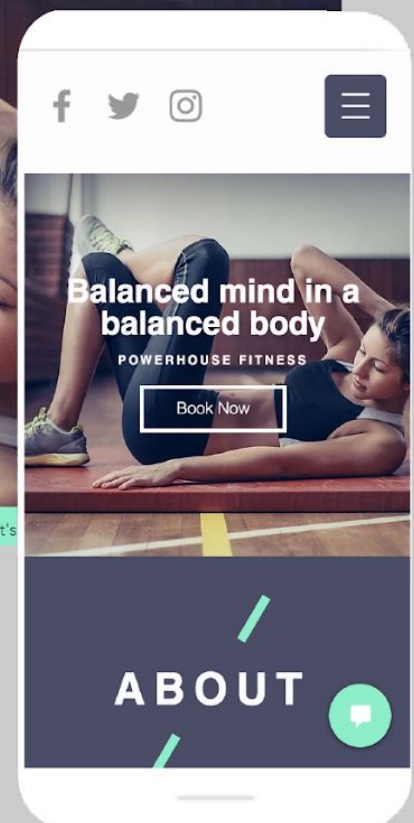
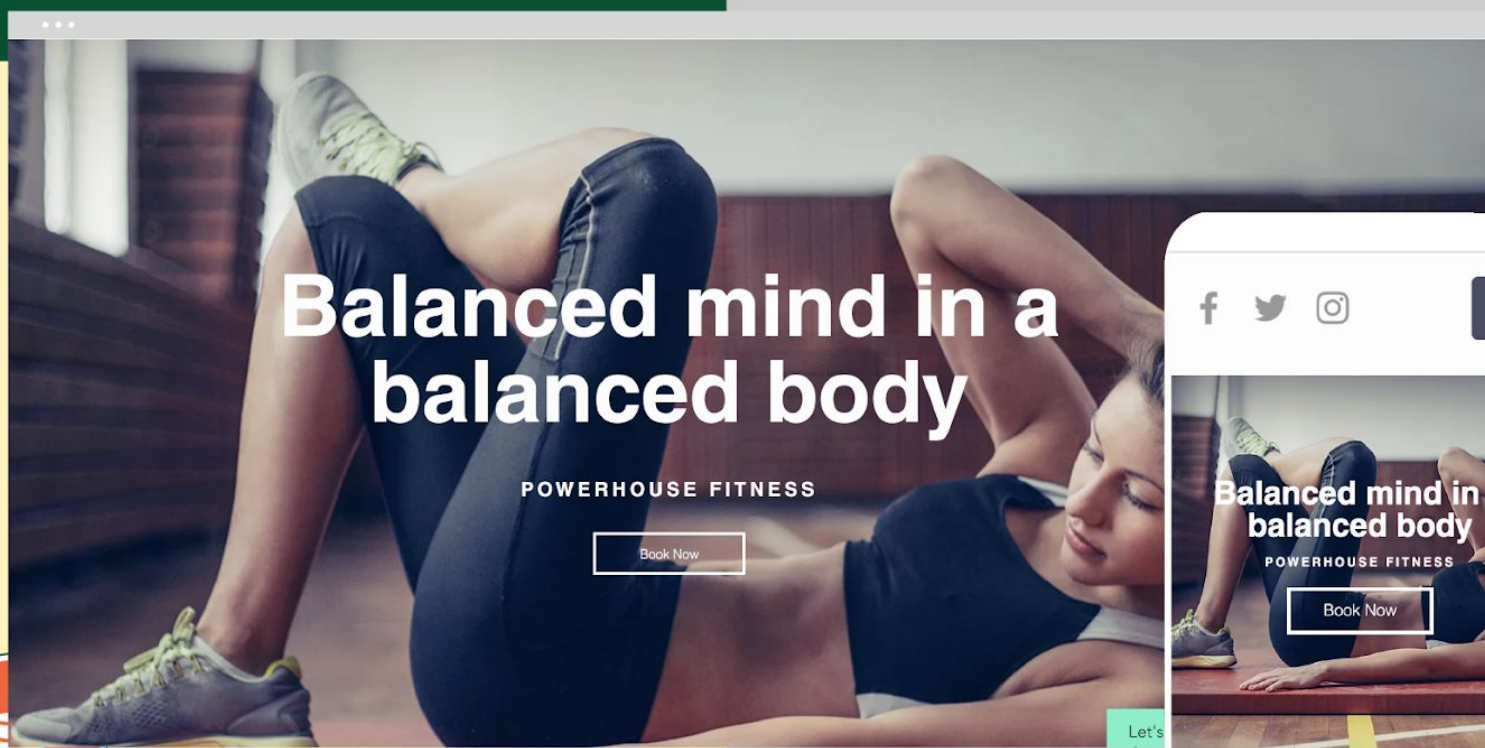




Shareholder Update

First Quarter 2020



#WixEmailWidget

Visit our website

| | | |
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| Name | Mobile | Email Address |
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May 14, 2020

Dear Wix Shareholders,

Two months into house confinement, and I have never been more proud of Wix. The company's leadership and employees have masterfully navigated the COVID-19 crisis and its myriad of uncertainties. By staying focused on customers and product development, our more than 3,200 employees have shined and stayed true to our mission of enabling small businesses to thrive online.

Global confinement has given us a glimpse of what the future might be -- one where small businesses can operate effectively without a physical presence. The shackles of brick and mortar obligations are being tested as many small businesses and their customers embrace the convenience and variety of a digital-only relationship. This plays particularly well with our all-in-one platform offering.

Demand for our product has exploded as confinement intensified across the globe, suggesting that Wix has become essential to more than 172 million users worldwide and that we are now firmly part of their identity and their strategy. No longer just a nice to have, Wix has become an existential need for many of our users, and while we recognize this comes with additional responsibilities,

we are confident that our product vision reflects this growing market trend. In fact, we believe that we are on the eve of a massive acceleration of the migration of small businesses and independent workers online. COVID-19 is the spark, and what might have taken five years before the crisis will now likely happen much, much faster.

Our marketing capabilities have shined. By taking the aggressive position to use our balance sheet to significantly increase our marketing investment during the crisis, we have further illustrated the efficiency of our customer acquisition capabilities as well as the elasticity of spend. Increasing the investment in marketing -- while keeping costs in line with our historical averages -- suggests that our market is growing faster than anyone had previously expected.

As we head towards global deconfinement, many uncertainties remain. Nevertheless, one thing we are confident about is that this crisis has reinforced the global market opportunity for Wix. Websites are the core of an online presence because they uniquely give users the ability to tell their story, to articulate their identity and to control their destiny.

**Sincerely,
Mark Tluszczyk
Chairman**

Transparency and additional disclosures

Transparency is one of the core values ingrained in the Wix culture. We require transparency from our employees and from management, and over the years of being public, we believe we have practiced it with our shareholders and the investment community. This value is the reason we provide an extensive shareholder update, supplemental data and other material every quarter, and it is what prompted us to share an update about the state of the company and our business in a CEO letter on April 13. To this end - and in light of the special times and circumstances created by COVID-19 - we have decided to share in this shareholder update additional data, trends and behaviors we have seen throughout the month of April, which just recently ended. We will keep doing our best to share our perspective on how today's rapid changes are affecting our business and our users in the months to come.

Demonstrating Strength and Resilience in Challenging Times

Strong organic user growth as demand for online presence accelerates

April 2020 user cohort generating significantly more revenue and collections than user cohort created a year ago

Cohort cancellation trends have reversed - new subscriptions from prior user cohorts exceeded cancellations in April 2020

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

April 2020 Highlights

| | | |
|---|--|---|
| 63% <i>Y/Y increase new Registered Users</i> | 76% <i>Y/Y increase new cohort Collections</i> | 167% <i>y/y increase new Wix Restaurants subscriptions</i> |
| 580% <i>Y/Y increase new Wix Stores subscriptions</i> | 136% <i>Y/Y increase new Ascend purchases</i> | 207% <i>Y/Y increase net Premium Subscription additions</i> |

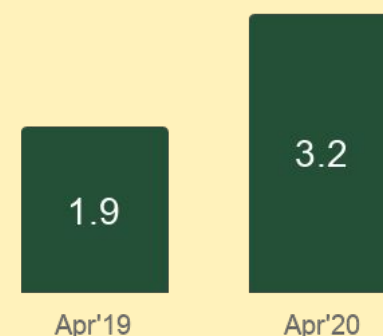
Earnings Highlights

- Leading brand, best in class product offering and freemium business model positions Wix exceptionally well to provide website creation and management solutions during challenging economic environment
- April 2020 demonstrated significant momentum across the platform as the need for a dynamic online presence accelerates
 - Added 3.2 million new registered users, an increase of 63% y/y and an all-time monthly high
 - Collections of the April 2020 user cohort were 76% higher than the prior year's cohort
 - Net premium subscription additions in the month of April were up 207% y/y
 - Accelerating new subscriptions generated from existing cohorts
- More users adding advanced functionality to their site than ever in order to address the evolving business environment -- notable increases to new Wix Stores subscriptions, Ascend purchases and new Wix Payments merchants
- Increasing investment in user cohort acquisition marketing due to thriving demand and to generate further growth
- Initiating Q2 outlook of accelerating growth for revenue and collections, underscoring strong performance quarter to date - expecting collections growth of 28-30% y/y in Q2
- Strong Q1 2020 results: total revenue of \$216M and total collections of \$249M, both up 24% y/y and in line with prior guidance.

User Adds

in millions

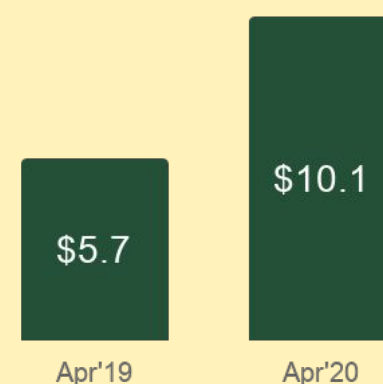
+63% y/y



April Cohort Collections

in millions

+76% y/y



Q2'20 Guidance

Revenue:

\$231 - 233 million
25-26% y/y growth

Collections:

\$255 - 260 million
28-30% y/y growth

Business Update

We are in the midst of a global health and economic crisis that has not been experienced in multiple generations. Our priorities remain on the health and welfare of our employees and their families as well as with our users around the globe.

The importance of a dynamic online presence has never been more critical. Stay at home orders implemented by local and regional governments to curb the spread of COVID-19 have inflicted significant disruption to the global economy. Physical locations of restaurants, retail stores and services businesses have been shuttered, forcing owners to create and launch a digital presence or implement new capabilities quickly to communicate and deliver their goods or services online.

We are fortunate to be in a position to offer a product, a technology and the infrastructure that businesses need to build and grow, despite the hardships they face. A fully functioning, stunning business website - complete with marketing, communication and transaction capabilities - can be created and published in a matter of hours or even minutes with Wix. As demand for an online presence increases, we remain focused on providing best-in-class free and paid products and delivering improvements to our offering in response to our users' needs.

Innovation by our users has been inspiring to all of us at Wix. Existing sites are being updated to offer virtual events, video classes, online food ordering and online payment capabilities. Our users are also creating new businesses and organizations as they find new ways to earn income or help their fellow citizens in need.

The momentum across our entire platform since mid-March that we mentioned in our update letter to shareholders on April 13 has continued.

We believe this increasing demand will lead to much higher revenue and collections in Q2 than we originally expected.

Investing in Core Growth

In mid-March, we experienced a very brief period of volatility across several KPIs that quickly rebounded and turned to strong growth. During this time, we observed an increase in new user demand in Italy and Spain. This trend of increasing demand continued throughout Europe and the US as countries began implementing restrictions on business activity due to the spread of COVID-19. Over this period, we also observed a more favorable advertising environment.

Consistent with our marketing model, in response to these trends, we began increasing our marketing activities. As usual, we monitored our spend and associated dollar returns on a daily basis, and in the following weeks, we saw a significant step-up in the collections from newly acquired users.

Due to these positive results, we made the strategic decision to use our strong balance sheet and substantially increase our investment in marketing activities globally to support the significant demand.

One of our key, long-standing competitive strengths is our ability to successfully acquire cohorts of users and monetize them over many years, without the need to invest in continuous marketing. **We view this incremental investment as a greater commitment to what we do best** - acquiring a larger number of users that are in need of our technology to build an online presence with our products. Our strong balance sheet (over \$930 million in cash and cash equivalents) and positive free cash flow (over \$137 million generated in the last 12 months) positions us to invest in growth opportunities such as this.

We believe that the return on this additional investment will be consistent with what we have historically realized from our user cohorts -- we believe the larger user cohort we acquired in April 2020 will return approximately \$175 million in collections over the next eight years, based on current cohort performance. This expectation is 78% higher than the expected future collections of the April 2019 user cohort.

As with all of our marketing investment, we will continue to monitor results on this incremental investment and will adjust as needed, including investing more in the second half of the year if these trends continue.

Recent Results - April 2020

Driven by new registered user demand for Wix and the associated increased marketing investment, we generated significant growth across all key metrics in nearly all geographies during the month of April 2020:

Demand for creating an online presence is accelerating as businesses around the globe adapt to the current environment

- During the month of April, over 3.2 million new users registered with Wix to create an online presence, an increase of 63% y/y and an all-time monthly high

Users need to get online quickly and need functionality, driving these new users to purchase subscriptions and business applications at a higher rate and at higher price points than prior cohorts

- Collections from users acquired during April 2020 were 76% higher than from users acquired in April a year ago
- The growth was driven by an increase in conversion of users to premium subscriptions and higher average collections per subscription (ACPS) as a higher percentage of users are purchasing Business packages, which are higher priced, and business solutions

Despite what we observed in the early stages of this crisis, cohort cancellation trends have reversed, a testament to our long-standing freemium model

- Since our letter to shareholders on April 13, cohort cancellation trends have reversed to the positive. In April 2020, new premium subscription additions from existing user cohorts (excluding new users acquired in April 2020) were greater than cancelled subscriptions during the month, resulting in “negative” churn
- Net subscription additions in April were up 207% y/y, driven by the significant increase in users and from the increase in conversion of users to subscriptions
- This growth demonstrates the benefits of our freemium business model and ongoing monetization of our existing cohorts that were acquired several quarters and years ago

Our users are moving commerce online more rapidly than in the past -- net new Wix Stores subscriptions grew 580% y/y and net new Wix Restaurants subscriptions increased 167% y/y in April 2020

- The diversity of our platform enables a wide range of businesses to build and manage an online presence

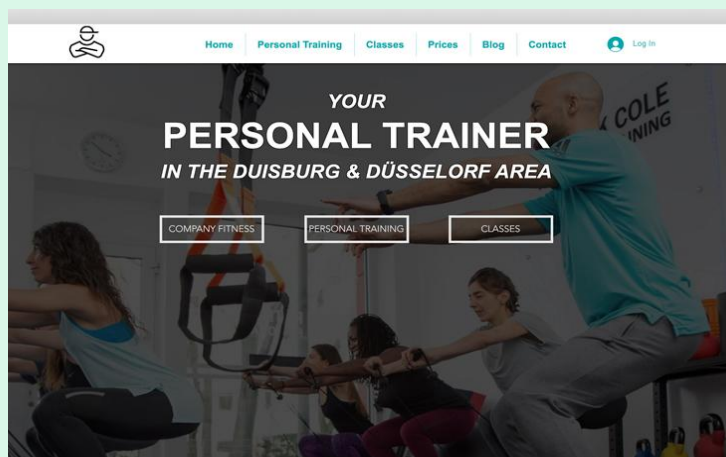
We are addressing the needs of businesses that are increasingly marketing online -- new purchases of Ascend by Wix increased 136% y/y in April 2020

Selling activity of businesses on Wix is demonstrating strong growth -- gross merchandise value (GMV) transacted on Wix - across all payment methods in April - grew 110% y/y

- New Wix Payments merchants increased 123% m/m and GMV transacted through Wix Payments grew 66% m/m in April 2020

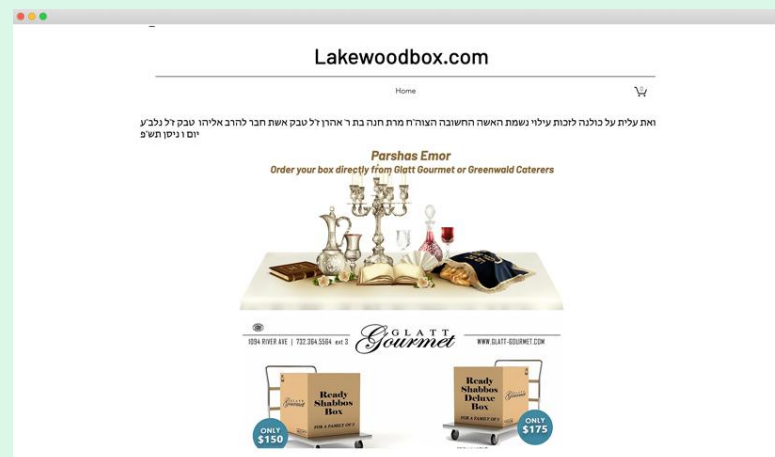
Our strong performance during this fast-changing and challenging macro environment illustrates the resilience of our business. We are also thankful that we have created a product - which is offered for free - that enables businesses to get online quickly so that they can rapidly adapt to an economy that is moving online at an accelerated pace.

User Spotlights



"When this whole thing took off with corona it was shocking. Then I said I'm gonna try this online thing. I work with Zoom now and it's been amazing. The business has grown. I have people from everywhere and I really enjoy it. The transition was easy - the Wix Bookings system made my life so much easier and Wix customer support is unbelievable. I'm definitely going to keep my online classes going. Wix really made a big change to my business."

Patrick Cole, Personal trainer
Owner of www.patrick-cole.com
Duisburg, Germany



"Before Pesach, with coronavirus we made an effort to ask people to stay home. We decided we're going to create a meal service. We created a website and of course we turned to Wix. We've done about \$1 million worth of orders. We literally processed 10's of thousands of orders and have produced Pesach meals reducing people's anxiety. Thank you for the entire Wix team for your amazing platform and great customer service."

Rabbi Aaron Kotler
Owner of www.pesachbox.com
Lakewood, NJ

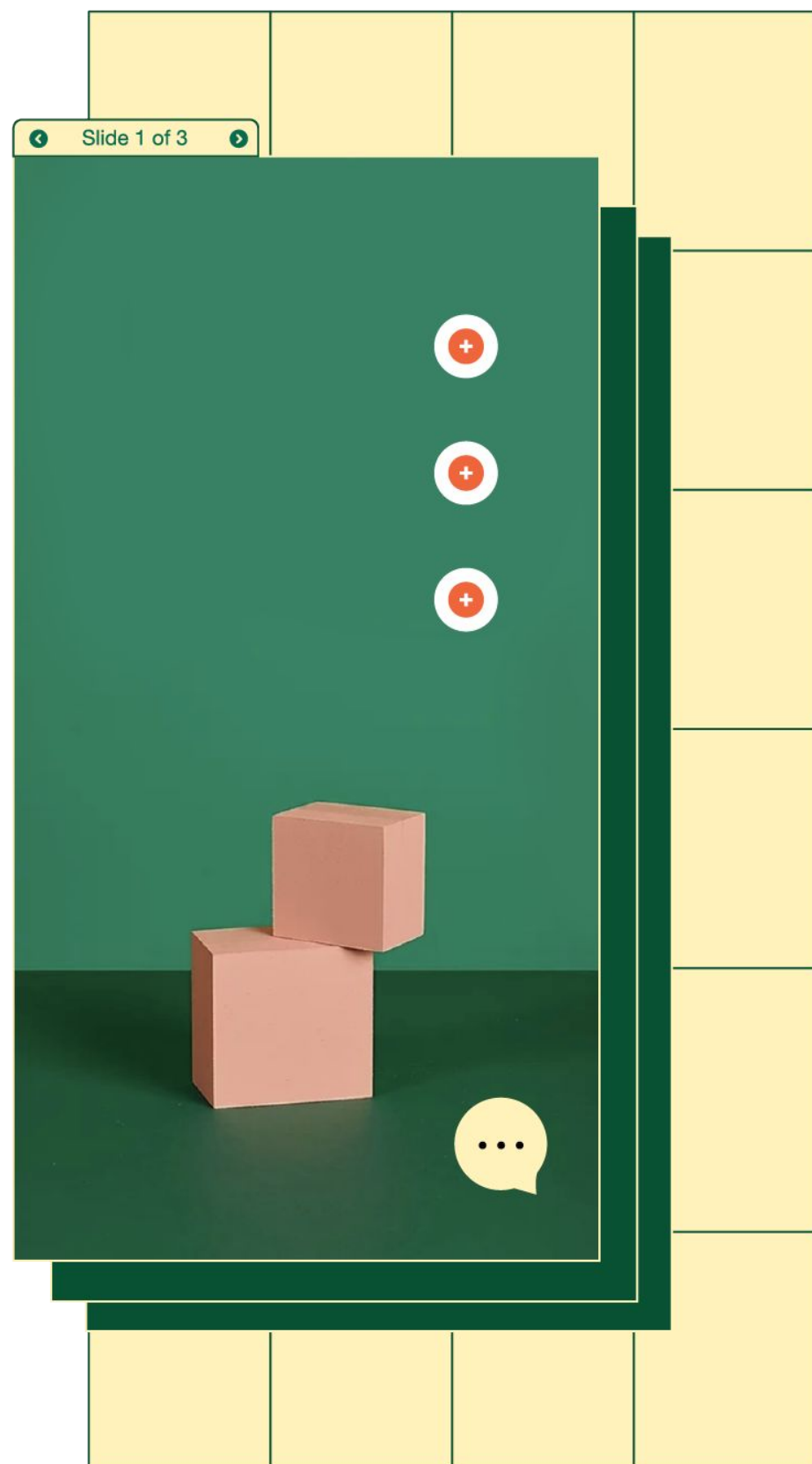
Drivers of Growth

Wix is a growth business. We align our business operations and investments around specific areas of strategic focus that will drive growth for years to come.

Our goals are as follows:

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

Our mission is to be the #1 web creation platform for all types of users -- small businesses, freelancers, agencies and in-house design teams



Leading Web Creation Platform for Creators

Wix, at its core, is a web creation platform. With the capabilities of the Wix Editor and Wix Artificial Design Intelligence (ADI), Wix is already the leading platform for do-it-yourself (DIY) users who want to build and grow a web presence for their business, brand or personal use.

We aim to be the best web creation platform in the world for any type of user and any purpose.

The importance of being online has never been greater - for businesses, for brands and for individuals. While that need grows, the use cases for building a web presence also evolve.

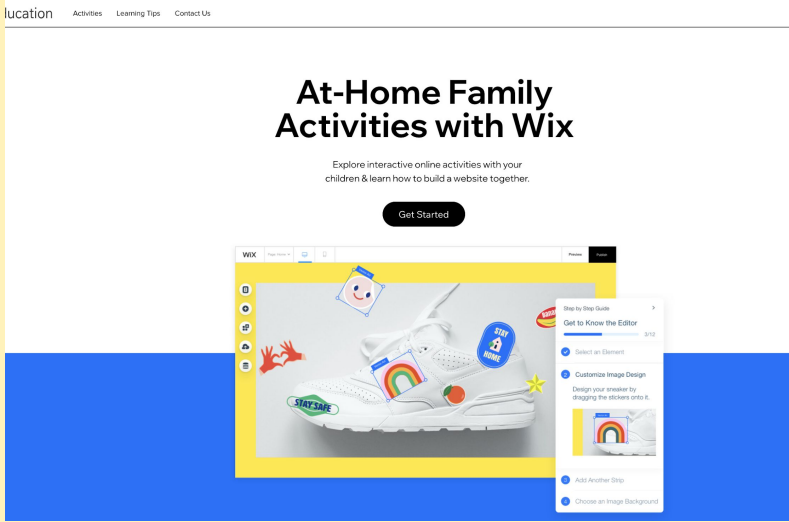
Over the years, we have evolved the **Wix Editor** to be the leading drag and drop visual builder available, giving users complete creative freedom to build a professional, stunning website. We continue to add features and functionality to the Wix Editor.

Wix ADI, the first AI-driven design platform available for web publishing, enables more novice users to create beautiful websites and provides all users the ability to quickly build a complete and stunning website. Wix ADI can also be used to build sites on mobile devices. We continue to make enhancements to the technology and expand the geographic reach of Wix ADI.

We also offer several vertical applications - such as Wix Stores, Wix Bookings and Wix Events - to enable users to build sites that include management capabilities tailored to specific types of businesses. For example, a local bistro can showcase and edit their menu, offer food delivery through online ordering and manage online table reservations using Wix Restaurants. A yoga instructor can sell monthly memberships and classes, charge for access to video tutorials, sell merchandise and manage class schedules through Wix Fitness. A social media influencer can showcase their Instagram feed, portfolio and booking availability through Wix Photography.

The strength and size of our R&D team allows us to be nimble and respond quickly to the changing needs of our users. The last few weeks have brought a new challenge for our teams, and our engineers have risen to that challenge. Since the beginning of the COVID-19 crisis, we have made several product enhancements to help our users through these difficult times. Some examples include the ability for our users to provide refunds and the option to put subscriptions or memberships on hold. We also added a Zoom integration for Wix Stores, Wix Events and Wix Bookings and hosted several webinars on how to make a business virtual.

We continue to invest in improving existing products, building new products and expanding our go to market reach, and we remain committed to the small businesses and individuals that have brought Wix to where we are today.



The screenshot shows a website layout with a white background and a blue footer. The main heading is 'At-Home Family Activities with Wix'. Below the heading is a sub-heading: 'Explore interactive online activities with your children & learn how to build a website together.' A 'Get Started' button is positioned below the sub-heading. The central image is a white rocket ship with a rainbow and a 'Stay Home' sign. To the right of the rocket ship is a 'Step by Step Guide' panel with the following steps: 'Get to Know the Editor', 'Select an Element', 'Customize Image Design', 'Design your maker by dragging the stickers onto it', 'Add Another Step', and 'Choose an Image Background'.

As part of their effort to help our next generation discover new skills, the Wix Education Team created a [learning site](#) with at-home family activities in order to provide more fun and creative opportunities for kids and parents during these challenging times. This is a great place to learn the basics of Wix Editor and create beautiful websites together.

Moving Creation Products Up Market

The evolution of the Wix platform has led us to tap the significant growth potential of markets beyond DIY users. Wix has never been solely for DIY users - for our entire history, professional web designers, agencies and developers who build websites and applications on behalf of clients have used Wix for various projects. Thousands of professionals have built businesses using Wix to create, even without us investing in marketing activities directed to these creators.

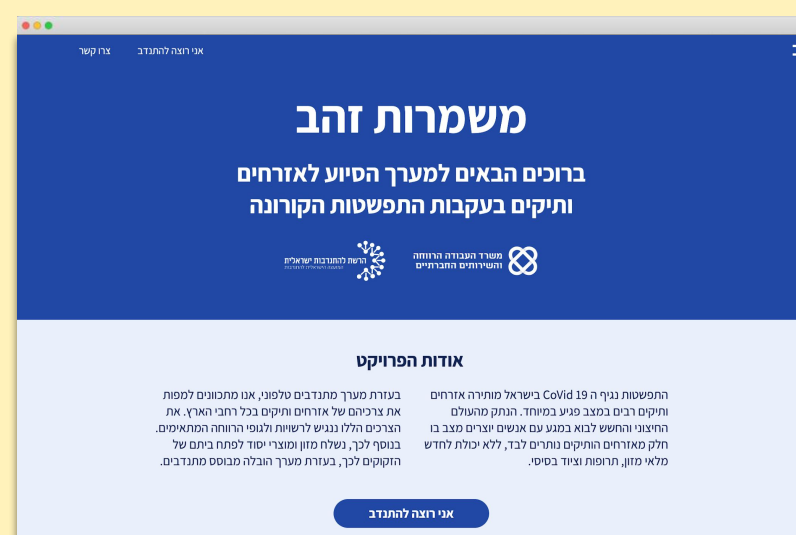
Over the last several years, we have listened to these designers, agencies and developers and have made significant investments in building what we envision to be the single best platform for professional web creation.

Corvid and Editor X, two of our most significant product introductions in recent years, are key to addressing the needs in this market.

Corvid by Wix

In late 2017, we introduced the first iteration of what is now known as **Corvid by Wix**, which enables the development of advanced websites and applications. With Corvid, developers can build databases, write custom code and connect APIs seamlessly to their web application, bringing endless functionality and customization to their projects. Combined with our design products and integrated hosted infrastructure, Corvid enables professionals to move their most complex projects from rigid and less secure platforms to Wix.

Corvid, along with our creation products, has helped many users around the world who start or adjust their online business during these challenging times. The strength of our platform and the teams behind it also gave us the opportunity to give back to people in need, contribute and help build dozens of solutions and projects for governments, companies and organizations.



Government-integration system to help manage a volunteer workforce, built using Corvid by Wix

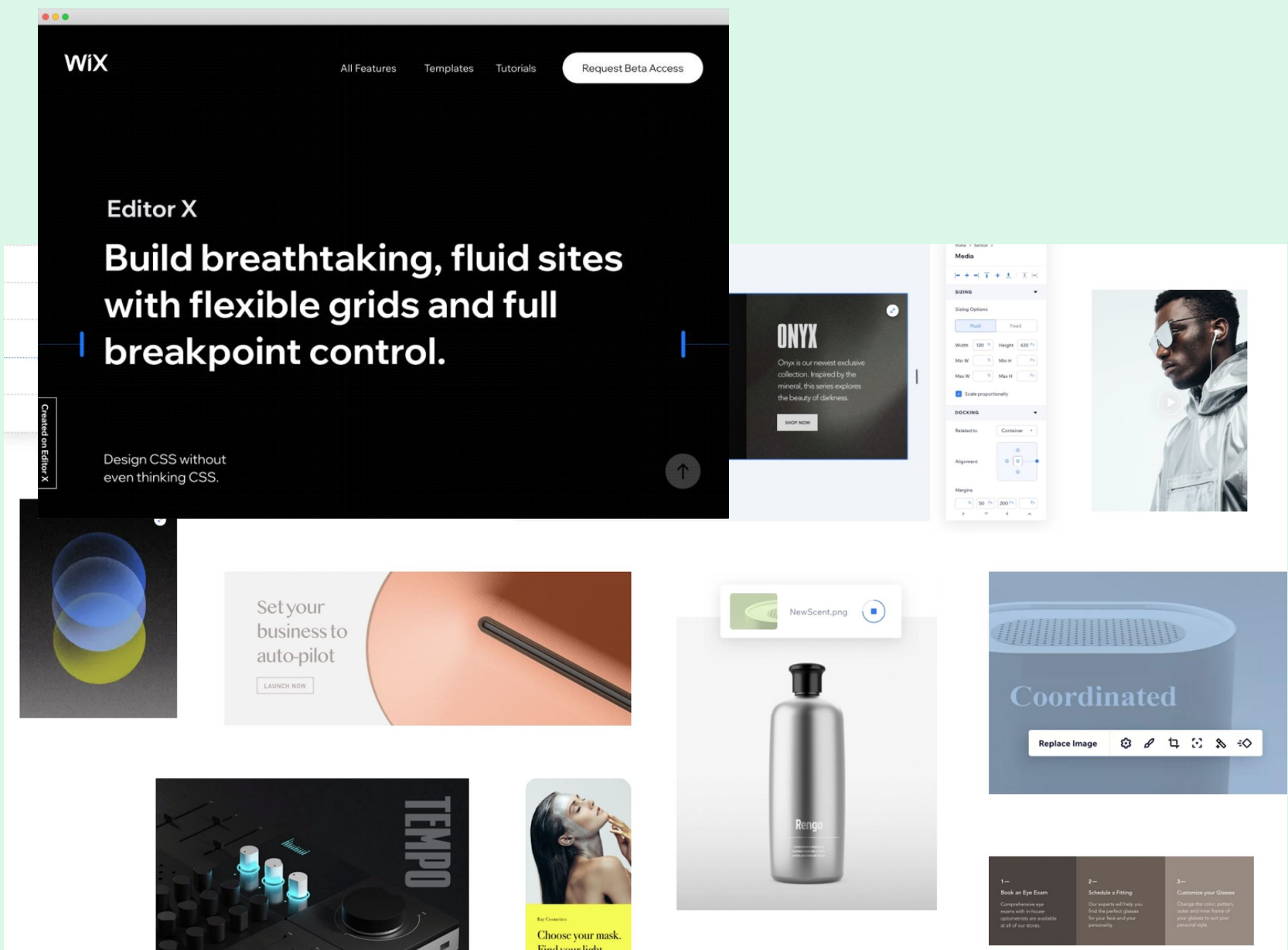
One of the projects we undertook during the pandemic is a platform built for the Israeli Ministry of Finance and Welfare. The website and application - built in April using Corvid - is now supporting hundreds of volunteers who are helping elderly and infirm citizens. This important platform is now being offered to other governments worldwide.

Editor X

In early February, we introduced [Editor X](#), a sophisticated website creation platform that allows designers, marketers, web agencies and mid-market and enterprise in-house design teams to create websites with a greater amount of design freedom and control than offered anywhere today. Editor X offers the ability to build fully responsive websites with flexible grids and full breakpoint control allowing designers to create bold, stunning websites that are state of the art.

Currently, Editor X is in an open beta, and we expect to launch Editor X within a suite of products targeted at this market this summer.

The combination of Editor X and Corvid offers infinite design control and functionality through custom code and endless API capabilities. Put simply, Editor X is the robust front end solution that complements the advanced back end solution, Corvid. These two products leverage the depth and power of the Wix platform, including commerce solutions, media management, video streaming software and world class hosting and security. Together, Editor X and Corvid make Wix the single best platform for professional website designers and developers and further extends our leadership position in web creation.



Providing Tools for Businesses to Grow Online

As businesses on Wix grow, Wix grows. Our suite of business solutions - combined with our creation products - give businesses all of the tools they need to succeed and grow online.

An online presence is a critical requirement for businesses today, but in order to create with purpose and grow online - beyond a small customer base - businesses require more than just a web presence. They need marketing to bring new traffic to their sites, custom forms to capture leads, inventory management to sell goods, financial capabilities to transact and email to communicate with customers. Our goal is to offer all of these capabilities, and more, on one platform.

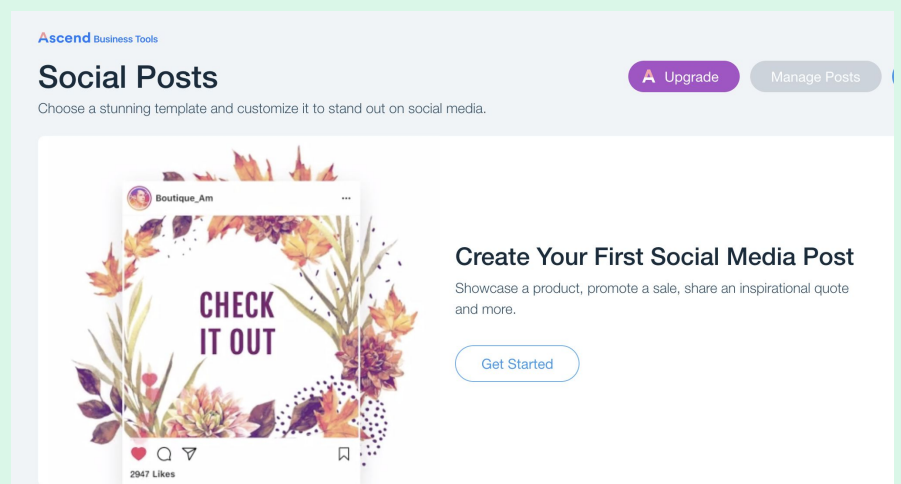
We provide businesses with many solutions to manage and grow their business online:

Applications

We offer a variety of applications - both developed in-house or provided by third parties - to provide businesses with added functionality for their website. We resell **G-Suite by Google** to give Wix users the ability to communicate with email and manage their business with productivity and collaboration tools.

Ascend by Wix

Ascend by Wix, our proprietary marketing and customer relationship management application, bundles a variety of capabilities to help a business grow, including search engine optimization (SEO), Wix Email Marketing, Social Posts, Invoicing and more.



Wix Payments

Wix Payments allows business owners to manage their orders and payments in a single location. Wix Payments' seamless and free set up makes it easier for businesses to accept payments through their website.

Wix LogoMaker

LogoMaker was created in house and gives users the ability to easily create a professional and customized logo to help businesses build their brand online.

Wix Answers

Wix Answers is the customer support software we use to provide support to our 172+ million global users. We built Wix Answers internally and now offer it to external businesses.

Go to Market Update: Our Investments in Growth

Customer Care

Customer Care is a key part of our go-to-market strategy for DIY users. Our proactive approach to Customer Care is to go beyond just solving problems - we aim to gain an understanding of who our users are, what they are trying to create and where they are in their journey on Wix. Our Customer Care Experts can not only help a user build a stunning website, but also help the user succeed in managing and growing their business on our platform.

In 2019, we invested in the expansion of our Customer Care 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 across the world and to develop internal tools to assist our agents in providing a higher level of service. We also developed a training program for our Experts.

In mid-March, we transitioned our Customer Care organization to remote work. Our US and European based Care Experts are fully operational, and we continue to run our training program. While we have experienced some disruption with our offshore, third-party Care teams, we continue to address incoming support requests, even as the volume of requests has grown with the increase of new users.

Our priority remains addressing the needs of our users, and US and European based Care teams have stepped up significantly during this challenging time so we can continue to provide a high level of support.



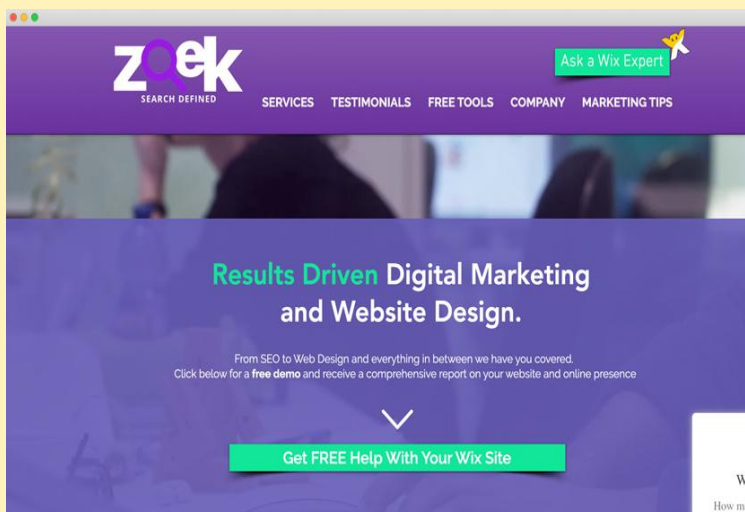
Partner Program

With Corvid and the impending release of Editor X, we believe that we offer the single best platform for professional web creation. These products have elevated our brand perception among freelancers, agencies, in-house design teams and developers and are attracting them to the platform faster than ever before. There are tens of thousands of professionals already using Wix today, and we are committed to helping them grow their business on our platform.

The Partner Program is designed specifically for agencies and freelancers to get professional resources to help them achieve their business goals and deliver custom solutions for their clients.

Through the program, we provide Partners with personal account managers, training and early

User Spotlights



“The Partner Program has been instrumental in us finding our niche and running with it. As soon as we got a taste of the program, we’ve never looked back. It has enabled us to support over 150 employees and their families in multiple offices in the US and Philippines. Our retention has skyrocketed, leading us to higher profits and revenue than we could have ever imagined otherwise.”

Sam Riemer, Zoek
Orange County, CA



“Our agency has grown in direct relation to the Wix Marketplace. We receive new daily project requests from clients all over the world in every type of business imaginable. Building relationships with Wix customers and improving their online presence is our goal, and the Wix Marketplace is an essential platform for that opportunity.”

Nick Noe, NB Media
Grand Rapids, MI

access to products. We have recently introduced several new benefits and incentives through our Partner Program to attract more creators to Wix.

A key offering to our highly active partners is the opportunity to join the **Wix Marketplace**, previously known as the Wix Arena, which we have recently relaunched as part of the Partner Program. Through the Wix Marketplace, our DIY users can find a professional to help them create a stunning online presence, and designers can offer their

services and build their businesses. Since launching the Wix Marketplace, we have seen a significant increase in activity, and we believe it will play a key role in growing the Wix ecosystem. The contribution to our overall business from Partners is growing rapidly as we build our ecosystem by engaging with agencies and designers and educating them about the benefits of using Wix. We believe the upcoming launch of Editor X will further accelerate our growth in this market.

Financial Review

Q1 2020

Revenue & Collections

Total revenue in Q1 was \$216.0M, up 24% y/y. On a y/y constant currency basis, Q1 revenue would have been \$217.5M, up 25% y/y.

Total collections in Q1 were \$248.9M, up 24% y/y. On a y/y constant currency basis, Q1 collections would have been \$251.2M, up 25% y/y.

In mid-March, we experienced a very brief period of volatility across several KPIs, which impacted revenue and collections, due to the closure of physical business locations and the implementation of stay-at-home orders around the world. These headwinds quickly rebounded and turned to growth. We estimate this disruption - along with FX headwinds since mid-February when we issued guidance - negatively impacted our Q1 collections by approximately \$2M compared to our original Q1 guidance.

Creative Subscriptions revenue in Q1 was \$176.5M up 17% y/y driven by an increase in Creative Subscriptions ARR, which grew to \$739.5M, up 19% y/y. Continued increases in premium subscriptions and average revenue per subscription (ARPS) drove ARR growth in Q1.

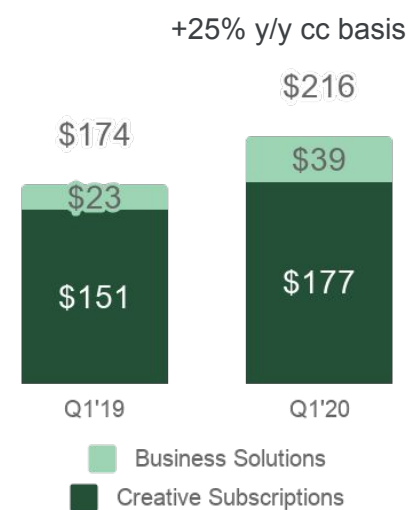
Creative Subscriptions collections in Q1 were \$208.8M, up 18% y/y. Collections were driven by an increase in premium subscriptions and continued growth in average collection per subscription. Of total gross new subscriptions in Q1, 68% were annual or longer in term while the remaining were monthly, consistent with past quarters. Of our total subscriptions, 84% are annual or longer in term.

Business Solutions revenue in Q1 was \$39.4M, up 72% y/y. Growth was driven primarily by continued adoption of G-Suite and Ascend applications and an increase in Wix Payments adoption and GMV processed through Wix Payments. Business Solutions collections in Q1 were \$40.1M, up 71% y/y.

Gross Margin

Total non-GAAP gross margin was 72% of revenue in Q1, compared to 74% last quarter and 78% in Q1 of 2019. Overall gross margin declined y/y and sequentially due to the faster revenue growth of the Business Solutions segment relative to the Creative Subscriptions segment.

Revenue (in millions)



Collections (in millions)



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

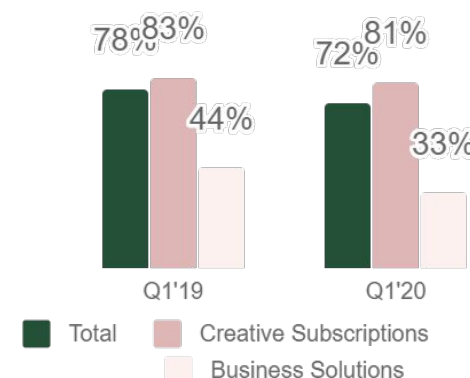
Business Solutions is made up of various products that we offer to help users manage and growth their business online. Revenue models differ depending on the product.

Creative Subscriptions non-GAAP gross margin was 81% in Q1, compared to 81% last quarter and 83% in Q1 of 2019. The y/y decline was related to the investment in expanding our Customer Care organization.

Business Solutions non-GAAP gross margin was 33% in Q1, compared to 34% last quarter and 44% in Q1 of 2019. The decline was related primarily to the growth of Wix Payments, a product that carries a lower overall gross margin due to revenue share with our payment provider. As Wix Payments continues to grow, it will continue to weigh on the gross margin of this segment.

We expect gross margin of Creative Subscriptions to remain stable moving forward, but as revenue of the Business Solutions segment continues to grow, we expect our overall gross margin to decline. However, the initiatives within the Business Solutions segment - specifically Wix Payments - provide a better overall platform for our users and will contribute to increasing top line growth for years to come.

Non-GAAP Gross Margin



Operating Expenses

Overall non-GAAP operating expenses declined by 480 basis points on a y/y basis, to 64% of collections in Q1 compared to 69% of collections in Q1 2019. This decline was primarily due to the leverage we continue to realize in our S&M and R&D expenses - both a testament to the overall operating leverage in our business model.

Non-GAAP R&D expenses were \$54.0M in Q1 compared to \$51.4M in Q4 and \$45.8M in Q1 2019. As a percent of collections, non-GAAP R&D expenses fell to 22% in Q1 2020, down from 23% in Q4 2019 and 23% in Q1 2019. Our disciplined approach to strategic investments allowed us to continue to build groundbreaking products with modest incremental resources.

Non-GAAP S&M expenses were \$90.9M in Q1 2020 compared to \$67.9M in Q4 2019 and \$80.5M in Q1 2019. As a percent of collections, S&M expenses were 37% in Q1 2020 compared to 30% in Q4 2019 and 40% in Q1 2019. The y/y decline in S&M as a percent of collections is a testament to our ability to efficiently invest in selling and marketing activities.

We began investing more in marketing during the last week of March as demand from users increased. Q1 is typically our biggest marketing investment quarter, which was further accelerated with this increased investment during the last week of March.

Non-GAAP G&A expenses were \$14.9M in Q1 2020 compared to \$13.9M in Q4 2019 and \$11.9M in Q1 2019. G&A expenses have increased in parallel with the growth of our overall business. Non-GAAP G&A expenses were 6.0% of collections in Q1 2020, roughly the same as it has been for more than two years.

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

Non-GAAP operating loss in Q1 2020 was \$(4.2)M, compared to operating income of \$17.2M in Q4 2019 and a loss of \$(2.2)M in Q1 2019.

The year over year increase in non-GAAP operating loss is primarily due to the incremental investment in marketing at the end of March. Overall collections grew faster than revenue in the quarter, which also impacted operating income.

As a reminder, 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 change in total deferred revenue, which increased 29% y/y. The increase in non-GAAP operating loss y/y is also partly due to our investments in the Partners business and our Customer Care organization, which did not start until late Q1 / early Q2 2019.

Free Cash Flow and Balance Sheet

Free cash flow in Q1 2020 was \$40.0M, compared to \$37.5M in Q4 2019 and \$30.0M in Q1 2019, an increase of 33% y/y. Excluding capital expenditures related to the buildout of our new headquarters offices, free cash flow would have been \$40.4M in Q1 2020, an increase of 35% y/y.

Total capital expenditures were \$5.1M in Q1 2020, compared to \$3.8M in Q4 2019 and \$5.0M in Q1 2019. The increase continues to be driven mainly by leasehold improvements and equipment to support our growing headcount.

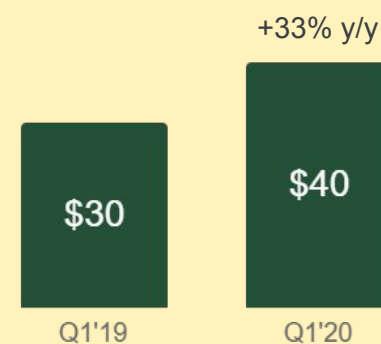
Total capital expenditures in Q1 2020 included approximately \$0.4M in costs associated with our new headquarters office buildout. We continue to expect total capital expenditures associated with this buildout of \$8-9M in 2020, with the majority of the impact to come in the second half of the year.

We ended the quarter with \$937M in cash and cash equivalents on the balance sheet and \$365M in long-term debt.

Our total employee headcount was 3,230 as of the end of Q1 2020.

At the end of Q1, our basic weighted average share count was approximately 51.8M and our weighted average fully diluted share count was approximately 59.5M.

Free Cash Flow (in millions)



Outlook Update

Initiating Q2 Outlook

Our outlook for Q2 reflects results for the quarter to date and the assumption that trends that have contributed to this performance - and the associated incremental marketing investment - continue through the end of the quarter. The outlook for Q2 incorporates a wider range of outcomes for collections reflecting the uncertainty of today's economic environment.

For Q2'20 we expect the following:

- Revenue of \$231 - 233 million, y/y growth of 25% - 26%
- Collections of \$255 - 260 million, y/y growth of 28% - 30%
- Free Cash Flow of \$41 - 43 million, y/y growth of 33% - 40%
 - Excluding approximately \$1 million in capex associated with the buildout of our new headquarters office, we expect free cash flow to be \$42 - 44 million

We are providing free cash flow guidance for Q2 due to the changes we have experienced this quarter, and we may not provide free cash flow guidance on a quarterly basis going forward.

Please also note that ARR is expected to grow more in line with revenue growth given that we recognize revenue ratably over the term of the subscription. In April, we saw a slight increase in the ratio of annual or longer subscriptions as a percent of gross new subscriptions relative to monthly than we normally see in a Q2.

This guidance also assumes today's FX rates, which creates an approximately \$3 million headwind to collections in Q2 based on FX rates as of February 2020 when we initially issued our 2020 full year guidance.

Full Year 2020 Outlook

COVID-19 has accelerated a huge shift of businesses that rely on an online presence as the anchor of their activity. So much has happened so fast. Even in just the time since we provided our business update on April 13, we have observed significant changes. For example, when stay-at-home orders began in many countries in early March, GMV across our platform initially fell and cancellation rates increased. However, both of these trends have since reversed. We believe that rapid changes such as these require flexibility and adaptability.

As we look ahead, we are considering multiple aspects of the current transformation:

- Global changes in consumer dynamics shifting to online
- The global rise in unemployment rates and the need of individuals to turn to the internet to find a source of income
- Faster adoption of our platform (increases in new user demand) coupled with higher intent (increases in conversion of users to premium subscription purchases)
- The mix shift of subscription purchases to business packages, resulting in higher ARPS

- Higher GMV of transactions on Wix Stores and other verticals
- The overall impact of these changes on our ability to invest our marketing budget faster

This change in behavior is creating a vast tailwind for our business. Our second quarter guidance reflects this rapid acceleration and puts us well ahead of what we originally expected in Q2.

In addition, we expect the second half of 2020 may be very different from what we originally anticipated when we provided full year 2020 guidance in February. We are obviously experiencing changes that are positive to our current state of growth; however, at this stage we have no way to estimate the longevity of these changes, what else may change or what will stay the same.

We do strongly believe that we have seen a paradigm shift as the speed of businesses moving online has dramatically accelerated - what changes may have taken many years are now happening in months. We believe these changes will continue and business will not return to the way it was before.

In light of these rapid changes and the new opportunities they present, we believe it is imprudent for us to provide a financial outlook for the second half of 2020 at this time. We plan to adapt our business quickly as the environment changes, and as of today, the range of outcomes is too great to provide an update beyond Q2. We are withdrawing our prior full year guidance, and we plan to provide an update in our Q2 earnings release in July 2020.

Additional Guidance

Although we are withdrawing our FY 2020 guidance for revenue, collections and free cash flow, we are still able to provide guidance for certain items including gross margin, some expenses and share count as follows:

- Gross margin: we expect the gross margin for our Creative Subscriptions segment in 2020 to remain consistent with 2019, while gross margin of our Business Solutions segment will be driven by the growth of the various components that comprise that segment
- GAAP and Non-GAAP tax expense to be \$7-8M for full year 2020
- Capital expenditures expected to be approximately \$26-28M for fully year 2020, which includes approximately \$8-9M of leasehold improvements related for construction of our new HQ offices
- Depreciation expense expected to be approximately \$16-18M for full year 2020
- Share based compensation expense is expected to be roughly \$142-144M for full year 2020
- Share count: we estimate we will have approximately 55M basic shares outstanding and approximately 63M 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 FY 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): 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.

Sales tax expense accrual: In Q1, we accrued approximately \$2.0M 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. As this accrued expense is non-recurring in our operating expenses, we excluded it from our non-GAAP figures. Since the ruling, most states have implemented similar Wayfair type rules and thresholds. We now have a solution that will enable us to invoice, collect and remit sales tax in the applicable jurisdictions, and we implemented this new process in April 2020. Going forward, sales tax expenses will be collected from the users based upon our taxability analysis, and we will report revenue net of this expense.

Share repurchase authorization: As previously disclosed, we are authorized by the Israeli District Court to repurchase up to \$100 million of our ordinary shares from time to time, until June 30, 2020, when the current court authorization expires. We plan to file in the coming days a motion seeking a renewed court approval in Israel to re-authorize us to repurchase up to \$100 million of our ordinary shares from time to time until December 31, 2020. We expect the motion to be re-approved before the expiration of the current authorization. We did not repurchase any shares in the quarter ended March 31, 2020.

Conference Call and Webcast Information

Wix will host a conference call at 8:30 a.m. ET on Thursday, May 14, 2020 to answer questions about the financial and operational performance of the business for the first quarter ended March 31, 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 8883387. A telephonic replay of the call will be available through May 21, 2020 at 11:30 a.m. ET by dialing +1-855-859-2056 and providing Conference ID 8883387.

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, non-GAAP gross margin, non-GAAP operating income, and free cash flow (collectively the "Non-GAAP financial measures"). 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 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 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 per share represents non-GAAP net income 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 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 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, 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, particularly due to uncertainties relating to the impact of COVID-19. 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 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, 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 |
|----------------------------------|-----------|-----------|-----------|-----------|-----------|
| | Q1 | Q2 | Q3 | Q4 | Q1 |
| Revenues | \$174,290 | \$185,419 | \$196,791 | \$204,588 | \$215,987 |
| Collections | \$200,379 | \$199,563 | \$205,860 | \$226,683 | \$248,858 |
| Non-GAAP Gross Profit | \$136,028 | \$140,334 | \$145,163 | \$150,461 | \$155,548 |
| <i>Gross Margin %</i> | 78% | 76% | 74% | 74% | 72% |
| Non-GAAP R&D expenses | \$45,790 | \$47,231 | \$49,465 | \$51,426 | \$53,972 |
| <i>% of revenues</i> | 26% | 25% | 25% | 25% | 25% |
| <i>% of collections</i> | 23% | 24% | 24% | 23% | 22% |
| Non-GAAP S&M expenses | \$80,517 | \$66,368 | \$70,255 | \$67,940 | \$90,905 |
| <i>% of revenues</i> | 46% | 36% | 36% | 33% | 42% |
| <i>% of collections</i> | 40% | 33% | 34% | 30% | 37% |
| Non-GAAP G&A Expenses | \$11,874 | \$12,540 | \$13,185 | \$13,926 | \$14,865 |
| <i>% of revenues</i> | 7% | 7% | 7% | 7% | 7% |
| <i>% of collections</i> | 6% | 6% | 6% | 6% | 6% |
| Non-GAAP Operating Income (Loss) | (\$2,153) | \$14,195 | \$12,258 | \$17,169 | (\$4,194) |
| <i>% of revenues</i> | (1%) | 8% | 6% | 8% | (2%) |
| <i>% of collections</i> | (1%) | 7% | 6% | 8% | (2%) |
| Non-GAAP Net Income (Loss) | \$1,468 | \$16,956 | \$20,826 | \$19,898 | (\$396) |

| in 000s | 2019 | | | | 2020 |
|---|-----------|-----------|-----------|-----------|-----------|
| | Q1 | Q2 | Q3 | Q4 | Q1 |
| Creative Subscriptions Revenue | \$151,364 | \$157,012 | \$164,761 | \$171,355 | \$176,546 |
| Change in deferred revenues | \$25,529 | \$13,481 | \$8,810 | \$19,450 | \$32,251 |
| Creative Subscriptions Collections | \$176,893 | \$170,493 | \$173,571 | \$190,805 | \$208,797 |
| Business Solutions Revenue | \$22,926 | \$28,407 | \$32,030 | \$33,233 | \$39,441 |
| Change in deferred revenues | \$560 | \$663 | \$259 | \$2,645 | \$620 |
| Business Solutions Collections | \$23,486 | \$29,070 | \$32,289 | \$35,878 | \$40,061 |
| Gross Profit - Creative Subscriptions | \$124,716 | \$127,717 | \$133,219 | \$137,935 | \$141,156 |
| Share based compensation expenses | \$1,150 | \$1,225 | \$1,285 | \$1,334 | \$1,322 |
| Non GAAP Gross Profit - Creative Subscriptions | \$125,866 | \$128,942 | \$134,503 | \$139,269 | \$142,478 |
| <i>Non GAAP Gross margin - Creative Subscriptions</i> | 83% | 82% | 82% | 81% | 81% |
| Gross Profit - Business Solutions | \$9,859 | \$11,041 | \$10,277 | \$9,418 | \$12,761 |
| Share based compensation expenses | \$161 | \$211 | \$240 | \$248 | \$309 |
| Amortization | \$142 | \$141 | \$142 | \$1,526 | \$0 |
| Non GAAP Gross Profit - Business Solutions | \$10,162 | \$11,393 | \$10,659 | \$11,192 | \$13,070 |
| <i>Non GAAP Gross margin - Business Solutions</i> | 44% | 40% | 33% | 34% | 33% |

| In millions | Apr'19 | Apr'20 |
|--|--------|--------|
| Cumulative Cohort Revenue | \$1 | \$2 |
| Cumulative Cohort change in deferred revenue | \$5 | \$8 |
| Cumulative Cohort Collections | \$6 | \$10 |