross basis, which began in 2018
- The launch of Wix Payments in Q4 2018 in Brazil and in Q1 2019 in the US and Europe
- The investment in 2019 to expand our Customer Solutions organization

These changes also impact Operating Income.

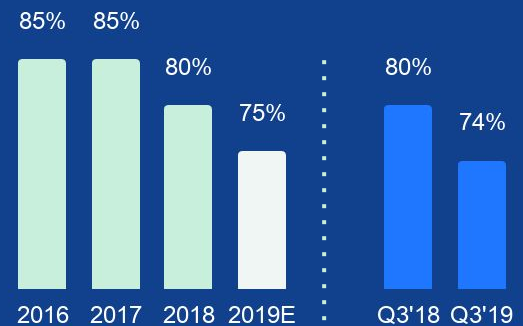
**We plan to provide further detail of our revenue mix in 2020 to give more transparency to GM% across our offerings.**

Non-GAAP R&D expense was \$49.5M in Q3 compared to \$47.2M in Q2 and \$38.6M in Q3 2018. As a percent of collections, non-GAAP R&D expense was 24% in Q3, consistent with the prior quarter and the year ago quarter.

Non-GAAP S&M expense was \$70.3M in Q3 compared to \$66.4M in Q2 and \$59.2M in Q3 2018. As a percent of collections, S&M expense was 34% in Q3 compared to 33% in Q2 and 36% in Q3 2018.

**Investment in advertising throughout 2019 remains within our time to return on investment (TROI) horizon of 7-9 months.** We remained within this TROI of 7-9 months while increasing the amount of investment on a y/y basis throughout the year (investment in the Q1 user cohort was \$55M, up 25% y/y).

## Non-GAAP Gross Margin



## Non-GAAP R&D as a % of Collections



## Non-GAAP S&M as a % of Collections



## Average Annual Revenue per Subscription

ARPS in Q3 grew 8% y/y and accelerated q/q to \$175. Average collections per new annual, full-priced subscription package in the US, an early indicator of future ARPS growth, was up 39% y/y to \$247 in Q3.

**The increase in these metrics illustrate our success in the pricing optimization efforts we have undertaken over the last year, as well as the increasing value of our products. Further, y/y growth in average collections per new annual, full-priced subscription is increasingly being reflected in ARPS.**

As we lap the pricing changes that began in Q3 2018, the relevance of the average collections per new annual, full-priced subscription package in the US metric diminishes. As a reminder, we provide this metric to illustrate the acceptance by our users of higher prices given the higher value we now provide. We expect this metric to continue to grow y/y but at declining rates, beginning next quarter. However, **as collections from higher priced packages are recognized into revenue and make up a larger percentage of our overall subscription base, we expect ARPS y/y growth to continue.**

Results over recent quarters provide us confidence that pricing optimization and increased adoption of applications and non-subscription products will continue to contribute to overall growth through monetization per subscription. Further, **while ARPS will continue to be a driver of growth in the coming quarters, increases in net subscriptions will also drive growth.**

Average Annual Revenue per Subscription (ARPS)



Average collections per new, annual, full-priced subscription package in the U.S.



In addition, this year we made a significant investment in marketing towards the professional community. This investment is beginning to pay off, and we plan to continue to invest in these efforts to build a larger team and build our brand in this market. **Even including this incremental investment, we expect non-GAAP S&M as a % of collections to be 35% for the full year 2019, an improvement from 36% the prior year and at the low end of our previous guidance.**

Non-GAAP G&A expense was \$13.2M in Q3 compared to \$12.5M in Q2 and \$9.8M in Q3 2018. G&A expenses have increased in parallel with the growth of our overall business. Non-GAAP G&A expense was 6% of collections in Q3, the same as it has been for more than a year.

Non-GAAP operating expenses were \$132.9M in Q3, or 65% of collections, in line with our expectations

Non-GAAP operating income in Q3 was \$12.3M, compared to \$14.2M in Q2 and \$16.3M in Q3 2018. As outlined above, the decline in operating income was driven by lower gross margin, specifically driven by Wix Payments and the investment in Customer Solutions.

Free cash flow in Q3 was \$29.2M, compared to \$30.8M in Q2 and \$23.7M in Q3 2018, an increase of 23% y/y.

Capital expenditures were \$6.8M in Q3, compared to \$6.4M in Q2 and \$3.9M in Q3 2018. The increase continues to be driven mainly by leasehold improvements and equipment to support our growing headcount.

We ended the quarter with \$863.3M in cash on the balance sheet and \$354.6M in long-term debt.

Our total employee headcount was 2,993 as of the end of Q3 2019. This number excludes the new Customer Solutions agents that were hired by a third party.

At the end of Q3 2019, our basic weighted average share count was approximately 50.9M and our weighted average fully diluted share count was approximately 60.7M.

#### Non-GAAP G&A as a % of Collections



#### Non-GAAP Operating Income (Loss) (in millions)



#### Free Cash Flow (in millions)





# User Cohort Performance

In Q3 2019, we added 5.5M registered users, bringing total registered users to 160M. We continue to see very strong demand for building an online presence and have seen no evidence of market saturation or increased competition.

We added 114K net premium subscriptions in the third quarter, slightly ahead of our expectations. **We expect total net subscription additions for the full year to be at the higher end of 450,000 - 500,000, the range we previously provided.**

Total premium subscriptions at the end of the third quarter were 4.4M, or 15% higher than the third quarter of 2018. **The new subscriptions this quarter bolster a continuously growing base of subscriptions, which we expect to provide durable and sustainable growth for years to come.**

In 2020, we expect net subscription additions to re-accelerate due to several initiatives, including the continued release of new and improved products that we believe will increase conversion of users to premium subscriptions, growth of subscriptions from Partners and our investment in Customer Solutions.

Our user cohorts continued to exhibit consistent behavior and increased lifetime value through the third quarter of 2019:

- Collections from Q1 2019 user cohort increased 10% vs. the Q1 2018 user cohort over the same time period, accelerating from a quarter ago
- Average Collections per Subscription (ACPS) of new, full-priced annual subscriptions in the US increased 39% y/y to \$247 in Q3
- With the addition of our newest user cohort in Q3 2019, we now expect future collections of all existing cohorts to be \$6.1 billion over the next 8 years, based on current cohort behavior, an increase of approximately 24% over a year ago

Over the last year, we have executed several stages of price optimization globally, and we continue to see these efforts benefit the lifetime value of our cohorts.

During the quarter, 67% of gross subscriptions were annual or longer in term while 33% were monthly. As of the end of the third quarter, 83% of all subscriptions were annual or longer in term. The new cohort generated 37% of gross subscriptions in the quarter while existing cohorts comprised 63% of gross subscriptions.

Total Registered Users  
(in millions, at the end of the period)



Total Premium Subscriptions  
(in millions, at the end of the period)



## \$6.1 billion

in expected future  
collections from existing  
cohorts over the next 8  
years

# Business Update

**We are building the most comprehensive platform for creating and managing websites and web applications for any purpose by any type of user.**

Approximately 2M new users come to Wix every month to create their vision online. That vision may be as simple as a single-page website or as complex as a website and web application powered by a database and thousands of lines of custom code. In these cases - and all in between - we have a product to help these users achieve their vision.

Since our founding in 2006, we have focused the vast majority of our R&D and marketing investment on the do-it-yourself (DIY) market - users building websites for their own use. By developing innovative products such as the Wix Editor, Wix ADI and vertical applications, including Wix Stores and Wix Bookings, **we built a leading global DIY website development platform and brand.**

In late 2018, we introduced Corvid by Wix as part of our platform in order to expand our addressable market to professionals, such as website designers, agencies and web developers - users who build websites for others. This market is nearly 10x the size of the DIY market as there are hundreds of thousands of agencies and professionals who build websites for others. **Corvid by Wix greatly enhances the capabilities of Wix by giving those professionals that need it the ability to build far more robust and complex websites and applications than has ever been possible on Wix.**

Earlier this year, we announced that we would invest in marketing Wix to this professional market. We have already realized success from this investment - professionals tell us that Wix gives them the power to build online faster and more efficiently than any other solution. **We plan to continue our investment in both product development and marketing aimed at the professional market.**

We will also continue to invest in products and marketing for users who are looking to build websites for their own use. We have built a leading business and brand in the DIY market, and we believe we can grow our lead further.

Millions of users of all types come to Wix every month, and we now have a complete website development platform for any type of user to build online whatever it is they desire.

## Wix Partner Program

Among our many efforts to increase the usage of Wix by agencies, we began the roll out of the Wix Partner Program this quarter. This program is designed specifically for agencies and independent designers and developers that build sites on Wix (our “Partners”) to help them grow and deliver custom solutions for their clients.

The first phase of the program we have introduced provides several benefits for Partners in the program, including:

- A dedicated account manager to help streamline workflow
- Training on design tools, business solutions and marketing tools
- The ability to join our online marketplace, the Wix Arena, to get qualified leads
- Access to the Wix Partner dashboard, Partner forum, and product betas, as well as migration support and a complimentary business website

Further services and benefits are being designed to serve the specific needs of these customers. Throughout this year, we have seen new Partners successfully using Wix for the first time, as well as existing Partners building more of their projects on Wix. We also are connecting our Partners to our users as we build upon our entire ecosystem.

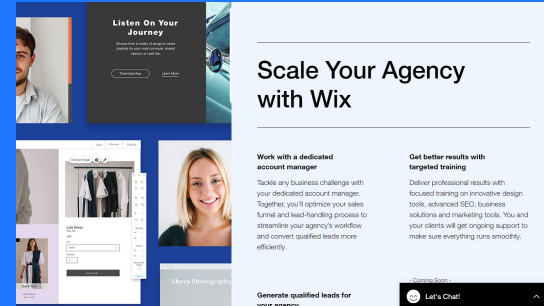
**Collections from Partners with 10 or more subscriptions has grown approximately 50% over the last year,** a great indication of the progress we have made with Partners on Wix.

We will continue to invest in product development and marketing in this sector and see great potential in serving this valuable group of customers.

## NTT Town Page Partnership

This quarter, we announced a partnership with NTT Town Page, offering a Wix-powered website to NTT’s business customers across Japan.

Japan is a key market for us, and this marks our first co-branding partnership in the region. NTT Town Page is evolving from its print directory business to a digital marketing solution, and we saw a perfect opportunity for us to help SMBs build a web presence and promote their businesses online.



The service will include a complete suite of products including website creation, site management, e-commerce and SEO capabilities to power online marketing and promotion for small and medium-sized businesses.

## Corvid by Wix

Corvid by Wix provides a set of advanced capabilities on Wix. The combination of Corvid, the Wix Editor and other products is key for attracting professionals to build sites on Wix. Corvid also provides advanced capabilities that can be used by non-professionals who are building sites for their own use.

Corvid by Wix has enabled users to create much more complex websites and applications than ever before on Wix.

**Our data proves that Corvid is attracting higher quality users to Wix.** Over one million users are utilizing capabilities provided by Corvid, and over 25% of these users are performing advanced actions, such as writing custom code or data binding. Traffic to sites built by these users generate 6.5x the traffic than all other sites on Wix, demonstrating the higher skill level of these users.

## Customer Solutions

Earlier this year, we announced that we would invest \$15M in 2019 to expand our Customer Solutions organization in order to provide round-the-clock, global support as well as personalize the overall level of support to our user base. We used this investment primarily to hire hundreds of new agents in low cost regions across the world.

We are in the process of training these new agents and establishing new procedures to deliver a more personalized support experience for our users. We expect these changes to our Customer Solutions organization to contribute incremental growth in 2020 of approximately 5%, or approximately 3x the investment.

**Our data proves  
that Corvid is  
attracting higher  
quality users to  
Wix**

## Wix Payments

Wix Payments began rolling out in the US at the beginning of 2019. Since then, it has been made available to new users in a dozen countries, and we have seen the penetration rate of Wix Payments increase. During the same period, overall GMV on Wix continues to grow.

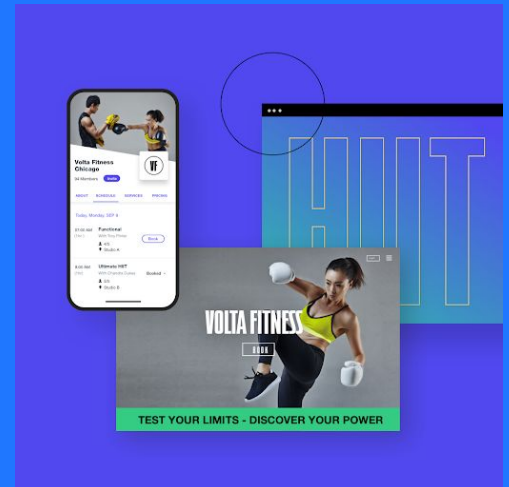
## Wix Fitness

We launched Wix Fitness globally to enable fitness instructors and studio owners the ability to manage each aspect of their businesses from their website and the Wix App.

Fitness professionals can create a website using newly designed templates and customize the mobile app, manage their calendars and classes, connect with their community, stream and sell videos, take payments and develop reports and analytics to help grow their business.

Wix Fitness handles bookings, subscriptions, e-commerce including coupons, SEO and email marketing, as well as a chat-centric interface that allows for real-time interactions with customers.

Fitness instructors are a growing segment of our customer base, and they want to be able to manage their businesses and connect with their customers on the go. Wix Fitness provides a complete solution so that they can focus on the teaching and training that their clients demand.



## Business Outlook

Our updated outlook for 2019 reflects the benefits of the ongoing evolution of our business as we focus on maximizing the lifetime value of our user cohorts.

The updated guidance also includes the impact of changes in FX rates since we last provided guidance on July 24. For Q4 2019, we expect the following:

- Revenue of \$204-\$206M, reflecting y/y growth of 24-25%
- Collections of \$222-\$225M, a y/y increase of 26-28%

For FY 2019, we are updating our guidance to the following:

- Revenue of \$761-\$763M, reflecting y/y growth of 26%
  - The updated guidance includes the impact of the change of revenue mix experienced in Q3
  - If FX rates had remained constant from when we last provided guidance, our updated revenue range would be \$762-\$764M
- Collections of \$828-831M, reflecting y/y growth of 26%
  - If FX rates had remained constant from when we last provided guidance, our updated collections range would be \$830-\$833M, an increase of \$3.5M at the midpoint of the range
- Free cash flow of \$124-\$126M, reflecting y/y growth of 22-24%
  - If FX rates had remained constant from when we last provided guidance, our updated FCF range would be \$126-\$128M, an increase of \$2.5M at the midpoint of the range

Changes in FX rates on a y/y basis have been a headwind to our top line throughout 2019. **On a y/y constant currency basis, our FY 2019 revenue guidance would be ~\$10M higher, or \$771-\$773M, and our collections guidance range would be ~\$12M higher, or \$840-843M, reflecting y/y growth of 28% for both.**

## Q4'19 Guidance

### GAAP Revenue

**\$204-206 million**

24-25% y/y growth

### Collections

**\$222-225 million**

26-28% y/y growth

## Updated FY'19 Guidance

### GAAP revenue

**\$761-763 million**

26% y/y growth

Constant Currency (since July 2019)

**\$762-764 million**

Prior Guidance

**\$761-765 million**

### Collections

**\$828-831 million**

26% y/y growth

Constant Currency (since July 2019)

**\$830-833 million**

Prior Guidance

**\$825-831 million**

### Free cash flow

**\$124-126 million**

22-24% y/y growth

Constant Currency (since July 2019)

**\$126-128 million**

Prior Guidance

**\$123-126 million**



## Additional Guidance

We are updating the following additional guidance for FY 2019:

- Non-GAAP gross margin: we continue to expect non-GAAP gross margin of approximately 75% of revenue in 2019

This gross margin is within the range we initially provided in May when we announced the investment in Customer Solutions. It also reflects the growth of Wix Payments and the change of revenue mix experienced in Q3

- Non-GAAP sales and marketing expense: we expect S&M expense on a non-GAAP basis to be approximately 35% of collections, the low end of the range we previously provided
- Non-GAAP operating expense: we expect total non-GAAP operating expenses to be roughly 64% of collections, 1% better than what we previously guided and an improvement of 200 bps from 2018

Non-GAAP operating income will decline y/y due to changes in FX rates and the decline in gross margin outlined above

- Non-GAAP tax expenses: we now expect non-gaap tax expenses to be \$2-3M, down from prior guidance of \$7-9M

The reduction in tax expense is related to the accrual of sales tax expense in GAAP G&A. In prior quarters, we included this accrual in income taxes and guidance for the year

- Capital expenditures: we now expect capital expenditures to be approximately \$23-24, an increase from our previous expectation of \$22-23M
- Depreciation: we continue to expect depreciation to be approximately \$12M
- Share based compensation expense: we now expect SBC expense to be roughly \$110-111M, down from \$114-115M
- Interest income: we continue to expect roughly \$20M in cash interest income in FY 2019

## Additional 2019 Guidance

**Non-GAAP gross margin**  
**~75% of revenue**  
for FY 2019

Prior Guidance:

**~75-76% of revenue**

**Non-GAAP sales and marketing expense**

**~35% of collections**  
for FY 2019

Prior Guidance:

**~35-36% of collections**

**Total Non-GAAP operating expenses**

**~64% of collections**  
for FY 2019

Prior Guidance:

**~65% of collections**

**Non-GAAP tax expenses**

**~\$2-3 million**  
for FY 2019

Prior Guidance:

**~\$7-9 million**

**Capital expenditures**

**~\$23-24 million**  
for FY 2019

Prior Guidance:

**~\$22-23 million**

- Share count: we estimate we will have approximately 51-53M basic shares outstanding at the end of full year 2019
  - 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 2019

## Additional 2019 Guidance

### Depreciation

**~\$12 million**

for FY 2019

### Share based compensation expenses

**~\$110-111 million**

for FY 2019

Prior Guidance:

**\$114-115 million**

### Interest income

**~\$20 million**

for FY 2019

### Basic shares outstanding

**~51-53 million**

at FYE 2019

### Fully diluted shares outstanding

**~60-62 million**

at FYE 2019



# Notes and Modeling

## Clarifications

- **Non-operating foreign exchange expenses (income):** Beginning in Q1 2019 we began excluding non-operating foreign exchange expenses and income from our non-GAAP calculations of net income and EPS
- **Operating leases:** We adopted Topic 842 effective January 1, 2019. The most significant effect of Topic 842 was the recognition of \$52M of operating lease assets and liabilities as of January 1, 2019. We applied Topic 842 to all leases as of January 1, 2019 with comparative periods continuing to be reported under Topic 840. Our accounting for finance leases remains substantially unchanged. The standard does not have a significant effect on our consolidated results of operations or cash flows.
- **Sales tax expense accrual:** In Q3, we accrued approximately \$3.2M in sales tax expense in GAAP G&A. The accrual is the result of the recent U.S. Supreme Court ruling in *South Dakota v. Wayfair, Inc.*, which stated that South Dakota may require a remote seller with no physical presence in the state to collect and remit sales tax on goods and services provided to purchasers in the state. Since the decision, most states have implemented similar Wayfair type rules and thresholds. We are currently analyzing our product offerings for potential taxability and exposure to sales tax in various jurisdictions in the U.S., and we believe we have a related estimated probable loss of approximately \$3.2M through Q3; we expect this accrual to increase in Q4. We are in the process of developing and implementing a solution that will enable us to invoice, collect and remit sales tax in the applicable jurisdictions, and we expect this process will be ready by 2020. Future sales tax expense will be collected from the users based upon our taxability analysis, and we will report revenue net of this expense. As this accrued expense will not recur in our operating expenses, we have excluded this accrual from our non-GAAP figures.
- **Share repurchase authorization:** As previously disclosed, Wix is authorized by the Israeli District Court to repurchase up to \$100M of its ordinary shares from time to time, until December 31, 2019, when the current court authorization expires. Wix plans to file in the coming days a motion seeking a renewed court approval in Israel to re-authorize the Company to repurchase up to \$100M of its ordinary shares from time to time until December 31, 2020, or a shorter period as approved by the court. Wix expects the motion to be re-approved before the expiration of the current authorization. Wix did not repurchase any shares in the quarter ended September 30, 2019.

- **Revenue recognition:** throughout 2019, we report revenue as a single line item. Revenue derived from Wix Payments is recognized on a gross basis.
- **Registered Users:** beginning in Q1 2019, we exclude from the Registered Users number users that initially registered with Wix through non-website products and have not yet begun the process of building a website. In Q2 through Q4 2018, we have included these users as the number was immaterial in each of those quarters. Once one of these users begins the process of building a website on Wix, that user will be counted as a Registered User in that period. We do not include Flok or DeviantArt users in our registered users numbers.
- **Premium subscriptions:** users that have purchased an Ascend by Wix subscription or a G-Suite subscription are not double-counted. We also do not include users who make a one-time purchase of a logo from the Wix Logo Maker. Wix Answers subscriptions are also not counted as a separate premium subscription. We also do not include Flok or DeviantArt users in our premium subscriptions numbers.
- **ARPS:** We calculate ARPS as total revenue, including revenue from third party applications such as G-Suite, over the last four quarters divided by the average number of premium subscriptions over the same period
- **Average Collections per New Annual, Full-Priced Subscriptions in the US:** This data point includes only collections per new annual subscriptions purchased in the US and paid in USD and excludes collections from subscriptions purchased on sale days or using coupons. We show this data to illustrate the early signs of a trend that we believe will continue, however this represents a small portion of our total business

## Conference Call and Webcast Information

Wix will host a conference call at 8:30 a.m. ET on Thursday, November 14, 2019 to answer questions about the financial and operational performance of the business for the third quarter ended September 30, 2019. 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 6392716. A telephonic replay of the call will be available through November 21, 2019 at 11:30 a.m. ET by dialing +1-855-859-2056 and providing Conference ID 6392716.

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 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. 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.

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 "Reconciliation of GAAP to Non-GAAP Financial Measures" 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 not reconciled its free cash flow guidance to net cash provided by operating activities because net cash provided by operating activities is not accessible on a forward-looking basis. Items that impact net cash provided by operating activities are out of the Company's control and/or cannot be reasonably predicted. Accordingly, a reconciliation to net cash provided by operating activities is not available without unreasonable effort. 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, our ability to grow our user base and premium subscriptions including through the launch of our Wix Partner Program; 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 partnership with NTT Town Page and our partnership with a Japanese payment provider, intended to expand our reach to customers in Japan; 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 2018 annual report on Form 20-F filed with the Securities and Exchange Commission on April 9, 2019. 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

20 forward-looking statements, whether as a result of new information, future developments or otherwise.



## Reconciliation of GAAP to Non-GAAP financial measures

in 000s	2018			2019			2016 FY	2017 FY	2018 FY
	Q2	Q3	Q4	Q1	Q2	Q3			
Revenue	\$146,132	\$155,000	\$164,197	\$174,290	\$185,419	\$196,791	\$290,103	\$425,036	\$603,704
Change in deferred revenue	\$13,763	\$7,177	\$11,861	\$26,089	\$14,144	\$9,009	\$51,966	\$58,353	\$54,681
Collections	\$159,895	\$162,777	\$176,058	\$200,379	\$199,563	\$205,800	\$342,069	\$483,989	\$658,385
in 000s	2018			2019			2016 FY	2017 FY	2018 FY
	Q2	Q3	Q4	Q1	Q2	Q3			
GAAP Gross Profit	\$115,095	\$122,623	\$129,708	\$134,575	\$138,757	\$143,496	\$244,810	\$356,245	\$476,757
Share Based Compensation	\$1,087	\$1,102	\$1,150	\$1,311	\$1,436	\$1,525	\$1,798	\$2,930	\$4,418
Amortization	\$142	\$142	\$142	\$142	\$141	\$142	\$0	\$505	\$568
Acquisition Related Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$28	\$0
Non-GAAP Gross Profit	\$116,924	\$123,867	\$131,000	\$136,028	\$140,334	\$145,163	\$246,614	\$359,708	\$481,743
Non-GAAP Gross Margin %	80%	80%	80%	78%	76%	74%	85%	85%	80%
in 000s	2018			2019			2016 FY	2017 FY	2018 FY
	Q2	Q3	Q4	Q1	Q2	Q3			
Research and development (GAAP)	\$48,492	\$49,360	\$54,558	\$58,183	\$61,486	\$64,488	\$105,368	\$153,635	\$198,912
Share Based Compensation	\$9,470	\$10,372	\$11,090	\$12,256	\$14,119	\$14,886	\$14,543	\$26,227	\$39,417
Amortization	\$136	\$137	\$136	\$137	\$136	\$137	\$547	\$546	\$546
Acquisition related expenses	\$1,084	\$261	\$125	\$0	\$0	\$0	\$2,708	\$5,569	\$2,565
Non-GAAP research and development	\$37,802	\$38,590	\$43,207	\$45,790	\$47,231	\$49,465	\$87,570	\$121,293	\$156,384
% of collections	24%	24%	25%	23%	24%	24%	26%	25%	24%
Selling and marketing (GAAP)	\$58,855	\$62,247	\$61,065	\$85,718	\$71,329	\$75,862	\$156,512	\$204,435	\$249,178
Share Based Compensation	\$2,352	\$2,597	\$2,779	\$4,748	\$4,506	\$4,590	\$4,553	\$6,585	\$9,770
Amortization	\$453	\$454	\$454	\$453	\$455	\$453	\$200	\$1,702	\$1,670
Acquisition related expenses	(\$138)	\$0	\$0	\$0	\$0	\$564	\$0	\$1,107	\$99
Non-GAAP selling and marketing	\$56,188	\$59,196	\$57,832	\$80,517	\$66,368	\$70,255	\$151,759	\$195,041	\$237,639
% of collections	35%	36%	33%	40%	33%	34%	44%	40%	36%
General and administrative (GAAP)	\$14,855	\$14,514	\$16,258	\$18,466	\$20,103	\$23,751	\$26,968	\$48,186	\$59,297
Share Based Compensation	\$4,860	\$4,689	\$5,108	\$6,592	\$7,504	\$7,391	\$7,154	\$11,958	\$18,725
Amortization	\$0	\$0	\$0	\$0	\$6	\$1	\$7,154	\$11,958	\$0
Acquisition related expenses	\$0	\$0	\$0	\$0	\$53	\$0	\$0	\$1,953	\$96
Sales tax expense	\$0	\$0	\$0	\$0	\$0	\$3,174	\$0	\$0	\$0
Non-GAAP general and administrative	\$9,995	\$9,825	\$11,150	\$11,874	\$12,540	\$13,185	\$19,814	\$34,275	\$40,476
% of collections	6%	6%	6%	6%	6%	6%	6%	7%	6%
in 000s	2018			2019			2016 FY	2017 FY	2018 FY
	Q2	Q3	Q4	Q1	Q2	Q3			
GAAP Operating Loss	(\$6,507)	(\$3,498)	(\$2,173)	(\$27,792)	(\$14,161)	(\$20,605)	(\$44,032)	(\$50,011)	(\$30,630)
Share Based Compensation	\$17,769	\$18,760	\$20,127	\$24,907	\$27,565	\$28,392	\$28,048	\$47,700	\$72,330
Amortization	\$731	\$733	\$732	\$732	\$738	\$733	\$747	\$2,753	\$2,784
Acquisition Related Expenses	\$946	\$261	\$125	\$0	\$53	\$564	\$2,708	\$8,657	\$2,760
Sales tax expense	\$0	\$0	\$0	\$0	\$0	\$3,174	\$0	\$0	\$0
Non-GAAP Operating Income (Loss)	\$12,939	\$16,256	\$18,811	(\$2,153)	\$14,195	\$12,258	(\$12,529)	\$9,099	\$47,244
in 000s	2018			2019			2016 FY	2017 FY	2018 FY
	Q2	Q3	Q4	Q1	Q2	Q3			
GAAP Net Loss	(\$5,640)	(\$5,916)	(\$5,753)	(\$30,740)	(\$16,734)	(\$17,367)	(\$46,896)	(\$56,273)	(\$37,120)
Share Based Compensation & Other Non-GAAP Adjustments	\$19,446	\$24,719	\$26,523	\$32,208	\$33,690	\$38,193	\$32,341	\$55,724	\$88,378
Non-GAAP Net Income (Loss)	\$13,806	\$18,803	\$20,770	\$1,468	\$16,956	\$20,826	(\$14,555)	(\$549)	\$51,258
in 000s	2018			2019			2016 FY	2017 FY	2018 FY
	Q2	Q3	Q4	Q1	Q2	Q3			
Net cash provided by operating activities	\$27,268	\$27,607	\$36,055	\$35,074	\$37,180	\$36,073	\$40,573	\$83,052	\$115,709
Capital expenditures, net	(\$3,411)	(\$3,916)	(\$3,391)	(\$5,028)	(\$6,426)	(\$6,846)	(\$4,415)	(\$12,369)	(\$14,076)
Free Cash Flow	\$23,857	\$23,691	\$32,664	\$30,046	\$30,754	\$29,227	\$36,158	\$70,683	\$101,633