



SHAREHOLDER UPDATE

Fourth Quarter
and Full Year 2019

February 20th, 2020



2019 Highlights

Strong Top Line Growth Continued

Revenue (\$M)

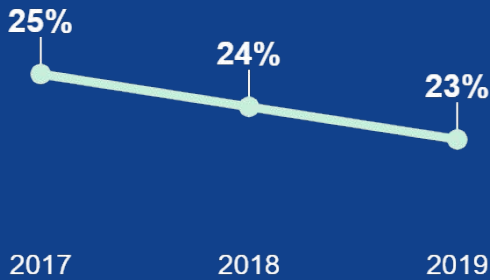


Collections (\$M)

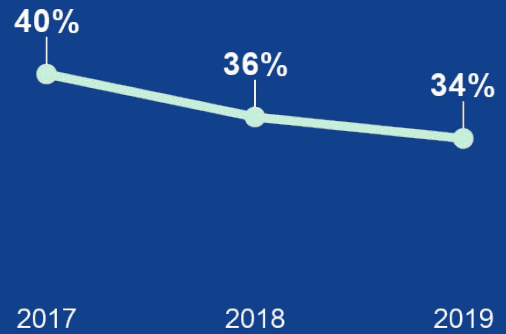


Increasing Financial Leverage

R&D% of Collections

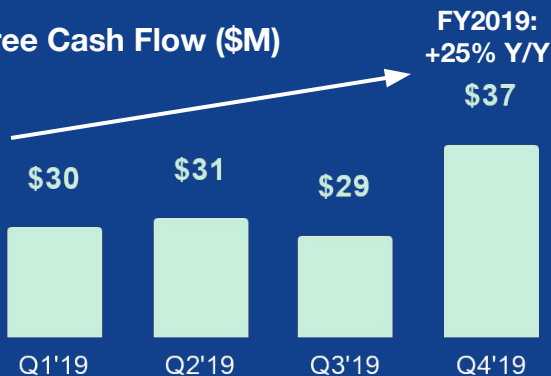


S&M% of Collections



Strong Cash Flow Generation

Free Cash Flow (\$M)



Added Multiple New Growth Drivers

- Wix Partners
- Wix Payments
- Corvid by Wix
- Wix Fitness
- Wix Customer Care
- Ascend by Wix

A Look Back at 2019

Record year topped off by strong growth in revenue, collections and free cash flow

- Revenue in Q4 was \$204.6M, up 25% y/y. Revenue in 2019 was \$761.1M, up 26% y/y
- Collections in Q4 were \$226.7M, accelerating to 29% y/y
 - On a Y/Y FX-neutral basis, Q4 collections were \$228.5M, up 30% y/y
- Collections in 2019 were \$832.5M, up 26% y/y
 - Had FX rates remained constant year over year, collections would have been ~\$12M higher, or \$844.5M, up 28% y/y
- Free cash flow in Q4 was \$37.5M, up 15% y/y. Free cash flow in 2019 was \$127.5M, up 25% y/y

Lifetime value of user cohorts increased

- Growth in collections generated by our user cohorts continued, driven by subscription growth and increases in ARPS along with growth in the penetration of applications and other business solutions
- The Q1'19 user cohort generated 11% more in collections in its first year than the Q1'18 user cohort over its first year
- Future collections of all existing cohorts expected to be **\$6.8 billion over the next 8 years, an increase of 33% from \$5.1 billion over a year ago**

Key investments made to execute on our strategic initiatives

- We hired a team of sales and account managers and introduced the The Wix Partner Program to expand our reach to designers and agencies
- Our Customer Care organization expanded, and we are implementing a more proactive approach to support
- New products and verticals were launched including Ascend by Wix, Wix Payments and Wix Fitness
- We focused on growth in Japan, which included a partnership agreement with NTT Town Pages to the exclusive website provider for their customers
- We concluded a significant pricing optimization effort that began in 2018 in several markets to reflect the added value of our products and optimize the growth of cohort values by country

FY'19 Results vs. Guidance

GAAP Revenue

Actual Results

\$761.1 million

Prior Guidance

\$761-763 million

Collections

Actual Results

\$832.5 million

FX-neutral basis

\$844.5 million

Prior Guidance

\$828-831 million

Q4 Results vs. Guidance

GAAP Revenue

Actual Results

\$204.6 million

Prior Guidance

\$204-206 million

Collections

Actual Results

\$226.7 million

FX-neutral basis

\$228.5 million

Prior Guidance

\$222-225 million

Looking Ahead to 2020

Multiple drivers of revenue and collections growth reflected in 2020 guidance

- We continue to build on our leading position in the DIY website creation market through efficient marketing and product innovation
- We are bolstering our business application offerings such as new fulfillment capabilities in Wix Stores and ticket sales in Wix Events
- We have seen growth in the adoption of solutions to help businesses operate and grow online, including third party applications (TPAs) such as G-Suite, Wix applications such as Ascend, Wix Payments and the launch of new solutions during the year
- We are growing the Wix Partner Program and products aimed at this market to attract new creators to Wix and grow the activity of creators on Wix, anchored by the recently launched Editor X, which further enhances our offering to these users, as well as other products aimed at this market
- We have invested in growing Customer Care to improve the experience of users in their journey through Wix
- We continued to focus on geographic growth to increase ongoing cohort value in several key countries

Increased Transparency in Financial Reporting to Reflect the Continued Evolution of Our Business

In light of the continued evolution of our business, we believe that we must provide more clarity around our growth and margins; therefore, we are making two significant additional disclosures to our quarterly reporting:

- 1. Presenting our business results in two segments: Creative Subscriptions and Business Solutions**
- 2. Introducing Annual Recurring Revenue (“ARR”) as the Key Performance Indicator (“KPI”) that captures both the impact of growing subscriptions and monetization per subscription**

The Continued Evolution of our Business

At the beginning of 2019, we shared an in depth look at the evolution of our business and how we expect to drive growth for years to come. Our strategic focus for 2019 was to deliver more value to users by entering new markets and offering more products to enable users to build their dreams online.

In 2019, we made a number of key investments as well as adjusted pricing and packaging throughout the year in order to execute our strategic initiatives:

- The Wix Partner Program was introduced, and we invested in building out a sales and account management team to attract designers and agencies to Wix
- Our Customer Care organization expanded by nearly 3x its size at the beginning of the year in order to improve the support of our 165M users and help them along their personalized user journeys
- New products such as Ascend by Wix and Wix Payments were rolled out, providing our users with tools to drive growth in their businesses and provide a superior product experience
- We worked towards the launch of Editor X, a product aimed at designers and agencies, providing creators with the most innovative design and creation experience ever on Wix
- We continued our pricing optimization that began in 2018 in several markets to reflect the added value of our products and optimize the growth of cohort values by country

All of these new initiatives occurred while we continued to focus on increasing our foothold in the DIY market and contributed to Wix's rapid evolution from a simple website builder to a comprehensive web creation and business solutions platform for creators of all types.

New Financial Disclosures

To improve transparency and provide better metrics to model our business, we are introducing the following disclosures to our financial reporting:

Reporting two business segments:

Creative Subscriptions and Business Solutions

On Wix, a user can not only create a robust, professionally designed website or application, but can also sell products and services, complete financial transactions, market their business online, keep in touch with customers and manage customer support using one integrated technology platform.

Wix has rapidly evolved from a simple website builder to a comprehensive web creation and business solutions platform for creators of all types

The introduction and rapid adoption of new products and services has caused further complexity in reporting all of our business components in a single segment. Therefore, beginning this quarter, we will be reporting revenue, collections and cost of revenue in two segments: Creative Subscriptions and Business Solutions.

- **Creative Subscriptions** includes revenue and collections from the sale of subscription packages users purchase to create and publish their website or web application with their own domain name. We offer users a number of products or a combination of products to create a website or web application, including Wix ADI, the Wix Editor, Corvid by Wix and Editor X.

Revenue and collections for this segment include the website subscription package, including those bundled with one of our vertical applications, and the domain name subscription, all of which are recurring. Cost of revenue for this segment includes the allocation of hosting and support costs as well as direct costs associated with domains.

- **Business Solutions** includes revenue and collections of all of the solutions we offer that enable a business to establish and manage mission critical systems and drive growth online. These solutions include third party applications (TPAs) like G-Suite as well as Wix applications such as Ascend by Wix, Wix Payments, Wix Answers, Wix Logo Maker and other business services and applications. This segment also includes revenue and collections from DeviantArt.

This segment contains various revenue models. TPAs including G-Suite, Wix Apps including Ascend and Wix Answers are subscription businesses that have recurring revenue. Other segments, such as Wix Payments, have transaction-based revenue, and others, such as Wix Logo Maker, have one-time fees.

Cost of revenue for this segment includes an allocation of hosting and support costs, where applicable, as well as direct costs for revenue share agreements and other expenses.

Creative Subscriptions
includes website and web application creation subscription packages

Business Solutions
includes products that enable businesses to manage and grow

By segmenting our results in this way, we are able to demonstrate several positive results:

- The strength and consistency of our Creative Subscriptions segment
 - In 2019, Creative Subscriptions revenue and collections grew 23% y/y and comprised 85% of total revenue and collections
- The rapid growth of the Business Solutions segment as we have introduced new products and services that our users want and need
 - In 2019, Business Solutions revenue and collections were each 15% of total but grew at a rate of 49% and 54% y/y, respectively
- The health of the gross margin of our Creative Subscriptions segment
 - In 2019, Creative Subscriptions non-GAAP gross margin was 82%, down slightly from 85% in 2018. The decline is entirely due to the additional investment we made last year in our Customer Care organization. We believe that the gross margin of our Creative Subscriptions business will remain stable over time

We have provided the historical results for the last eight quarters for collections, revenue and cost of revenue in the Interactive Analyst Center found on investors.wix.com.

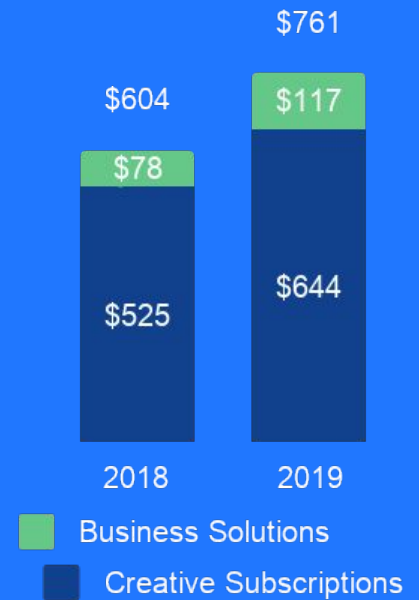
Introducing Annual Recurring Revenue (“ARR”) as a KPI

The growth of our business has always been driven by a combination of three main factors: 1) increasing registered users, 2) conversion of registered users to premium subscriptions and 3) increasing monetization per subscription.

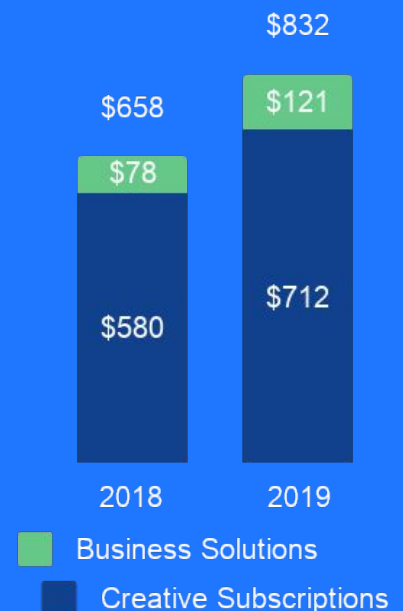
Our main objective, however, has always been to optimize each factor in order to maximize the overall collections from each user cohort. This objective has not changed.

Over the past 18 months, we have increased our focus on optimizing pricing and packaging globally. Our efforts have resulted in pricing that can differ materially depending on the package purchased and the geography in which it is purchased. We also anticipate the introduction of higher priced packages and other products that may be priced differently. All of these factors make focusing on users and subscriptions - without considering pricing per subscription - less useful.

Revenue (in millions)



Collections (in millions)



To capture both the growth in premium subscriptions and revenue or collections per subscription, we are introducing ARR as a new KPI that measures trends in recurring subscription and domain revenues. ARR is calculated as Monthly Recurring Revenue (MRR) multiplied by 12. MRR is calculated as all active Creative Subscriptions in effect on the last day of the period, multiplied by the monthly revenue of such Creative Subscriptions, as well as monthly revenue from agreements with partners

ARR for Creative Subscriptions Revenue in Q4'19 was \$707.2M, up 21% y/y driven by a combination of increasing subscriptions and continued growth of revenue per subscription.

We believe that the performance of the Creative Subscriptions segment is best reflected in this single metric that combines the effects of all three of the factors that drive growth in this segment. By introducing ARR, we are simplifying the ongoing relationship between these growth drivers.

Throughout 2020 we will continue to report registered users and premium subscriptions, as well as ARR, on a quarterly basis in order to help with modeling through this transition. However, beginning in 2021, we will no longer report registered users and premium subscriptions quarterly or provide slides or data focused solely on users or subscriptions. We do plan to provide registered users and premium subscriptions annually. In 2021 we will continue to report ARR on a quarterly basis.

In the charts below, we illustrate the relationship between Creative Subscriptions ARR and Creative Subscriptions



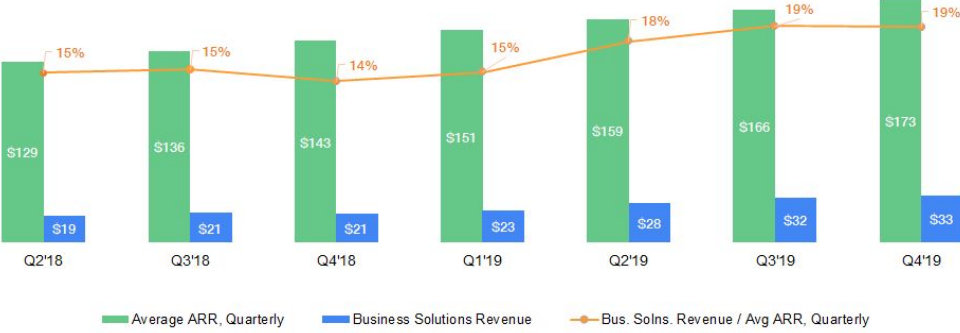
Average ARR, Quarterly is calculated as the average ARR between one quarter and the preceding quarter, and then divided by four. This chart illustrates that ARR on a quarterly basis closely approximates the actual quarterly Creative Subscriptions Revenue on a historical basis. We expect this relationship to continue.

We believe that the performance of the Creative Subscriptions segment is best reflected in this single metric that combines the effects of all three of the factors that drive growth in this segment

ARR (in millions)



In this chart, we illustrate the historical relationship between Creative Subscriptions ARR and Business Solutions Revenue:



As the adoption and usage of the products that comprise Business Solutions has grown among our users, it has comprised a larger percentage of our Creative Subscriptions ARR.

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

Total revenue in Q4 was \$204.6M, up 25% y/y. Total revenue in FY 2019 was \$761.1M, up 26% y/y. On a y/y constant currency basis, Q4 revenue would have been \$205.3M, up 25% y/y, and FY 2019 revenue would have been \$768.9M, up 27% y/y.

- **Creative Subscriptions revenue** in Q4 was \$171.4M, up 19% y/y and was \$644.5M in FY 2019, up 23% y/y, driven by an increase in ARR, which rose 21% y/y as of December 31, 2019.
- **Business Solutions revenue** in Q4 was \$33.2M, up 62% y/y and was \$116.6M in FY 2019, up 49% y/y. Growth throughout the year was driven primarily by continued adoption of third party applications such as G-Suite and Wix applications such as Ascend. Wix Payments became a more meaningful driver of growth in the second half of the year.

Collections in Q4 were \$226.7M, up 29% y/y. Collections in FY 2019 were \$832.5M, up 26% y/y.

Had FX rates remained constant year over year, **collections would have been ~\$12M higher, or \$844.5M, up 28% y/y.**

- **Creative Subscriptions collections** in Q4 were \$190.8M, up 23% y/y and was \$711.8M in FY 2019, up 23% y/y
- **Business Solutions collections** in Q4 were \$35.9M, up 76% y/y and were \$120.7M in FY 2019, up 54% y/y

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 11% vs. the Q1 2018 user cohort over the same time period, accelerating from a quarter ago
- With the addition of our newest user cohort in Q4 2019, we now expect future collections of all existing cohorts to be **\$6.8 billion over the next 8 years, based on current cohort behavior, an increase of approximately 33% over a year ago**

Revenue (in millions)



Collections (in millions)



Gross Margin and Operating Income

Total non-GAAP gross margin was 74% of revenue in Q4, compared to 74% last quarter and 80% in Q4 of 2018. The year over year decline in gross margin was driven by incremental investments we made for our new Customer Care initiative as well as growth in sales of G-Suite and the growth of Wix Payments.

For the full year 2019, total non-GAAP gross margin was 75%, as expected, compared to 80% the prior year. Our investment in Customer Care, growth in G-Suite sales and the introduction of Wix Payments attributed to this decline.

- Creative Subscriptions non-GAAP gross margin** was 81% in Q4, compared to 82% last quarter and 84% in Q4 of 2018. For the full year 2019, Creative Subscriptions non-GAAP gross margin was 82%, compared to 85% in 2018. The decline was related to the investment in expanding our Customer Care organization.
- Business Solutions non-GAAP gross margin** was 34% in Q4, compared to 33% last quarter and 47% in Q4 of 2018. For the full year 2019, Business Solutions non-GAAP gross margin was 37%, compared to 48% in 2018. The decline was related primarily to the growth in sales of G-Suite, as well as the growth of Wix Payments. As Wix Payments continues to grow, it will continue to weigh on the gross margin of this business segment.

The decline in gross margin over the last year has been driven by initiatives that will continue to contribute to top-line growth for years to come.

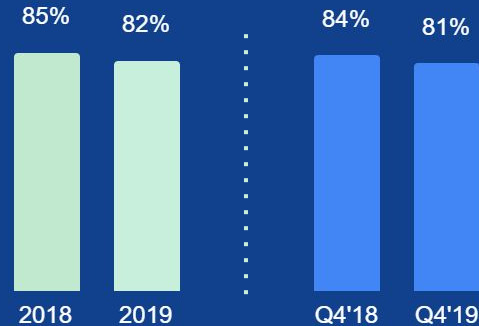
Non-GAAP R&D expense was \$51.4M in Q4 compared to \$49.5M in Q3 and \$43.2M in Q4 2018. As a percent of collections, non-GAAP R&D expense was 23% in Q4, down from 24% in Q3 and 25% in Q4 2018.

In FY 2019, non-GAAP R&D expense was \$193.9M, or 23% of collections, compared to 24% in FY 2018. Our disciplined approach to strategic investments allowed us to continue to build groundbreaking products with limited new resources in 2019. For example, the launch of Editor X in early 2020 was a key strategic focus in 2019, but was accomplished while still gaining leverage in R&D.

Total Non-GAAP Gross Margin



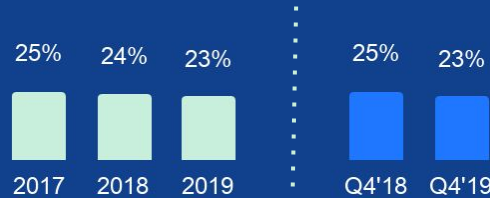
Creative Subscriptions Non-GAAP Gross Margin



Business Solutions Non-GAAP Gross Margin



Non-GAAP R&D as a % of Collections



Non-GAAP S&M expense was \$67.9M in Q4 compared to \$70.3M in Q3 and \$57.8M in Q4 2018. As a percent of collections, S&M expenses decreased to 30% in Q4 compared to 34% in Q3 and 33% in Q4 2018.

In FY 2019, non-GAAP S&M expense was \$285.1M, or 34% of collections, compared to 36% of collections in FY 2018 and lower than our expectation of 35%. Early in 2019 we made a significant investment in marketing towards the professional community. This investment allowed us to do several things:

- 1) Build out the Wix Partners organization
- 2) Rebrand Corvid by Wix and participate in developer conferences
- 3) Direct acquisition marketing towards agencies and freelancers

Even with the incremental investments, we were able to gain leverage in S&M.

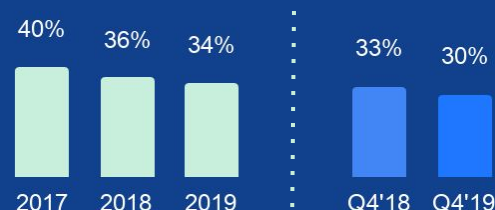
Investment in advertising throughout 2019 remained within our time to return on investment (TROI) horizon of 7-9 months. We remained within this TROI of 7-9 months even while increasing the amount of advertising investment in the year by approximately 14% y/y.

Our Q1 2019 cohort, we invested approximately \$55M in acquisition marketing and collected \$52M through the 12 months ended December 31, 2019. This quarter's spend fell slightly outside of our TROI as we chose to invest approximately \$3-4M on marketing activities not associated with direct acquisition channels. Marketing investment throughout the remainder of the year is on track to return within our TROI of 7-9 months.

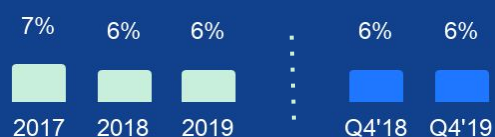
Non-GAAP G&A expense was \$13.9M in Q4 compared to \$13.2M in Q3 and \$11.2M in Q4 2018. G&A expenses have increased in parallel with the growth of our overall business. Non-GAAP G&A expense was 6% of collections in Q4, the same as it has been for more than a year. In FY 2019, non-GAAP G&A expense was \$51.5M, or 6% of collections.

Non-GAAP operating expenses were \$520.5M in FY 2019, or 64% of collections, in line with our expectations and down from 66% in FY 2018.

Non-GAAP S&M as a % of Collections



Non-GAAP G&A as a % of Collections



Non-GAAP operating income in Q4 was \$17.2M, compared to \$12.3M in Q3 and \$18.8M in Q4 2018. In FY 2019, non-GAAP operating income was \$41.5M, down from \$47.2M in 2018.

The year over year decline in non-GAAP operating income is primarily due to growth in collections that exceeded growth in revenue in the second half of 2019. When collections growth exceeds revenue growth, our income statement profitability slows as revenue can only be recognized ratably over the term of a subscription even though cash is collected up front. This impact is further supported by the y/y change in total deferred revenue, which increased 30% y/y. The decline in non-GAAP operating income y/y is also partly due to our investments in Customer Care and the Wix Partners business.

Free cash flow in Q4 was \$37.5M, compared to \$29.2M in Q3 and \$32.7M in Q4 2018, an increase of 15% y/y. In FY 2019, free cash flow was \$127.5M, up 25% y/y.

Capital expenditures were \$3.8M in Q4, compared to \$6.8M in Q3 and \$3.4M in Q4 2018. In FY 2019, capital expenditures were \$22.1M, compared to \$14.1M in FY 2018, up 57% y/y. The increase continues to be driven mainly by leasehold improvements and equipment to support our growing headcount. Although capex increased year over year, it came in below our expectations.

We ended the quarter with \$905M in cash on the balance sheet and \$360M in long-term debt.

Our total employee headcount was 3,071 as of the end of Q4 2019. This number excludes the new Customer Care agents that were hired by a third party.

At the end of Q4 2019, our basic weighted average share count was approximately 51.3M and our weighted average fully diluted share count was approximately 60.9M.

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



Free Cash Flow (in millions)



Product Update

Editor X

In February, we unveiled our latest website creation platform, Editor X, which provides advanced design and layouting capabilities specifically targeted to designers and web agencies. It was clear to us that creators wanted more advanced design capabilities to fulfill their own visions and to deliver on the needs of top brands. Editor X is a market first, in that it offers the most accessible gateway to CSS without sacrificing any design freedom. Designers can create complex, responsive websites and make unique design decisions at every viewport.

Users can work with CSS technologies like Grid, Flexbox and custom breakpoints—all with intuitive drag and drop. **We integrated the depth of the classic Wix Editor, including Corvid, data binding and all of our business solutions, for the creation of powerful sites with deep business infrastructure.** More can be read at <https://editorx.com>

The introduction of Editor X is unique for Wix as it is the first creation tool aimed at a specific segment of our users. Our last creation tool that we introduced, Wix ADI, had a material impact on our business. We believe the opportunity with creators that we address with the introduction of Editor X is significant.

Editor X will be the centerpiece of a suite of products focused on creators such as designers, agencies and global teams and brands. This suite will include an array of functionalities including our creation products - which includes Editor X, Corvid, the Wix Editor and Wix ADI - and tools for collaboration, management and growth.

Wix Partners

In 2019, we launched several initiatives for the first time aimed at bringing creators such as freelance designers, web agencies and global teams and brands to use and increase their usage of Wix. We have increased marketing activity, built a sales and account management team focused on this market, and we introduced the Wix Partner Program to provide several benefits to Partners.



Product Focus for Creators:

Creation

Collaboration

Management

Growth

We have already seen early success from these and other initiatives as tens of thousands of creators are using Wix today with many tens of thousands more in potential. **Collections from partners with 10 or more premium sites on Wix already have grown over 50% y/y in the most recent quarter, and we believe that new product initiatives can grow this market further**

This coming year, we have even bigger plans as we believe we can grow our presence in this market even more with new products and marketing campaigns. We are off to a strong start with the launch of Editor X, a product which greatly enhances our offering to this market, and there is more to come.

Corvid by Wix

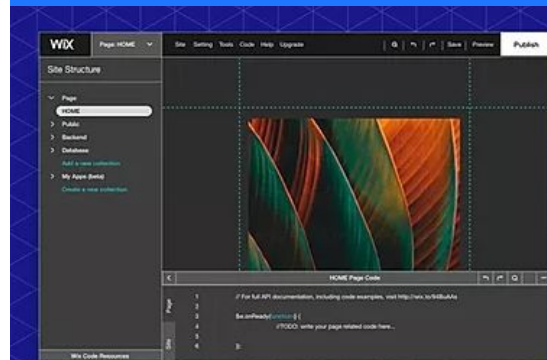
The capabilities that encompass Corvid by Wix enable our users to add and manage any kind of content on their Wix sites. It is a serverless, open development platform that also lets users build professional web applications in a hassle-free environment.

Corvid is a key product within our creation suite of products on Wix as it allows designers and developers to build much more advanced websites and web application on Wix. We continue to add features and functionality to Corvid and usage continues to rise.

Customer Care

Throughout 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 in low cost regions across the world and develop internal tools to assist our agents in providing a higher level of service.

Our new approach to Customer Care is to go beyond just solving problems - we are aiming to gain an understanding of who our users are, what they are trying to create, and where they are in their journey on Wix. Customer Care agents should be able to not only help a user build a stunning website, but also to succeed in managing and growing their business on our platform.



Many of our agents have undergone an extensive training course in which they were educated on website and marketing best practices, Wix product knowledge and necessary communication skills to guide users along their journey. Many more of our agents are going through training in the first half of the year.

User satisfaction has already improved, and we expect this to contribute positively in improving user conversion and retention.

Wix Payments

Wix Payments is available to new and existing users in more than a dozen countries, and throughout 2019 we have seen the penetration rate of Wix Payments increase. During the same period, overall GMV on Wix continues to grow. We continue to launch new features that improve the user experience and increase customer satisfaction with Wix Payments.

While Wix Stores make up the majority of transactions with Wix Payments today, we see Wix Payments being used for selling tickets with Wix Events, appointments with Wix Bookings, reservations and food delivery with Wix Restaurants and many other use cases.

Wix Welcomes Diane Greene to its Board of Directors

We are excited to welcome Diane Greene to our board of directors. Given her experience as the co-founder of multiple disruptive companies, overseeing their tremendous growth, along with serving on the boards of highly successful technology leaders, Diane will bring a tremendous amount of technology experience and leadership to our board. This addition is particularly exciting as we enter our next significant phase of growth.

Ms. Greene is among the most prominent entrepreneurs in the development of cloud computing and an experienced leader in the enterprise software industry. In 1998 Greene co-founded VMware, a pioneer in computing virtualization solutions, serving as its CEO until 2008. She also co-founded and was the CEO of VXtreme, bought by Microsoft in 1997, and Bebop, bought by Google in 2015. She previously served as the CEO of Google's Cloud Division from 2015 through 2018 as well as on the board of directors for Intuit from 2006 to 2018 and for Alphabet from 2012 to 2019.

Ms. Greene currently serves on the board of directors of SAP SE and Stripe. She is also a lifetime member of The MIT Corporation, the governing body of the Massachusetts Institute of Technology, and is a member of the National Academy of Engineering. She holds a B.S. in Mechanical Engineering from the University of Vermont, a M.S. in Naval Architecture from MIT and a M.S. in Computer Science from the University of California, Berkeley.

Business Outlook

Our initial outlook for 2020 reflects continued top line growth and increasing financial leverage in our business. Multiple existing and new initiatives will drive our top line growth in the near term:

- We plan to drive growth through efficient marketing and product innovation to increase our lead in the DIY website market
- We will continue to add features and functionality to our website creation tools -- the Wix Editor, Wix ADI and Corvid - and add capabilities to our portfolio of vertical applications, including Wix Stores, Wix Bookings and Wix Events
- We continue to build out our Customer Care organization to improve the experience of users in their journey through Wix, increasing the value of our user cohorts
- We intend to add more products and services that enable business owners that have built sites on Wix to manage and grow their ventures online. This effort will include continued adoption of TPAs including G-Suite, Ascend and other Wix applications, Wix Payments, Wix Logo Maker and products we plan to release
- We will continue to invest in products and marketing to expand our reach with creators - designers, agencies and global teams and brands. We recently launched Editor X, which is focused on this market, and we will be launching a suite of products aimed at growing our presence in this market
- Continued focus on geographic growth to increase the value of our user cohorts in several key countries

Our guidance incorporates our predicted performance based on years of historical cohort data as well as our estimates for the performance of our new initiatives.

For FY 2020, we expect the following:

- Revenue of \$946-\$956M, reflecting y/y growth of 24-26%
- Collections of \$1,020-\$1,035M, reflecting y/y growth of 23-24%
- Free cash flow of \$155-\$162M, reflecting y/y growth of 22-27%

New Headquarters in Tel Aviv

In April 2019, we announced plans to build office space at a new corporate campus that will house our headquarters in Tel Aviv. The space is expected to be completed in 2022-2023. We expect capital expenditures from construction costs to build the new office space to be approximately \$80-90 million (based on current FX rates) over 4 years, beginning in 2020 and ending in 2023.

This capital investment will alleviate the need for us to incur incremental, annual capital costs to build offices while adding employees as the new office space is expected to be large enough to accommodate our employee growth for many years to come. Additionally, annual operating costs on a per square meter basis is expected to be less than what Wix spends today.

In 2020, we expect to incur approximately \$8-9 million (based on current FX rates) in capital expenditures associated with this build out. For future years, we expect the following capital expenditures associated with this build out: approximately \$30M in 2021 and 2022 each and approximately \$20M in 2023.

Excluding this \$8-9 million of investment in the new campus, our 2020 Free Cash Flow guidance would be \$163-171M, up 28-34% y/y, which is 17% of collections at the high end of the collections and FCF guidance ranges.

For Q1'20 we expect the following:

- Revenue of \$215-\$217M, reflecting y/y growth of 23-25%
- Collections of \$247-\$249M, a y/y increase of 23-24%

FY'20 Guidance

GAAP revenue

\$946-956 million

24-26% y/y growth

Collections

\$1,020-1,035 million

23-24% y/y growth

Free cash flow

\$155-162 million

22-27% y/y growth

\$163-171 million

Excluding \$8-9M capex for new office HQ construction

28-34% y/y growth

17% of collections at top end of guidance ranges

Q1'20 Guidance

GAAP Revenue

\$215-217 million

23-25% y/y growth

Collections

\$247-249 million

23-24% y/y growth

Additional Guidance

We are introducing the following additional guidance for FY 2020:

- Gross margin: we expect the gross margin % our Creative Subscriptions segment 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
- Non-GAAP operating expense to be roughly 62-63% of collections
- GAAP and Non-GAAP tax expense to be \$5-6M
- Capital expenditures expected to be approximately \$26-28M, which includes approximately \$8-9M of leasehold improvements related for construction of our new HQ offices
- Depreciation expense expected to be approximately \$16-18M
- Share based compensation expense is expected to be roughly \$142-144M
- 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

Additional 2020 Guidance

Total Non-GAAP operating expense

62-63% of collections
for FY 2020

GAAP & Non-GAAP tax expense

\$5-6 million
for FY 2020

Capital expenditures

\$26-28 million
for FY 2020

Includes \$8-9M for new HQ construction

Depreciation

\$16-18 million
for FY 2020

Share based compensation expenses

\$142-144 million
for FY 2020

Basic shares outstanding

~55 million
at FYE 2020

Fully diluted shares outstanding

~63 million
at FYE 2020

Notes and Modeling Clarifications

- **Annualized Recurring Revenue (ARR):** ARR is calculated as Monthly Recurring Revenue (MRR) multiplied by 12. MRR is calculated as all active Creative Subscriptions in effect on the last day of the period, multiplied by the monthly revenue of such Creative Subscriptions, as well as monthly revenue from agreements with partners
- **Non-operating foreign exchange expenses (income):** 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 \$5.3M for FY 2019. 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 June 30, 2020, when the current court authorization expires. Wix did not repurchase any shares in the quarter ended December 31, 2019.

Conference Call and Webcast Information

Wix will host a conference call at 8:30 a.m. ET on Thursday, February 20, 2020 to answer questions about the financial and operational performance of the business for the fourth quarter ended December 31, 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 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 3793195. A telephonic replay of the call will be available through February 27, 2020 at 11:30 a.m. ET by dialing +1-855-859-2056 and providing Conference ID 3793195.

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, non-GAAP net income, non-GAAP net income per share 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, 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, 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 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 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 | | | | 2017 FY | 2018 FY | 2019 FY |
|---|------------|-----------|-----------|-----------|------------|------------|------------|------------|------------|------------|------------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | | | |
| Revenue | \$137,775 | \$146,132 | \$155,000 | \$164,197 | \$174,290 | \$185,419 | \$190,791 | \$204,588 | \$425,036 | \$603,704 | \$761,088 |
| Change in deferred revenue | \$21,880 | \$13,703 | \$7,177 | \$11,861 | \$26,089 | \$14,144 | \$9,009 | \$22,095 | \$58,353 | \$54,681 | \$71,397 |
| Collections | \$159,655 | \$159,895 | \$162,777 | \$176,058 | \$200,379 | \$199,563 | \$205,860 | \$220,683 | \$483,989 | \$658,385 | \$832,485 |
| in 000s | 2018 | | | | 2019 | | | | 2017 FY | 2018 FY | 2019 FY |
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | | | |
| GAAP Gross Profit | \$108,731 | \$115,095 | \$122,623 | \$129,708 | \$134,575 | \$138,757 | \$143,496 | \$147,353 | \$356,245 | \$476,757 | \$564,181 |
| Share Based Compensation | \$1,079 | \$1,087 | \$1,102 | \$1,150 | \$1,311 | \$1,436 | \$1,525 | \$1,582 | \$2,930 | \$4,418 | \$5,854 |
| Amortization | \$142 | \$142 | \$142 | \$142 | \$142 | \$141 | \$142 | \$1,526 | \$505 | \$568 | \$1,951 |
| Acquisition Related Expenses | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$28 | \$0 | \$0 |
| Non-GAAP Gross Profit | \$109,952 | \$116,924 | \$123,867 | \$131,000 | \$136,028 | \$140,334 | \$145,163 | \$150,461 | \$359,708 | \$481,743 | \$571,986 |
| Non-GAAP Gross Margin % | 80% | 80% | 80% | 80% | 78% | 76% | 74% | 74% | 85% | 80% | 75% |
| in 000s | 2018 | | | | 2019 | | | | 2017 FY | 2018 FY | 2019 FY |
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | | | |
| Research and development (GAAP) | \$46,502 | \$48,492 | \$49,300 | \$54,558 | \$58,183 | \$61,486 | \$64,488 | \$66,634 | \$153,035 | \$198,912 | \$250,791 |
| Share Based Compensation | \$8,485 | \$9,470 | \$10,372 | \$11,090 | \$12,256 | \$14,119 | \$14,886 | \$14,900 | \$26,227 | \$39,417 | \$56,161 |
| Amortization | \$137 | \$136 | \$137 | \$136 | \$137 | \$136 | \$137 | \$308 | \$546 | \$546 | \$718 |
| Acquisition related expenses | \$1,095 | \$1,084 | \$261 | \$125 | \$0 | \$0 | \$0 | \$0 | \$5,509 | \$2,565 | \$0 |
| Non-GAAP research and development | \$36,785 | \$37,802 | \$38,590 | \$43,207 | \$45,790 | \$47,231 | \$49,465 | \$51,426 | \$121,293 | \$156,384 | \$193,912 |
| % of collections | 23% | 24% | 24% | 25% | 23% | 24% | 24% | 23% | 25% | 24% | 23% |
| Selling and marketing (GAAP) | \$67,011 | \$58,855 | \$62,247 | \$61,065 | \$85,718 | \$71,329 | \$75,862 | \$74,809 | \$204,435 | \$249,178 | \$307,718 |
| Share Based Compensation | \$2,042 | \$2,352 | \$2,597 | \$2,779 | \$4,748 | \$4,506 | \$4,590 | \$4,614 | \$6,585 | \$9,770 | \$18,458 |
| Amortization | \$309 | \$453 | \$454 | \$454 | \$453 | \$455 | \$453 | \$550 | \$1,702 | \$1,670 | \$1,911 |
| Acquisition related expenses | \$237 | (\$138) | \$0 | \$0 | \$0 | \$0 | \$564 | \$1,705 | \$1,107 | \$99 | \$2,269 |
| Non-GAAP selling and marketing | \$64,423 | \$56,188 | \$59,196 | \$57,832 | \$80,517 | \$66,368 | \$70,255 | \$67,940 | \$195,041 | \$237,639 | \$285,080 |
| % of collections | 40% | 35% | 36% | 33% | 40% | 33% | 34% | 30% | 40% | 36% | 34% |
| General and administrative (GAAP) | \$13,670 | \$14,855 | \$14,514 | \$16,258 | \$18,466 | \$20,103 | \$23,751 | \$23,002 | \$48,186 | \$59,297 | \$85,922 |
| Share Based Compensation | \$4,068 | \$4,800 | \$4,689 | \$5,108 | \$6,592 | \$7,504 | \$7,391 | \$7,377 | \$11,958 | \$18,725 | \$28,864 |
| Amortization | \$0 | \$0 | \$0 | \$0 | \$0 | \$6 | \$1 | \$1 | \$11,958 | \$0 | \$0 |
| Acquisition related expenses | \$96 | \$0 | \$0 | \$0 | \$0 | \$53 | \$0 | \$163 | \$1,953 | \$96 | \$216 |
| Sales tax expense | | \$0 | \$0 | \$0 | \$0 | \$0 | \$3,174 | \$2,135 | \$0 | \$0 | \$5,309 |
| Non-GAAP general and administrative | \$9,506 | \$9,995 | \$9,825 | \$11,150 | \$11,874 | \$12,540 | \$13,185 | \$13,926 | \$34,275 | \$40,476 | \$56,834 |
| % of collections | 6% | 6% | 6% | 6% | 6% | 6% | 6% | 6% | 7% | 6% | 7% |
| in 000s | 2018 | | | | 2019 | | | | 2017 FY | 2018 FY | 2019 FY |
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | | | |
| GAAP Operating Loss | (\$18,452) | (\$6,507) | (\$3,498) | (\$2,173) | (\$27,792) | (\$14,161) | (\$20,605) | (\$17,692) | (\$50,011) | (\$30,630) | (\$80,250) |
| Share Based Compensation | \$15,674 | \$17,769 | \$18,760 | \$20,127 | \$24,907 | \$27,565 | \$28,392 | \$28,473 | \$47,700 | \$72,330 | \$109,337 |
| Amortization | \$588 | \$731 | \$733 | \$732 | \$732 | \$738 | \$733 | \$2,385 | \$2,753 | \$2,784 | \$4,588 |
| Acquisition Related Expenses | \$1,428 | \$946 | \$261 | \$125 | \$0 | \$53 | \$564 | \$1,868 | \$8,657 | \$2,760 | \$2,485 |
| Sales tax expense | | \$0 | \$0 | \$0 | \$0 | \$0 | \$3,174 | \$2,135 | \$0 | \$0 | \$5,309 |
| Non-GAAP Operating Income (Loss) | (\$762) | \$12,939 | \$16,256 | \$18,811 | (\$2,153) | \$14,195 | \$12,258 | \$17,169 | \$9,099 | \$47,244 | \$41,469 |
| in 000s | 2018 | | | | 2019 | | | | 2017 FY | 2018 FY | 2019 FY |
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | | | |
| GAAP Net Loss | (\$19,811) | (\$5,640) | (\$5,916) | (\$5,753) | (\$30,740) | (\$16,734) | (\$17,367) | (\$21,573) | (\$56,273) | (\$37,120) | (\$86,414) |
| Share Based Compensation & Other Non-GAAP Adjustments | \$17,690 | \$19,446 | \$24,719 | \$26,523 | \$32,208 | \$33,090 | \$38,193 | \$41,471 | \$55,724 | \$88,378 | \$145,562 |
| Non-GAAP Net Income (Loss) | (\$2,121) | \$13,806 | \$18,803 | \$20,770 | \$1,468 | \$16,956 | \$20,826 | \$19,898 | (\$549) | \$51,258 | \$59,148 |
| in 000s | 2018 | | | | 2019 | | | | 2017 FY | 2018 FY | 2019 FY |
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | | | |
| Net cash provided by operating activities | \$24,779 | \$27,268 | \$27,607 | \$36,055 | \$35,074 | \$37,180 | \$36,073 | \$41,327 | \$83,052 | \$115,709 | \$149,654 |
| Capital expenditures, net | (\$3,358) | (\$3,411) | (\$3,916) | (\$3,391) | (\$5,028) | (\$6,426) | (\$6,846) | (\$3,766) | (\$12,369) | (\$14,076) | (\$22,066) |
| Free Cash Flow | \$21,421 | \$23,857 | \$23,691 | \$32,664 | \$30,046 | \$30,754 | \$29,227 | \$37,561 | \$70,683 | \$101,633 | \$127,588 |

| in 000s | 2018 Q4 | 2019 Q4 | 2018 FY | 2019 FY |
|------------------------------------|------------|------------|------------|------------|
| Creative Subscriptions Revenue | \$143,621 | \$171,355 | \$525,350 | \$644,491 |
| Change in deferred revenues | \$12,047 | \$19,450 | \$54,769 | \$67,272 |
| Creative Subscriptions Collections | \$155,668 | \$190,805 | \$580,119 | \$711,763 |

| in 000s | 2018 Q4 | 2019 Q4 | 2018 FY | 2019 FY |
|--------------------------------|------------|------------|------------|------------|
| Business Solutions Revenue | \$20,576 | \$33,233 | \$78,354 | \$116,597 |
| Change in deferred revenues | (\$180) | \$2,645 | (\$88) | \$4,125 |
| Business Solutions Collections | \$20,390 | \$35,878 | \$78,266 | \$120,722 |

| in 000s | 2018 Q4 | 2019 Q4 | 2018 FY | 2019 FY |
|---|------------|------------|------------|------------|
| Gross Profit - Creative Subscriptions | \$120,319 | \$137,935 | \$440,598 | \$523,586 |
| Share based compensation expenses | \$1,018 | \$1,334 | \$3,904 | \$4,994 |
| Amortization | \$0 | \$0 | \$0 | \$0 |
| Non GAAP Gross Profit - Creative Subscriptions | \$121,337 | \$139,269 | \$444,502 | \$528,580 |
| <i>Non GAAP Gross margin - Creative Subscriptions</i> | <i>84%</i> | <i>81%</i> | <i>85%</i> | <i>82%</i> |

| in 000s | 2018 Q4 | 2019 Q4 | 2018 FY | 2019 FY |
|---|------------|------------|------------|------------|
| Gross Profit - Business Solutions | \$9,389 | \$9,418 | \$36,159 | \$40,595 |
| Share based compensation expenses | \$132 | \$248 | \$514 | \$860 |
| Amortization | \$142 | \$1,526 | \$568 | \$1,951 |
| Non GAAP Gross Profit - Business Solutions | \$9,003 | \$11,192 | \$37,241 | \$43,406 |
| <i>Non GAAP Gross margin - Creative Subscriptions</i> | <i>47%</i> | <i>34%</i> | <i>48%</i> | <i>37%</i> |