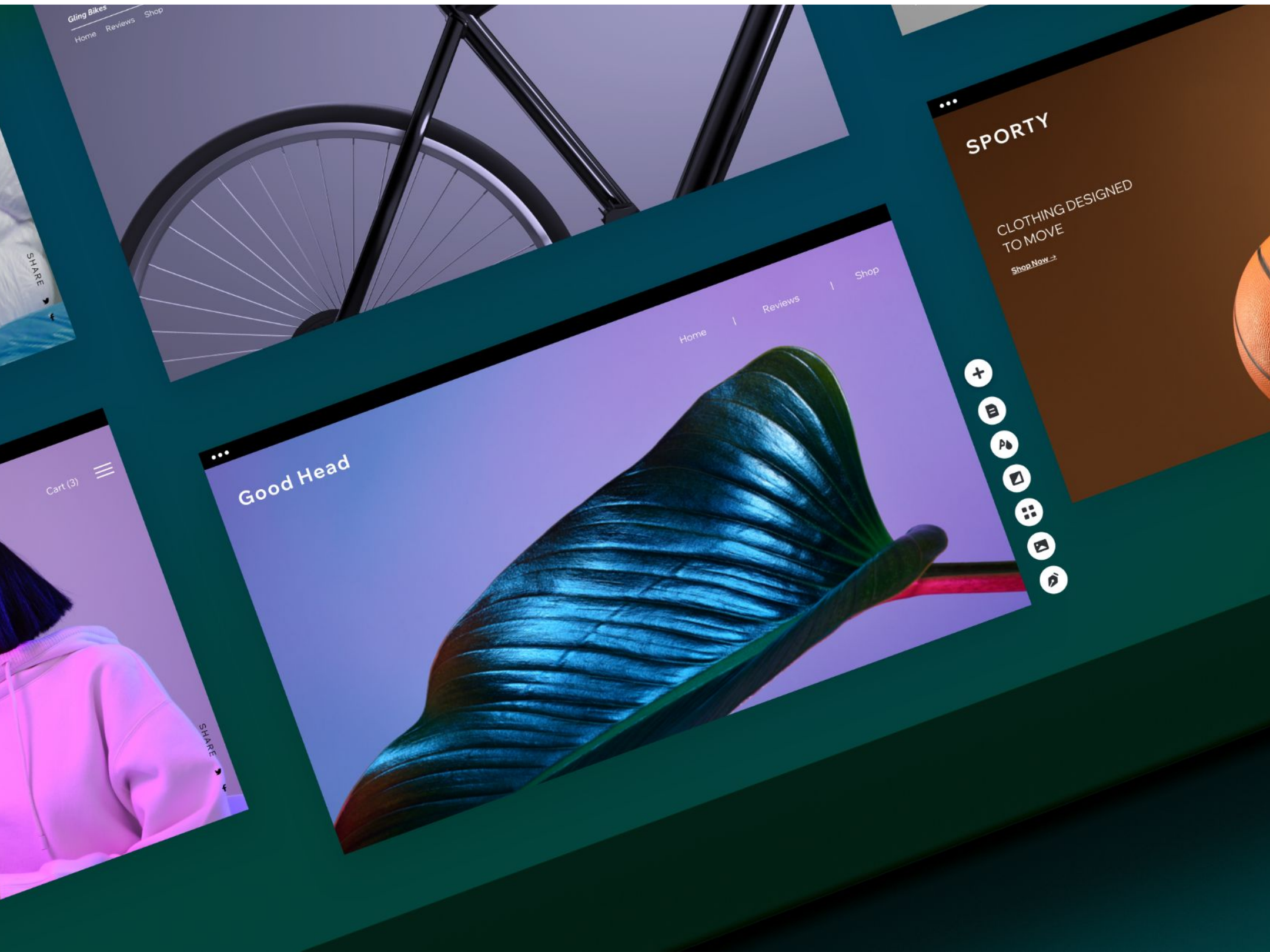


WIX

Shareholder Update

Second Quarter 2021 | August 11, 2021

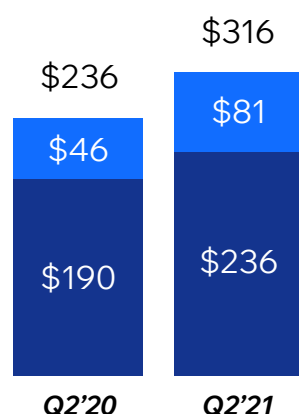


Q2'21 Highlights

- Revenue growth of 34% y/y and collections growth of 29% y/y reflect continued demand for creation and success of businesses on Wix
- Sustained user cohort collections growth driven by continued high levels of new users, strong retention and higher conversion and monetization
- More businesses relying on Wix to create and manage their online presence -- online commerce was 35% of Q2'21 total collections
- Announced significant partnership with Vistaprint becoming the technology layer for millions of Vistaprint customers globally

Revenue (in millions)

↑ +34% y/y

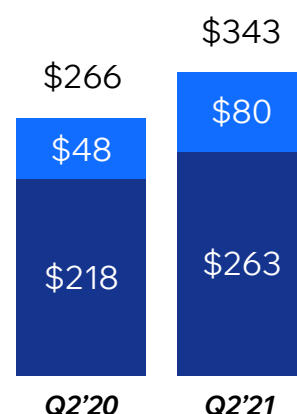


■ Creative Subscriptions ■ Business Solutions

Note: Numbers may not add due to rounding

Collections (in millions)

↑ +29% y/y



Marquee Technology Alliance with



\$15.0 Billion

Expected future collections over next 10 years from **existing** cohorts

Cumulative Collections from Q1 User Cohorts After 2 Quarters (in millions)

+23% y/y



Revenue retention very strong and monetization continues

To our Shareholders, our Users & the Wix Team

Over the last 12-18 months, we benefited from the acceleration of businesses moving online. Our years of investment in building a platform for any type of user and any type of business, phenomenal customer care, tech infrastructure and a global brand positioned us to succeed.

Looking back, we realize that when we entered 2021 and through Q1'21, we assumed one of two scenarios would happen: scenario #1 was that COVID continues and business online keeps growing and scenario #2 was that vaccines would work and be widely distributed and offline business -- in-person events, services, fitness classes, etc. -- would grow. Our belief was that if either happened, we would achieve our outlook as we have always believed that our business is positioned to do well in both environments.

This belief was confirmed in the first quarter of the year when COVID seemed to be less of a threat and behavior shifted quickly. People started to move to offline activities like going to restaurants, seeing concerts and traveling -- a change in trend from what we saw in 2020. As a result, we felt comfortable providing the annual guidance that we did.

More recently, new variants of the COVID virus and government responses have caused a great amount of uncertainty. This scenario #3 was one we did not predict. There isn't a clear answer out there about the future of lockdowns or restrictions, and consumers and business owners are uncertain whether they should move offline or remain fully online.

Our business experienced this volatility in Q2. Revenue growth of 34% y/y and collections growth of 29% y/y in Q2 were strong, particularly when compared to the exceptional results of Q2 '20. But collections growth was at the low end of our expectations for the quarter.

Specifically, beginning in mid-May we began experiencing two trends that caused subscriptions to finish at the low end of our prediction:

- A reduction in new user traffic at the top of the funnel
- Faster conversion that occurred in 2020 from all of our existing cohorts created a greater pull forward effect in Q2 than we predicted

In addition, our estimation of the timing to close B2B partnerships was off for Q2 and instead some will fall into the 2H, which also impacted our collections relative to our guidance in the quarter. We are already off to a strong start in Q3 with the closing of a substantial technology partnership, which we will discuss shortly.

At the same time, we also saw several positive trends during the quarter:

- The rate of conversion of new users to subscriptions remained consistent with the last four quarters
- Average collections per subscription continued to grow y/y
- Retention remained strong and specifically of subscriptions that were purchased a year ago
- Strong adoption of Google Workspace and Ascend
- Continued acceleration of growth amongst Wix Partners and users building for others
- Growth in GPV and Wix Payments inline with our expectations

As uncertainty increases with new variants of COVID and government responses, we expect this volatility to continue through the 2H of 2021.

Given the current state of uncertainty, at this time it is challenging to predict how users will behave beyond Q3. However, we are providing updated full year guidance that reflects this third scenario in which the current level of uncertainty continues and consumers and business owners don't know what to do next. This uncertainty is also why the guidance range is wider than usual.

Finally, we are very excited about our new technology alliance with Vistaprint. This partnership validates our many years of investment into product development and in our brand. Vistaprint chose Wix not just because of the robustness of our current platform but because of our ability to innovate and deliver new products that will help small businesses create and succeed online.

We spoke about our north star goal of becoming the destination where the majority of what is newly built on the internet. Our B2B partnerships and technology integrations into platforms like Vistaprint's are a significant part in accomplishing this goal. We believe we can replicate these, making Wix the technology hundreds of millions use to create and succeed online.

Over the last two years, we have added over 56 million new users and have grown our revenue and collections by a 31% CAGR, both exceeding the annual run rate we experienced prior to the pandemic. Although we are experiencing some headwinds in the short term, 2021 will still be a tremendous year for Wix. Our platform continues to grow with new products, and we are expanding our business with new sources of revenue.

I'm extremely proud of our team at Wix, which continues to execute at high levels.

We look forward to continuing to provide updates on our journey.

Sincerely,
Avishai Abrahami, Co-founder and CEO

Business Update

Building our Platform for Any Type of User

We build our platform for users of any level of skill and a wide variety of use cases. Today, our platform comprises multiple design and development products -- Wix ADI, Wix Editor, Editor X, and Velo by Wix -- that appeal to a diversified spectrum of users.

Our web creation products put us in a unique position to increase our market share among both self-creators and users building for others. In order to achieve our ambition of becoming the primary platform for every type of online presence, our approach has to be multifaceted.

Growing our leadership amongst users who self-create

One way that we are executing on this ambition is by strengthening our position as the largest self-creation platform in the world. In addition to product development, our investments in acquisition marketing and our growing brand recognition enhance Wix's reputation among entrepreneurs, individual brands, and SMBs.

Our investments in Customer Care have also improved our foothold in the self-creation market. In the last year, we have added hundreds of Experts across our seven global locations, and our support is delivering bringing incredible results and continuing to drive higher NPS.

Our leadership position has helped us create a competitive moat and has led to many other organizations, from agencies to large companies, deciding to rely on Wix as their web creation platform of choice.

Expanding to users who create for others

In parallel with attracting self-creation users directly to the Wix platform, we are expanding our market by offering our platform through other organizations and professionals -- such as web and marketing agencies, freelance designers and developers who create sites for others -- and partners who offer our product or technology to their customers.

These types of users and partners act as multipliers of growth as they often bring more users to Wix and purchase multiple subscriptions over time. **This approach is a key part of our strategy to achieve our long-term ambitions of becoming the platform on which the majority of people will build their online presence.**

Establishing partnerships to increase share

We are increasing our market penetration and aggregating supply and demand through partnerships.

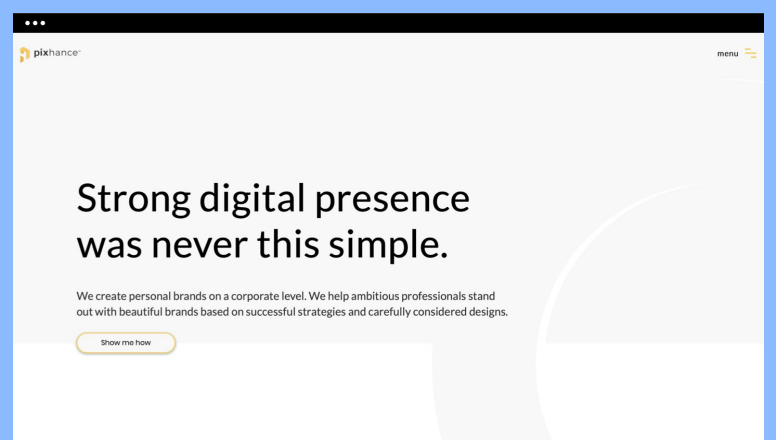
The Wix Partner Program has been our key go-to-market strategy for attracting agencies, designers and developers to our platform. There have been users building for others on Wix since our inception, but in the last few years we have focused on a more proactive approach to bringing the best designers and developers onto our platform. These users purchase multiple subscriptions for their clients over time and are more likely to purchase Editor X subscription packages, bolstering our cohort lifetime value through higher retention, higher attach rates of business applications and higher GPV.

We also have put significant focus into launching **B2B partnerships** with many types of companies including telecom companies, online directories, media companies and marketing services platforms, that intend to offer Wix to their own customers. In the last two years, we have initiated several partnerships with service providers such as NTT Town Page, Vodafone, Turk Telecom, and most recently, Yell.com.

This August we entered into a **marquee technology alliance with Vistaprint**, a leading small business solution for design services, print, signage, and more. Through this agreement, Wix will be integrated into Vistaprint's offering -- replacing its existing in-house solution -- to become the digital presence platform for its millions of customers globally. **Vistaprint users will have access to the full suite of products and services on Wix, empowering them to use Wix as their operating system online.**

In striving to become the world's leading design and marketing partner for small businesses, Vistaprint chose Wix to provide its best in class technology platform for website creation. **Wix was chosen not just for our current platform but also because of our proven record of developing innovative solutions for small businesses online.**

User Spotlight



"EditorX was a game-changer for Pixhance. We used to build websites on multiple platforms, including Wix. Fast forward to today -- we've been using EditorX exclusively for the past 14 months! It feels intuitive for our expert developers and new designers alike and helps us try new bold ideas. Becoming a Wix partner was one of the best decisions we made."

Bakir Alkhateeb, Owner at Pixhance
www.pixhance.com, Israel

This partnership is expected to deliver hundreds of thousands of new subscriptions to Wix through not only self-creators but also designers on 99designs by Vistaprint, the global creative platform for freelance designers. Across all of its properties globally, Vistaprint has over 17 million customers, all of which will be introduced to Wix. Additionally, existing sites built using Vistaprint's solutions will migrate to Wix.

This is a very significant step for Wix, as it is clear that we are seen as the leader in technology and innovation in the online presence space. **Just as Amazon and Google have become the technology layer for the cloud, Wix is striving to become the technology layer for digital presence, and this alliance is evidence that we are on our way to achieving this goal.** We believe we can replicate these types of B2B partnerships and integrations with other platforms, which will contribute to our north star goal of becoming the primary platform for online creation globally.



"We selected Wix to be our preferred partner because of its product innovation and technology advantage to offer the best to our customers, and this combined experience with Vistaprint and Wix will ensure small business owners have everything they need to put their best foot forward."

Robert Keane
CEO, Vistaprint

Expanding our Platform Horizontally for Any Type of Business

Wix has evolved into a full operating system for businesses of any type. We have built a diversified platform with tools that enable users selling physical goods, appointments, reservations or tickets, to manage their inventory and calendars, market themselves, and organize their contacts and workflow.

The diversification of our platform provides us with a distinct advantage over our peers. It also partially insulates us from economic fluctuations that could impact some verticals more than others.

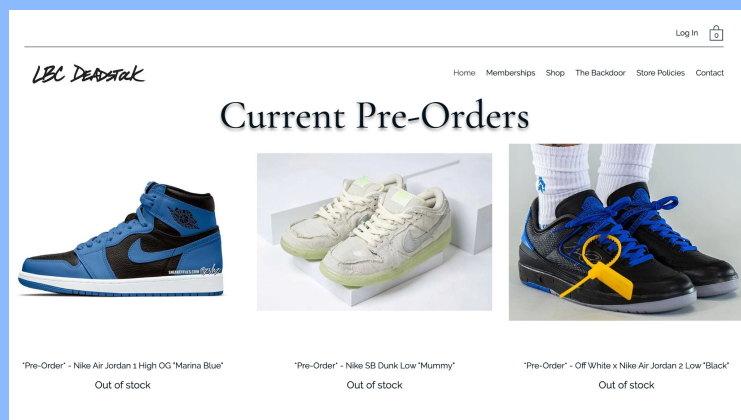
The number of users coming to Wix to create, manage and grow their online commerce business continued to grow in Q2'21, despite the slow down we experienced in the back half of the quarter. Online commerce users drive higher lifetime value of our cohorts as they purchase higher priced subscription packages, adopt business applications more frequently and generate GPV. **In Q2'21, online commerce accounted for 35% of collections, an increase from 33% in Q1'21.**

This quarter, we introduced a number of enhancements and new features that enable online commerce and help businesses go beyond site creation. Recent enhancements to our online commerce offering include:

- Launch of the **Dine by Wix** native mobile app, which enables Wix Restaurants users to extend the functionality of ordering food and making reservations to mobile customers
- Introduction of the **Branded App by Wix**, a native mobile app builder which provides users with the ability to create and customize their own tailor-made app without a single line of code. This extension of the Wix platform allows business owners to seamlessly create a holistic brand experience for their business with a customized website, a domain name and now the advantages of owning a native mobile app
- Acquisition of **Modalyst**, a leading marketplace and dropshipping platform. This acquisition will provide Wix Stores users with a native supplier marketplace to source quality products. Modalyst will also serve as an integrated dropshipping platform for end to end white-label product fulfillment

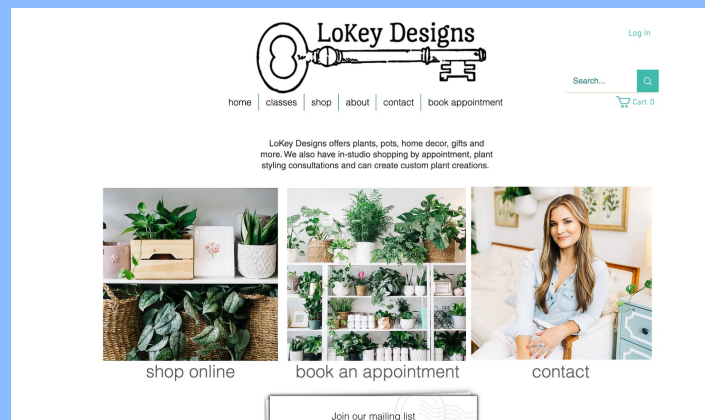
In addition to the new online commerce features introduced this quarter, we remain heavily focused on expanding Wix Payments to more users and helping them grow their transaction volume. GPV on Wix as well as our take rate -- defined as Wix Payments revenue as a percent of total GPV -- continued its strong growth as more online commerce users came to Wix and succeeded in attracting customers and selling goods and services.

User Spotlights



“My business model, being primarily pre orders accepting payments up front for longer fulfillment terms, has always been kind of a hurdle I've had to go through. Coming from ‘Big Cartel’ or even ‘PayPal’, where it's hard to get a person to actually understand you - It's a totally different experience with Wix. Wix Payments gets into more of a personal touch, and better understands the risks and concerns with the model. I think it's a great partnership.”

**Brian Bernards, Owner at [LBCdeadstock.com](https://www.lbcdeadstock.com)
California, US**



“The POS system looks really nice in my store. You guys did a great job. Everything was super easy. It took me 10 min [to install]. I was complaining big time about not having a POS system and then I got your email. Now I feel a lot more legit. Also, I used Square and Shopify and you have a really easy way of adding and updating quantities and products. I think you are superior to the others.”

**Laura Dooley, Owner at [LoKey Designs](https://www.lokeydesigns.com)
Missouri, USA**

Financial Review

User Cohort Performance

To demonstrate the continued growth of our user cohorts, we share the cumulative collections on a quarterly basis of our Q1 user cohorts. Our Q1'21 user cohort has generated \$51 million in collections in its first two quarters. **This amount is 23% more than the Q1'20 user cohort generated in its first two quarters, underscoring strong retention and continued monetization of users as they purchase higher priced subscriptions and adopt other products and services on our platform.**

Due to our history of data about the behavior of our user cohorts, we are able to estimate the future collections of existing cohorts, and as of the end of Q2'21, we estimate that our existing user cohorts will generate approximately \$15.0 billion in collections over the next 10 years. This demonstrates the high amount of durable growth inherent in our business today.

Total Revenue and Collections

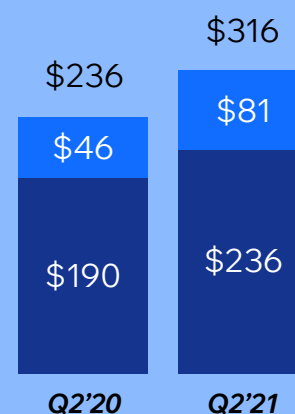
Total revenue grew to \$316.4 million in Q2'21, an increase of 34% y/y, strong growth over Q2'20. The results were above the high end of our prior guidance range of \$308-312 million due to a higher mix of monthly packages than expected as well as the outperformance of Business Solutions, including Wix Payments.

This outperformance was slightly offset by lower growth in new users and subscriptions than we predicted. The timing of signed B2B partnership agreements did not impact revenue in Q2 as revenues from partnerships typically lag collections.

Total collections grew to \$342.9 million in Q2'21, an increase of 29% y/y. Collections were at the low end of our guidance range due to lower growth in new users and subscriptions than we predicted and the shift in timing of B2B partnerships that was different than we predicted. These items were offset by strong performance from Business Solutions, including Wix Payments, exceeding our prediction for the quarter.

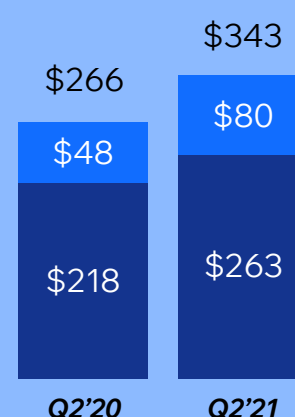
Revenue (in millions)

↑ +34% y/y



Collections (in millions)

↑ +29% y/y



■ Creative Subscriptions

■ Business Solutions

Note: Numbers may not add due to rounding

We typically enter into two types of B2B partnership agreements: pay-as-you-go (PAYG) and multi-year agreements. For PAYG agreements, collections and revenue are recognized simultaneously as subscriptions are purchased.

We present firm multi-year commitments for the full contract term in collections in the quarter in which the agreement is executed, which may be up to five years. The first year commitment amount is recognized as short-term accounts receivable and deferred revenue, and the remaining commitment amount will be recorded in our collections as unbilled contractual obligations. We recognize revenue over time when the subscriptions are activated.

To improve transparency, we will disclose “change in unbilled contractual obligations” on a quarterly basis in our reconciliation of revenue to collections. We have provided this additional detail for Q2 and H1 2021.

This initiative is new for us, and we are excited about this growth opportunity. **We believe these types of partnerships are key in us achieving our north star goal of becoming the platform where the majority of people will build online.**

Creative Subscriptions Revenue and Collections

Creative Subscriptions revenue grew to \$235.9 million in Q2'21, an increase of 24% y/y. Creative Subscriptions revenue was slightly ahead of our expectations due to a higher mix of monthly packages, slightly offset by lower growth in new users and subscriptions than we predicted.

Creative Subscriptions collections were \$263.0 million, an increase of 21% y/y. Collections were lower than our expectations due to the cohort performance outlined earlier as well as lower partnership collections.

Creative Subscriptions Annualized Recurring Revenue (ARR) grew to \$967.3 million as of the end of Q2'21, an increase of 22% y/y.

Business Solutions Revenue and Collections

Business Solutions revenue was \$80.5 million in Q2'21, an increase of 75% y/y. Business Solutions collections grew to \$79.8 million in Q2'21, an increase of 66% y/y.

Business Solutions revenue and collections were slightly ahead of our expectations in Q2, driven by better than expected results from business applications (primarily Google Workspace and Ascend) as well as from Wix Payments.

Beginning in 2022, we will transition from using the term Collections to using Bookings. We believe Bookings more accurately describes this measure as we anticipate that long-term agreements with partners, in which we will not collect the full amount of the agreement up front, will become a more significant part of our business in the future.

Gross Margin

Total non-GAAP gross margin was 63% in Q2'21, in line with Q1'21 and a decline y/y as expected. We are in the early stages of seeing gross margins begin to expand, as we start to see returns on our investments in Customer Care and infrastructure.

Creative Subscriptions non-GAAP gross margin was 77%, a decline y/y, but in line with Q1'21. In 2020 and early 2021, we hired a significant number of Customer Care experts to serve our rapidly growing user base. For 2021, we believe Creative Subscriptions non-GAAP gross margin will be approximately 76% for the full year and that it will increase in 2022.

Business Solutions non-GAAP gross margin was 23% in Q2'21, a y/y and sequential decline as a greater mix of our revenue comes from Wix Payments, Shipping and Paid Ad Campaigns. We recognize revenue on a gross basis for each of these products, which results in lower gross margins.

We expect Business Solutions non-GAAP gross margin will be approximately 22% for the full year, a slight improvement over our prior outlook.

Operating Expenses

Non-GAAP R&D expenses were \$77.9 million in Q2'21, an increase of 11% sequentially and 39% y/y. Non-GAAP R&D expenses were 23% of collections in Q2'21, up from 20% in Q1'21 and 21% in Q2'20.

Non-GAAP S&M expenses were \$114.3 million in Q2'21, a decrease of 16% from Q1'21 and flat y/y. Non-GAAP S&M expenses were 33% of collections in Q2.

The sequential decrease in S&M is in line with past years as Q1 is seasonally our biggest quarter in terms of new user additions. For 2021, we anticipate S&M as a % of collections will be approximately 33%.

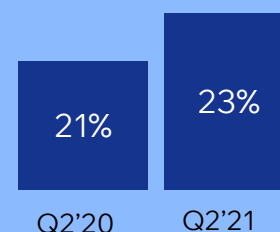
We aim to return our marketing investments within a period of time, which we call Time to Return On Investment (TROI). In Q2, as we experienced lower than expected new user registrations, we invested less in S&M than we initially forecasted in accordance with our TROI.

As we mentioned last quarter, as we add new user cohorts with more Partners and more online commerce businesses, TROI may take slightly longer than in the past. However, our data shows that over the long term, the lifetime value of these cohorts will generate returns on our marketing investments which will be greater given these users act as multipliers for subscriptions and generate additional collections through business application adoption and GPV.

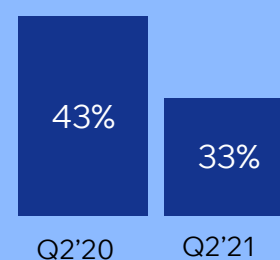
Non-GAAP G&A expenses were \$24.5 million in Q2'21, a sequential increase of 15% and an increase of 58% y/y. Non-GAAP G&A expenses were 7% of collections in Q2'21, up from 6% in Q1'21. The y/y and sequential increase are both attributed to payments chargebacks, which we began recognizing as G&A expenses in Q4 2020.

We expect total non-GAAP operating expenses will be approximately 62% of collections for the full year 2021.

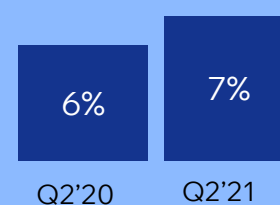
Non-GAAP R&D as a % of collections



Non-GAAP S&M as a % of collections



Non-GAAP G&A as a % of collections



Earnings

Non-GAAP net loss was \$(15.8) million in Q2'21 or \$(0.28) per share. On a GAAP basis, net income was \$38.0 million, or \$0.66 per share. There were two notable adjustments to GAAP net income in Q2'21, outlined below.

Q2 and H1'21 GAAP financial expenses include the impact of the amortization of our 2023 convertible notes. We have revised the H1'21 figures to reflect a change in how we recognized financial expenses related to the conversion of notes that occurred in Q1. This expense was excluded from non-GAAP results.

Our equity investments resulted in unrealized gains of approximately \$142.4 million, primarily attributed to the IPO and increase in share price of monday.com and to a smaller extent gains from our acquisition of Modalyst, in which we had previously been an investor. These gains were offset by \$(32.7) million in provisions for income tax effects. These items were also excluded from non-GAAP results.

For the purposes of calculating basic net income and loss per share on a non-GAAP basis in Q2'21, we used a basic weighted average share count of 57.3 million shares. Because our net income was positive on a GAAP basis, we also calculated diluted net income per share using a diluted weighted average share count of 60.4 million shares.

Cash Flow and Balance Sheet

Free cash flow, excluding capital expenditures associated with the build out of our new corporate headquarters, was \$16.9 million in Q2'21. Including approximately \$2.2 million in new HQ capex, free cash flow was \$14.7 million in Q2.

We ended Q2'21 with approximately \$1.6 billion in cash and \$920 million in long-term debt.

Our total employee headcount at the end of Q2'21 was 5,616.

Outlook Update

We are introducing our Q3'21 guidance as follows:

- Total revenue in the range of \$311 - \$317 million, or growth of 22% - 25% y/y
- Total collections in the range of \$355 - \$365 million, or growth of 26% - 30% y/y

Given the current state of uncertainty, at this time it is challenging to predict how users will behave beyond Q3. As mentioned earlier in the document, looking back, our prior guidance was based on our assumption that we would see one of two scenarios: that COVID continues and online businesses keep growing or that vaccines would be widely distributed and offline businesses grow. Our updated guidance reflects a third scenario, where the current level of uncertainty continues, and consumers and business owners don't know what to do next.

The top end of the guidance range for FY 2021 reflects either scenario #1 or #2: an improvement to new user additions and conversion of users to subscriptions, above the rate we are seeing currently, as well as B2B partnerships in our pipeline in which we have a high degree of certainty in closing within the remainder of the year. The bottom end of the range reflects the possibility that we will see scenario #3: continued high uncertainty, resulting in further declines in new user additions, and that certain partnerships in our pipeline do not close by the end of 2021.

We are adjusting our outlook for the remainder of the year and providing a range that reflects all of the potential outcomes as follows:

- Revenue of \$1.255 - \$1.270 billion, or 27 - 28% y/y growth, a decrease from the previous range of \$1.280 - \$1.290 billion
- Collections of \$1.400 - \$1.435 billion, or 27 - 30% y/y growth, a decrease from the previous range of \$1.440 - \$1.460 billion

Q3 2021 Guidance

Revenue

\$311 - \$317 million
22 - 25% y/y growth

Collections

\$355 - \$365 million
26 - 30% y/y growth

FY 2021 Guidance

Revenue

\$1.255 - \$1.270 billion
27 - 28% y/y growth

Collections

\$1.400 - \$1.435 billion
27 - 30% y/y growth

Free Cash Flow (excl. HQ capex)

\$60 - \$65 million

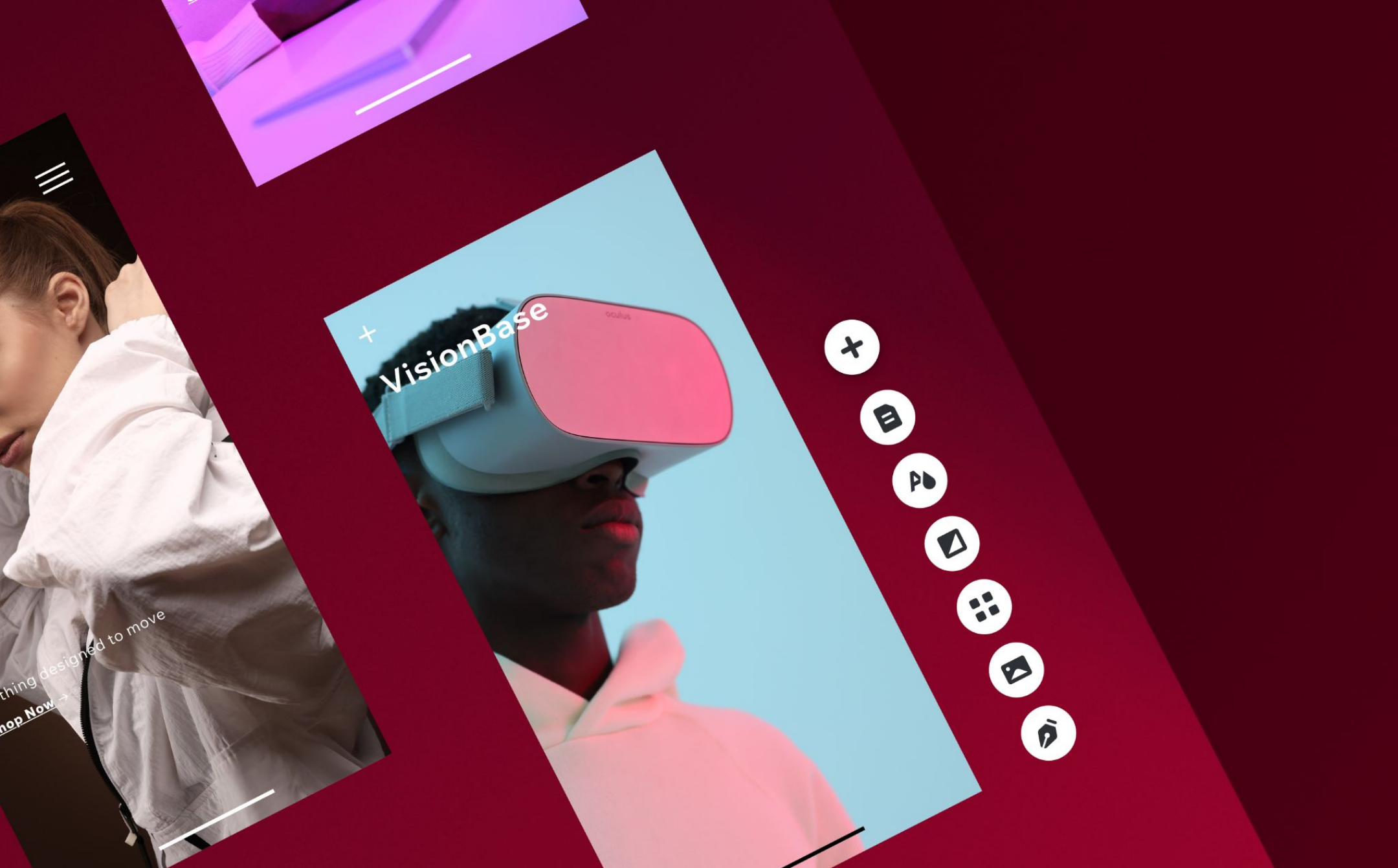
Free Cash Flow

\$35 - \$40 million

- Free cash flow, excluding HQ capex, of \$60 - \$65 million, a decrease from our previous range of \$92 - \$102 million
 - We still anticipate that HQ capex will be approximately \$25 million for the full year in 2021. Including this HQ capex, our free cash flow guidance would be \$35 - \$40 million

Our full year 2021 collections guidance includes approximately \$70 million in B2B partnership agreements, of which a significant portion was already closed in Q3 and is included in our Q3 collections guidance. This amount is slightly higher than what we included in our prior guidance for the year as we have experienced recent success with this initiative.

To improve transparency, we will disclose “changes in unbilled contractual obligations” on a quarterly basis in our reconciliation of revenue to collections. **This method is consistent with how we provided guidance at the beginning of the year.**



Appendix

Notes and Modeling Clarifications

GPV or Gross Payments Volume includes the total value, in US dollars, of transactions facilitated by our platform.

“**Creative Subscriptions Revenue**” and “**Creative Subscriptions Collections**” refer to revenue or collections, as applicable, generated from premium subscriptions, including premium subscriptions bundled with vertical solutions and domain name subscriptions and exclude any revenue or collections, as applicable, included under Business Solutions Revenue or Collections, as applicable. Our total revenue is comprised of Business Solutions Revenue and Creative Subscriptions Revenue. Our total collections is comprised of Business Solutions Collections and Creative Subscriptions Collections.

“**Business Solutions Revenue**” and “**Business Solutions Collections**” refer to all revenue or collections, as applicable, generated from business solutions and exclude any revenue or collections, as applicable, included under Creative Subscriptions Revenue or Collections, as applicable.

Share repurchase authorization: Wix received court approval for its motion to extend the right to repurchase up to \$200 million of its securities which expired on June 30, 2021, until December 31, 2021.

Conference Call and Webcast Information

Wix will host a conference call to discuss the results at 8:30 a.m. ET on Wednesday, August 11, 2021. 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) and reference Conference ID 2751369. A telephonic replay of the call will be available through August 18, 2021 at 11:30 a.m. ET by dialing +1-855-859-2056 and providing Conference ID 2751369.

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 and Key Operating Metrics

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 (loss), non-GAAP net income (loss), non-GAAP net income (loss) per share, free cash flow, free cash flow, as adjusted, non-GAAP R&D expenses, non-GAAP S&M expenses, non-GAAP G&A expenses, non-GAAP operating expenses, non-GAAP cost of revenue expense, non-GAAP financial expense, non-GAAP tax expense (collectively the "Non-GAAP financial measures"). Measures presented on a constant currency or FX neutral basis have been adjusted to exclude the effect of y/y changes in foreign currency exchange rate fluctuations. Collections is a non-GAAP financial measure calculated by adding the change in deferred revenues for a particular period to revenues for the same period. Collections include cash receipts for premium subscriptions purchased by registered users as well as cash we collect for payments and additional products and services, as well as payments due to us under the terms of contractual agreements for which we may have not yet received payment. Cash receipts for premium subscriptions are deferred and recognized as revenues over the terms of the subscriptions. Cash receipts for payments and a majority of the additional products and services are recognised as revenues upon receipt. Committed payments are recognised as revenue as we fulfil our obligation under the terms of the contractual agreement. Non-GAAP gross margin represents gross profit calculated in accordance with GAAP as adjusted for the impact of share-based compensation expense, acquisition-related expenses and amortization, divided by revenue. Non-GAAP operating income (loss) represents operating income (loss) calculated in accordance with GAAP as adjusted for the impact of share-based compensation expense, amortization, acquisition-related expenses and sales tax expense accrual and other G&A expenses (income). Non-GAAP net income (loss) represents net loss calculated in accordance with GAAP as adjusted for the impact of share-based compensation expense, amortization, sales tax expense accrual and other G&A expenses (income), amortization of debt discount and debt issuance costs and acquisition-related expenses and non-operating foreign exchange expenses (income) and unrealized gain on equity investments and provisions for income tax effects related to non-GAAP adjustments. Non-GAAP net income (loss) per share represents non-GAAP net income (loss) divided by the weighted average number of shares used in computing GAAP loss per share. Free cash flow represents net cash provided by (used in) operating activities less capital expenditures. Free cash flow, as adjusted, represents free

cash flow further adjusted to exclude capital expenditures associated with our new headquarters. Non-GAAP cost of revenue represents cost of revenue calculated in accordance with GAAP as adjusted for the impact of share-based compensation expense, acquisition-related expenses and amortization. Non-GAAP R&D expenses represent R&D expenses calculated in accordance with GAAP as adjusted for the impact of share-based compensation expense, acquisition-related expenses and amortization. Non-GAAP S&M expenses represent S&M expenses calculated in accordance with GAAP as adjusted for the impact of share-based compensation expense, acquisition-related expenses and amortization. Non-GAAP G&A expenses represent G&A expenses calculated in accordance with GAAP as adjusted for the impact of share-based compensation expense, acquisition-related expenses and amortization. Non-GAAP operating expenses represent operating expenses calculated in accordance with GAAP as adjusted for the impact of share-based compensation expense, acquisition-related expenses and amortization. Non-GAAP financial expense represents financial expense calculated in accordance with GAAP as adjusted for unrealized gains of equity investments, amortization of debt discount and debt issuance costs and non-operating foreign exchange expenses. Non-GAAP tax expense represents tax expense calculated in accordance with GAAP as adjusted for provisions for income tax effects related to non-GAAP adjustments.

The presentation of this financial information is not intended to be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP. The Company uses these non-GAAP financial measures for financial and operational decision making and as a means to evaluate period-to-period comparisons. The Company believes that these measures provide useful information about operating results, enhance the overall understanding of past financial performance and future prospects, and allow for greater transparency with respect to key metrics used by management in its financial and operational decision making.

For more information on the non-GAAP financial measures, please see the reconciliation tables provided below. The accompanying tables have more details on the GAAP financial measures that are most directly comparable to non-GAAP financial measures and the related reconciliations between these financial measures. The Company is unable to provide reconciliations of free cash flow, free cash flow, as adjusted, cumulative cohort collections, non-GAAP gross margin, and non-GAAP tax expense to their most directly comparable GAAP financial measures on a forward-looking basis without unreasonable effort because items that impact those GAAP financial measures are out of the Company's control and/or cannot be reasonably predicted. Such information may have a significant, and potentially unpredictable, impact on our future financial results.

Wix also uses Creative Subscriptions Annualized Recurring Revenue (ARR) as a key operating metric. Creative Subscriptions ARR is calculated as Creative Subscriptions Monthly Recurring Revenue (MRR) multiplied by 12. Creative Subscriptions MRR is calculated as the total of (i) all active Creative Subscriptions in effect on the last day of the period, multiplied by the monthly revenue of such Creative Subscriptions, other than domain registrations; (ii) the average revenue per month from domain registrations; (iii) monthly revenue from partnership agreements. Finally, Wix discusses GPV. GPV includes the total value, in US dollars, of transactions facilitated by our platform.

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 annual and quarterly 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 attract and retain registered users and generate new premium subscriptions; our ability to increase the revenue we derive from the sale of premium subscriptions and business solutions through our partners; our expectation that new products and developments, including third-party products offered within our platform, will receive customer acceptance and satisfaction, including the growth in market adoption of our online commerce solutions; our assumption that long-term agreements with partners will become a more significant part of our business in the future and that the expected accounts receivable from such long term partners agreement will ultimately be received; our assumption that historical user behavior can be extrapolated to predict future user behavior; our prediction of the future revenues generated by our user cohorts and our ability to maintain and increase such revenue growth; our ability to maintain and enhance our brand and reputation; our ability to attract and retain qualified employees and key personnel; our ability to enter into new markets and attract new customer demographics, including new partners; our expectation that our products created for markets outside of North America will continue to generate growth in those markets; the impact of fluctuations in foreign currency exchange rates on our business; our ability to effectively execute our initiatives to scale and improve our user support function through our Customer Care team, and thereby increase user retention, user engagement and sales; the integration and performance of acquisitions; risks relating to the repurchase of our ordinary shares and/or Convertible Notes pursuant to our repurchase plan; our ability to successfully localize our products, including by making our product, support and communication channels available in additional languages and to expand our payment infrastructure to transact in additional local currencies and accept additional payment methods; our ability to effectively manage the growth of our infrastructure; the impact on our business and operations of the COVID-19 pandemic, including uncertainty relating to expected consumer dynamics after the COVID-19 pandemic subsides and the anticipated GPV on our platform, the effectiveness of government policies, vaccine administration rates and other factors; changes to technologies used in our solutions; any regulatory investigations or litigation; our expectations regarding changes in our cost of revenues and our operating expenses on an absolute basis and as a percentage of our revenues; changes in the global, national, regional or local economic, business, competitive, market, and regulatory landscape, including as a result of COVID-19; our planned level of capital expenditures and our belief that our existing cash and cash from operations will be sufficient to fund our operations for at least the next 12 months and other factors discussed under the heading “Risk Factors” in the Company’s 2020 annual report on Form 20-F filed with the Securities and Exchange Commission on March 25, 2021. 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	2020			2021	
	Q2	Q3	Q4	Q1	Q2
Revenues	\$236,059	\$254,180	\$282,534	\$304,112	\$316,406
Change in deferred revenues	\$29,792	\$26,761	\$23,847	\$43,622	\$21,810
Change in unbilled obligations	NM	NM	NM	\$3,375	\$4,645
Collections	\$265,851	\$280,941	\$306,381	\$351,109	\$342,861
Creative Subscriptions Revenues	\$190,169	\$202,996	\$213,745	\$226,436	\$235,891
Change in deferred revenues	\$27,527	\$25,331	\$22,675	\$38,248	\$22,509
Change in unbilled obligations	NM	NM	NM	\$3,375	\$4,645
Creative Subscriptions Collections	\$217,696	\$228,327	\$236,420	\$268,059	\$263,045
Business Solutions Revenues	\$45,890	\$51,184	\$68,789	\$77,676	\$80,515
Change in deferred revenues	\$2,265	\$1,430	\$1,172	\$5,374	\$(699)
Business Solutions Collections	\$48,155	\$52,614	\$69,961	\$83,050	\$79,816
Gross Profit	\$165,577	\$174,340	\$179,227	\$188,280	\$194,987
Share based compensation expenses	\$1,869	\$2,455	\$3,172	\$3,501	\$3,809
Acquisition related expenses	\$305	\$200	\$260	\$167	\$112
Amortization	\$0	\$226	\$90	\$97	\$358
Non GAAP Gross Profit	\$167,751	\$177,221	\$182,749	\$192,045	\$199,266
Non GAAP Gross margin	71%	70%	65%	63%	63%

in 000s	2020			2021	
	Q2	Q3	Q4	Q1	Q2
Gross Profit - Creative Subscriptions	\$151,659	\$159,635	\$163,467	\$170,690	\$177,620
Share based compensation expenses	\$1,485	\$1,947	\$2,386	\$2,586	\$2,887
Non GAAP Gross Profit - Creative Subscriptions	\$153,144	\$161,582	\$165,853	\$173,276	\$180,507
<i>Non GAAP Gross margin - Creative Subscriptions</i>	81%	80%	78%	77%	77%
Gross Profit - Business Solutions	\$13,918	\$14,705	\$15,760	\$17,590	\$17,367
Share based compensation expenses	\$384	\$508	\$786	\$915	\$922
Acquisition related expenses	\$305	\$200	\$260	\$167	\$112
Amortization	\$0	\$226	\$90	\$97	\$358
Non GAAP Gross Profit - Business Solutions	\$14,607	\$15,639	\$16,896	\$18,769	\$18,759
<i>Non GAAP Gross margin - Business Solutions</i>	32%	31%	25%	24%	23%
Research and development (GAAP)	\$75,464	\$84,473	\$89,625	\$95,086	\$104,199
Share Based Compensation	\$18,216	\$20,312	\$22,170	\$23,288	\$24,490
Amortization	\$123	\$123	\$108	\$92	\$16
Acquisition related expenses	\$1,091	\$1,115	\$1,117	\$1,329	\$1,823
Non-GAAP research and development	\$56,034	\$62,923	\$66,230	\$70,377	\$77,870
<i>% of collections</i>	21%	22%	22%	20%	23%
Selling and marketing (GAAP)	\$119,333	\$113,092	\$109,629	\$144,455	\$123,021
Share Based Compensation	\$5,395	\$6,108	\$6,774	\$7,442	\$8,213
Amortization	\$442	\$476	\$420	\$409	\$471
Acquisition related expenses	\$269	\$152	\$294	\$28	\$0
Non-GAAP selling and marketing	\$113,227	\$106,356	\$102,141	\$136,576	114,337
<i>% of collections</i>	43%	38%	33%	39%	33%

in 000s	2020			2021	
	Q2	Q3	Q4	Q1	Q2
General and administrative (GAAP)	\$24,531	\$26,515	\$35,433	\$34,394	\$39,411
Share Based Compensation	\$9,487	\$10,047	\$10,590	\$12,400	\$13,884
Amortization	\$1	\$1	\$1	\$1	\$1
Acquisition related expenses	\$32	\$22	\$15	\$181	\$416
Sales tax accrual and other G&A expenses (income)	\$(485)	\$0	\$2,810	\$452	\$579
Non-GAAP general and administrative	\$15,496	\$16,445	\$22,017	\$21,360	\$24,531
<i>% of collections</i>	6%	6%	7%	6%	7%
GAAP Operating Loss	\$(53,751)	\$(49,740)	\$(55,460)	\$(85,655)	(71,644)
Share Based Compensation	\$34,967	\$38,922	\$42,706	\$46,631	50,396
Amortization	\$566	\$826	\$619	\$599	846
Acquisition related expenses	\$1,697	\$1,489	\$1,686	\$1,705	2,351
Sales tax accrual and other G&A expenses (income)	\$(485)	\$0	\$2,810	\$452	579
Non-GAAP Operating Income (Loss)	\$(17,006)	\$(8,503)	\$(7,639)	\$(36,268)	\$(17,472)
Net cash provided by operating activities	\$49,958	\$24,514	\$28,550	\$18,488	\$21,833
Capital expenditures, net	\$(3,264)	\$(5,134)	\$(5,380)	\$(3,849)	\$(7,119)
Free Cash Flow	\$46,694	\$19,380	\$23,170	\$14,639	\$14,714
Capital expenditures related to future Wix HQ office build out	\$408	\$779	\$792	\$835	\$2,197
Free Cash Flow (excluding future Wix HQ office build out)	\$47,102	\$20,159	\$23,962	\$15,474	\$16,911

	Q3'21 Outlook	FY'21 Outlook
Revenue	\$311 - 317 million	\$1,255 - 1,270 million
Collections	\$355 - 365 million	\$1,400 - 1,435 million

in millions	Q1'10	Q1'11	Q1'12	Q1'13	Q1'14	Q1'15	Q1'16	Q1'17	Q1'18	Q1'19	Q1'20	Q1'21
Cumulative Cohort Revenue	\$30	\$41	\$50	\$101	\$136	\$136	\$148	\$156	\$145	\$112	\$72	\$25
Cumulative Cohort change in deferred revenues	\$1	\$2	\$2	\$5	\$8	\$9	\$12	\$15	\$18	\$22	\$24	\$26
Cumulative Cohort Collections	\$31	\$43	\$52	\$106	\$144	\$145	\$160	\$171	\$163	\$134	\$96	\$51