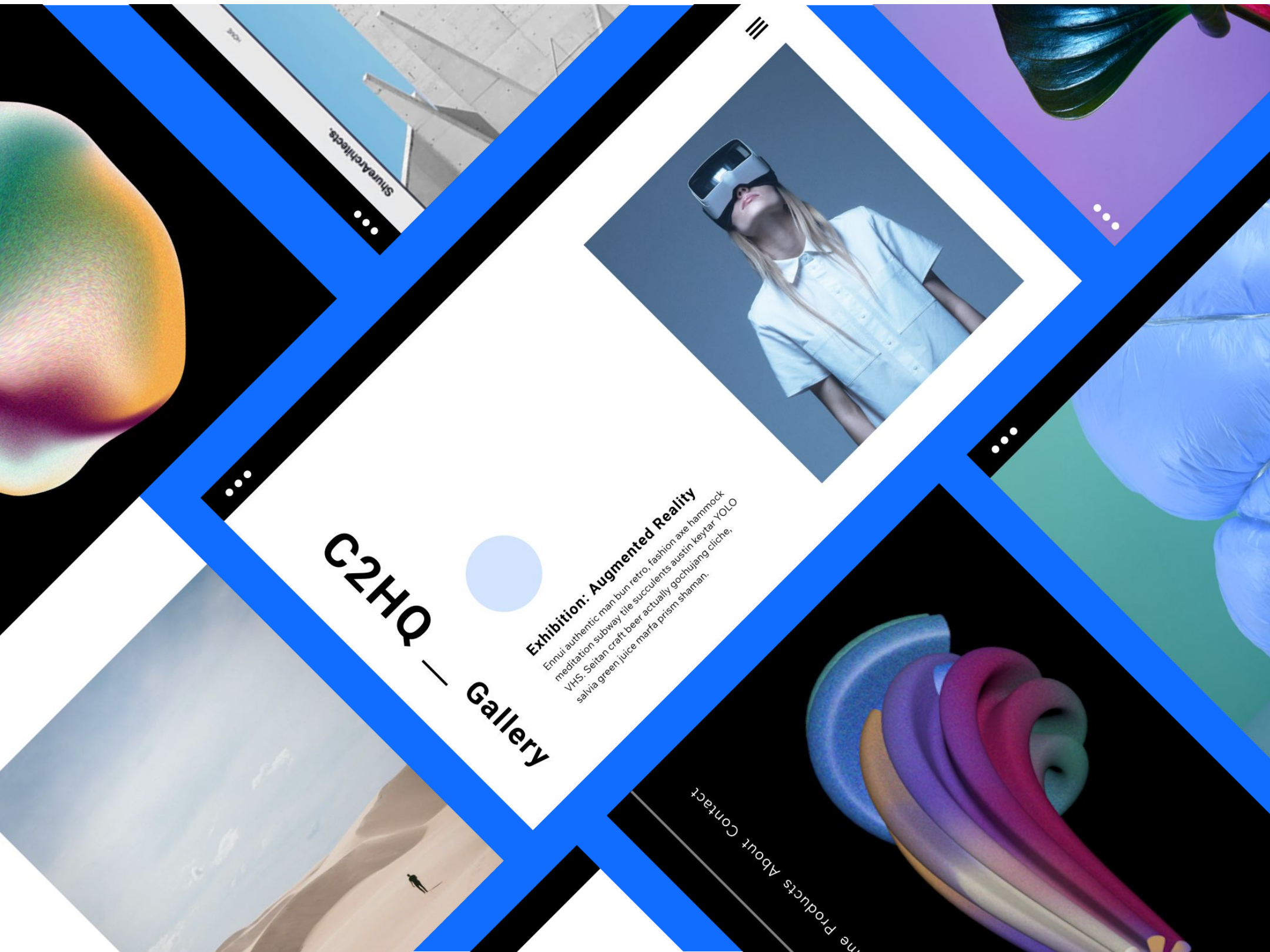


WIX

Shareholder Update

Fourth Quarter and Full Year 2020 | February 17, 2021



Highlights

Phenomenal year of accelerating growth, with revenue and collections topping expectations. Our full year collections exceeded our initial guidance from February 2020 by over \$67M or 6.5%

Influx of businesses to Wix driving higher monetization and Wix Payments revenue, leading to improving cohort value, retention and compounding growth

Officially launched Editor X out of beta and introduced a game-changing set of collaboration tools

Announced the rebranding of our no-code/low-code web application development platform Velo with a global marketing campaign

Significant momentum from 2020 reflected in the guidance for 2021, illustrating the impact of the accelerated shift online and the new baseline of growth

Q4 and FY 2020 Results

FY'20 Revenue \$989 Million + 30% y/y	FY'20 Collections \$1.1 Billion + 32% y/y	Q4'20 Revenue \$283 Million + 38% y/y	Q4'20 Collections \$306 Million + 35% y/y
Creative Subscriptions ARR \$878 Million	New user adds in FY 2020 31 Million	Net sub adds in FY 2020 ~1 Million	Expected future collections from existing cohorts (over next 10 years) \$12.9 Billion

Q1 and FY 2021 Outlook

FY'21 Revenue \$1.272 - 1.286 Billion + 29-30% y/y	FY'21 Collections \$1.435 - 1.455 Billion + 30-32% y/y	Q1'21 Revenue \$291 - 296 Million + 35-37% y/y	Q1'21 Collections \$340 - 350 Million + 37-41% y/y
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To our Shareholders, our Users & the Wix Team

We have concluded the most successful year in our company's history. In 2020, over 31 million new registered users joined Wix, we added nearly 1 million net new subscriptions, and we crossed \$1 billion of annual collections for the first time. It was truly humbling to help lift millions of businesses through an extremely challenging year, and I am particularly proud of our team for maintaining focus and dedication throughout the year.

As we enter a new year, I would like to take a step back and share a more holistic view of our business, its evolution, the impact our investments have had on our performance and how I believe these investments will influence our future.

Wix has become the global leading platform for creators with over 200 million users worldwide, adding more than 31 million last year alone. We deliver full solutions for a wide range of users and businesses, from self-creators and small business owners to high proficiency users -- including agencies, designers and developers -- who build sites for others.

Years of investment are producing accelerated growth. Online commerce on Wix boomed in 2020, more than doubling compared to a year ago. Our online commerce platform naturally includes a sophisticated shopping cart, but it also includes vertical solutions for other types of businesses such as service providers, restaurants, event planners, hotel owners and many more.

I am also convinced that Wix has become the largest no-code / low-code web application development platform in the world. Velo, our full-stack development environment, has enabled millions of developers to create customized applications for a variety of business needs, extending our capabilities for businesses even more.

For these reasons, I have reset our long term ambitions. It is clear that we can now become a dominant player on the internet, and I expect us to strengthen this position significantly over the coming decade. Wix will now strive to become the main engine of the internet, democratizing access and providing a place where the majority of people will build their web presence. **My goal and belief is that at this rate of growth, in the next 5-7 years, 50% of anything new built on the internet will be done on Wix.**

We are still at an early stage of building a global platform that will revolutionize the openness and access that anyone, who wishes to, will have to the internet. I would like to thank all of you for your trust in me and the Wix team and for joining us on this exciting journey.

Avishai Abrahami
Co-founder and CEO

The Wix Story Continues

Evolution into a Business Operating System

Nearly 3 millions users join our platform every month to use our creation platforms: Wix ADI, the Wix Editor and Editor X. For more than a decade, we have developed, innovated and improved these core products so that users of any proficiency level – from beginners to advanced designers – can create on Wix.

Within this massive continuous growth, creators and business owners of all types and verticals imaginable come to Wix to build an online presence. Increasingly, as consumer behavior changes, an online presence must go far beyond just a website -- targeted solutions tailored to the needs of specific types of users and businesses are required to be successful online.

For these reasons, we have invested in the development of multiple solutions that ensure the online success of any type of business:

- We have introduced multiple business vertical solutions that enable online commerce, including Wix Stores, Wix Bookings, Wix Restaurants, Wix Events, Wix Hotels, Wix Music, Wix Video, Wix Art Store and Wix Pricing Plans
- We have developed several horizontal solutions, including Ascend by Wix for marketing and customer management, Wix Payments for financial services, Wix Logo Maker, Wix Answers and, most recently, Wix POS, our new point of sale solution

These innovations have evolved Wix into a full-blown SaaS solution for small and medium-sized businesses (SMBs) with multiple layers of growth. Our software and technology is intuitive, affordable and fully integrated end-to-end with every function a business needs to create, manage and grow online. We are essentially supplying business owners with a complete online operating system.

Our Strong 2020 Performance

The results of our competitive advantages and recent investments were clear this past year. In 2020, we experienced a surge of businesses moving online, driven by necessity caused by the pandemic and amplified by consumer behavior that shifted dramatically as consumers turned more than ever to buying, ordering and transacting online.

Our strategy and years of investment really paid off as businesses have truly entered a “new normal” in which a fully functioning online presence — including commerce and payment capabilities — is essential.

Scale and Growth of our Online Commerce Platform

Our success in online commerce is erupting. Online commerce naturally includes traditional e-commerce for the sale of products. It also includes many other business verticals that require online transactions, such as scheduling appointments, ordering food, producing and marketing events or selling digital products. Our business vertical solutions were created for this reason.

Increasingly, businesses of all types are coming to Wix to manage and grow their online commerce. Collections from online commerce users¹ on Wix — including both Creative Subscriptions collections and Business Solutions collections — comprised nearly 30% of our total collections in 2020, which is almost 2x compared to the beginning of 2018 and roughly 5x compared to 2016.

We have experienced a significant increase in the number of users building and managing their online commerce businesses on Wix. We realize higher monetization across our entire business when this happens as these users subscribe to higher priced packages, adopt more applications and drive sales volume through Wix Payments.

Increasing Contribution from Business Solutions

We offer several products that help businesses succeed online. These include G-Suite, Ascend and more recently Business Phone Numbers and our Facebook Ads product. Increasing the success of our users online increases retention and monetization, improving the growth of our user cohorts.

Businesses of all types - including and beyond online commerce - are coming to Wix and are increasingly adopting these products, which are subscription based. **At the end of Q4 2020, Business Solutions Annualized Recurring Revenue (ARR)² was \$138M, an increase of 46% y/y**

¹Online commerce users include users with an activated business vertical solution plus a Premium package subscription

²Business Solutions Annualized Recurring Revenue (ARR) is calculated as Monthly Recurring Revenue (MRR) multiplied by 12. MRR is calculated as the total of all active subscriptions to Ascend, G-Suite, TPAs, FB Ads or Wix apps products in effect on the last day of the period, multiplied by the monthly revenue of such subscriptions

The Rise of Wix Payments

Our growth and our users' success is also demonstrated by the recent growth of the Wix Payments platform. We introduced Wix Payments about two years ago to allow businesses to accept payments online natively on their Wix site through fast and frictionless onboarding and payment management. It is quickly becoming another instrumental pillar in our users' success.

We experienced significant growth in 2020 from Wix Payments:

- **Total Gross Payment Volume (GPV)³ on Wix in 2020 was \$5.4 billion, an increase of 126% y/y**
- **Total revenue and collections generated by the Wix Payments platform in 2020 was \$53.6M, an increase of 382% y/y**

We experienced strong growth throughout the year as more online commerce users came to Wix, and we improved the onboarding and overall user experience, increasing the adoption of Wix Payments as a payment provider for these users. Sales volume also grew, especially in the second half of the year, driving higher GPV on our platform.

We were also able to capture a higher amount of revenue throughout the year as we expanded our payment partnerships.

We expect the contribution of Wix Payments to our overall growth in 2021 to be meaningful. We anticipate more online commerce users to come to Wix, which will increase usage of Wix Payments and GPV. Our current expectation is that GPV will at least double to more than \$10 billion in 2021 compared to 2020. We also expect to increase our take rate in 2021:

	2019	2020	2021E
Gross Payment Volume (GPV)	\$2.4 billion	\$5.4 billion	~\$10 billion
Wix Payments Revenue	\$11.1 million	\$53.6 million	~\$125 - \$130 million
Take Rate (Revenue/GPV)	0.5%	1.0%	~1.25% - 1.30%

Due to the success of Wix Payments -- which has exceeded our expectations -- we will invest in building this offering further as we believe expanding this product will create significant revenue and collections growth in the years ahead. Our future plans include hiring a larger support team, improving the user experience and offering new capabilities. Our Wix Payments ecosystem will also grow as we expand to additional geographies and partners, roll out the Wix POS and as Partners use it in their business management.

³Gross Payments Volume (GPV) includes the total value, in US dollars, of transactions facilitated by our platform

Online Commerce Creates Lasting Growth

In addition to providing a direct contribution to collections and revenue growth, online commerce users strengthen the long-term value and future growth of our user cohorts:

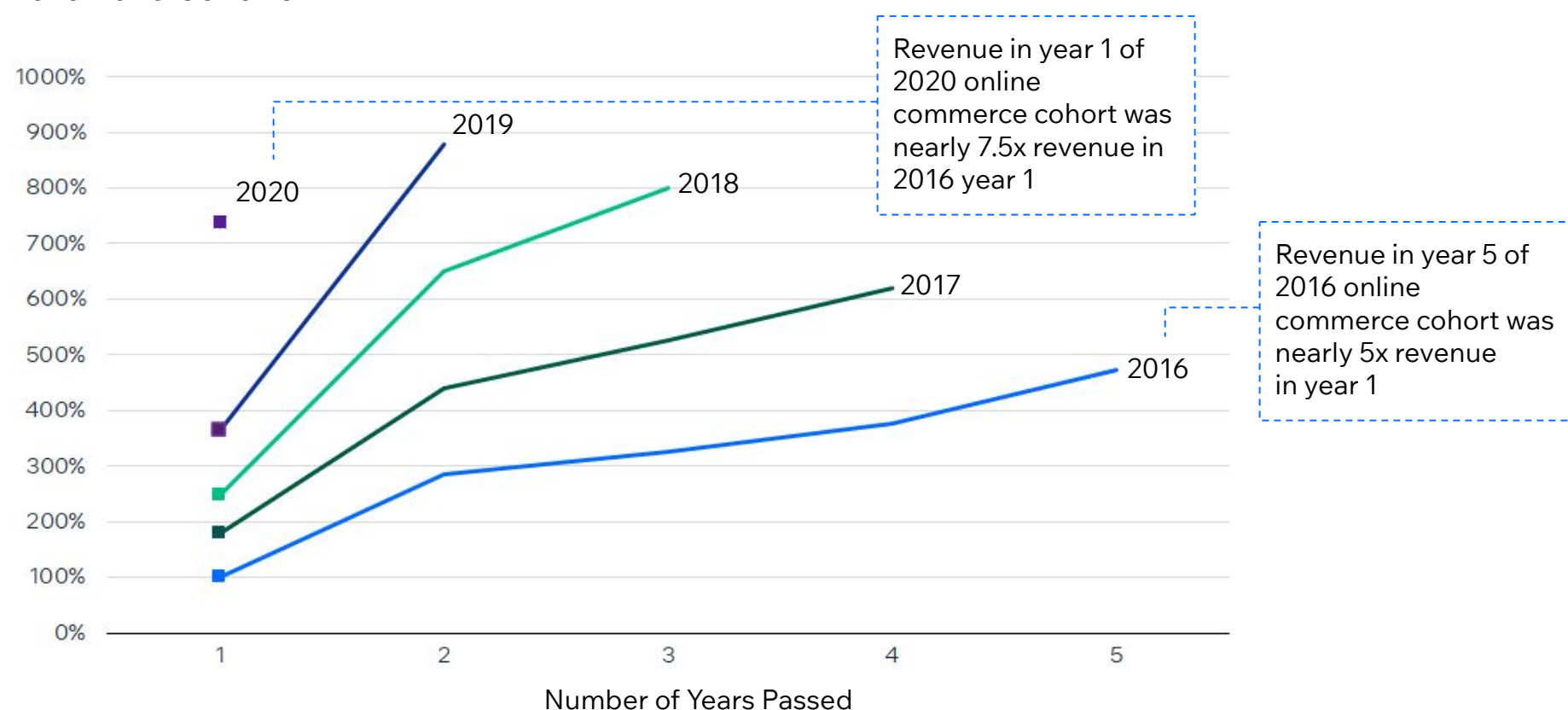
- The average total revenue per subscription for online commerce subscriptions was more than 2x higher in 2020 than subscriptions without, as these users also subscribe more frequently to Ascend, G-Suite and Facebook Ads, and utilize Wix Payments, adding to cohort value
- **Cohorts of online commerce users generate more revenue over time, creating compounding growth far greater than the already positive growth of our user cohorts.**

The following chart shows the annual revenue from the 2016-2020 cohorts of online commerce users over time. Annual revenue from these online commerce user cohorts has continued to increase over time as the businesses become more successful online using Wix. While our overall user cohorts have always produced strong recurring revenue, online commerce users create compounding growth.

The cohorts are larger as well -- as can be seen in the chart, the 2020 cohort generated nearly 7.5x the amount of revenue in its first year as the 2016 cohort, the result of more businesses coming to Wix.

Annual Revenue Growth from Online Commerce Cohorts (2016 Year 1 = 100%)

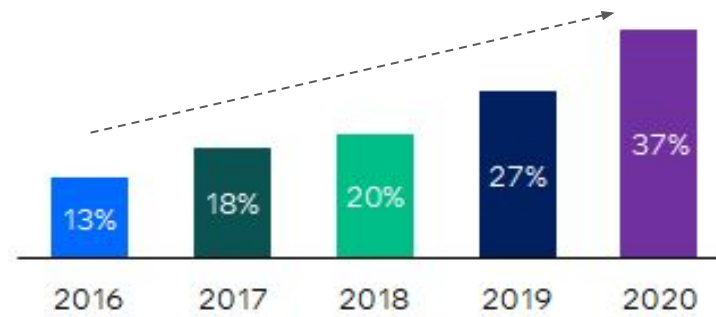
2016-2020 Cohorts



- **Even more exciting is that these online commerce user cohorts are becoming a larger part - or growing faster - than our overall business.** In 2016, revenue from the newest online commerce user cohort comprised 13% of the new cohort revenue that year, compared with 2020, in which revenue from the newest online commerce cohort was 37% of that year's new cohort revenue.

This growth demonstrates the fast growth of online commerce on Wix, and we expect it will continue to generate growth for years to come.

Online Commerce Cohort Revenue as a % of New Cohort Revenue (2016-2020)



Excitement for the Road Ahead

We enter 2021 with significant momentum. Our expectations for the year have increased, even since December when we provided an initial outlook for 2021 collections growth of 28-30% y/y.

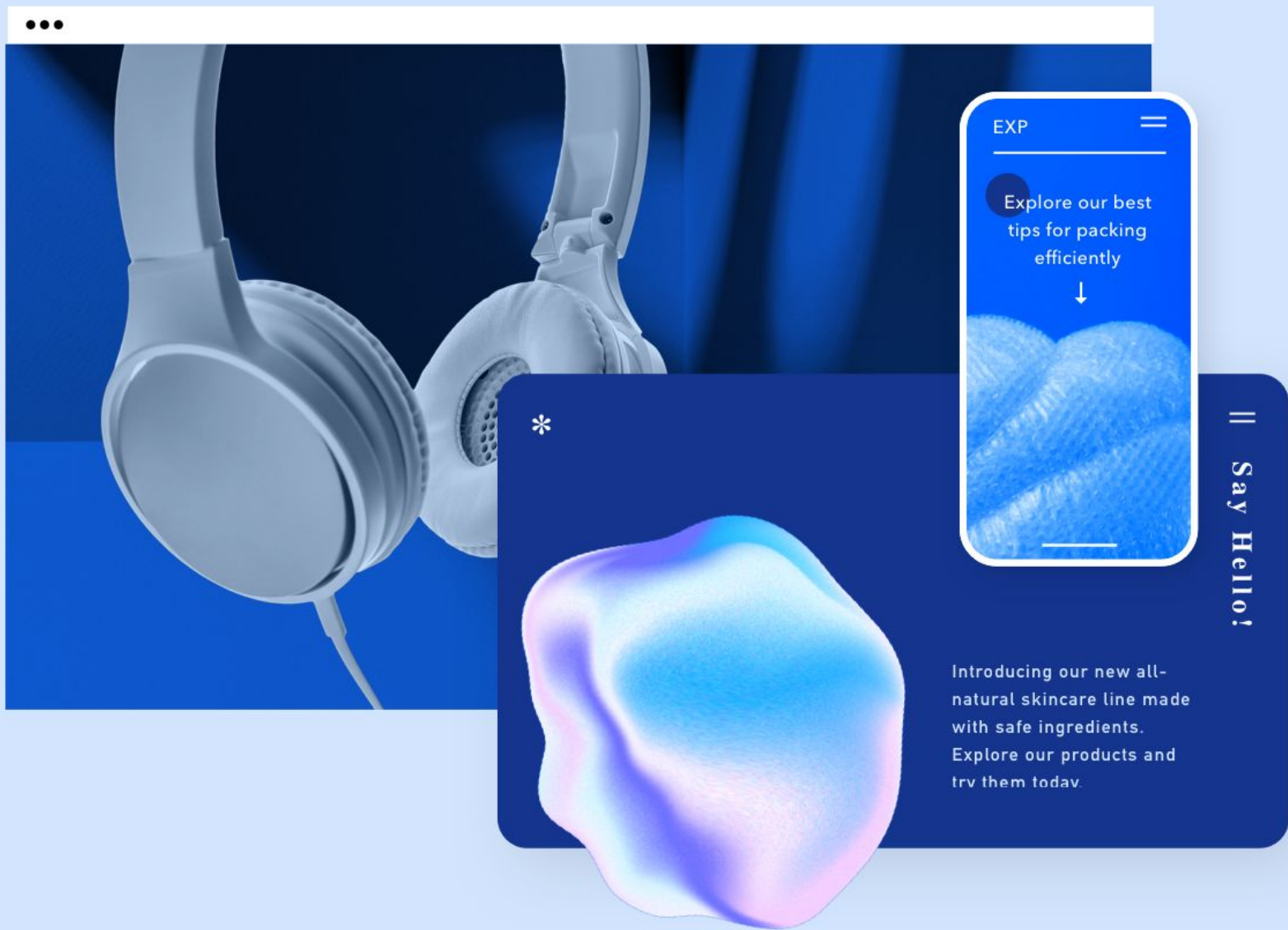
We are now raising our outlook for collections growth to 30-32% y/y in 2021, and we expect the year to start strong with Q1 revenue growth of 35-37% and Q1 collections growth of 37-41% y/y.

2021 Investments

In order to capitalize on the significant growth opportunities ahead, we plan to make incremental investments of approximately \$60M throughout 2021 in the following areas:

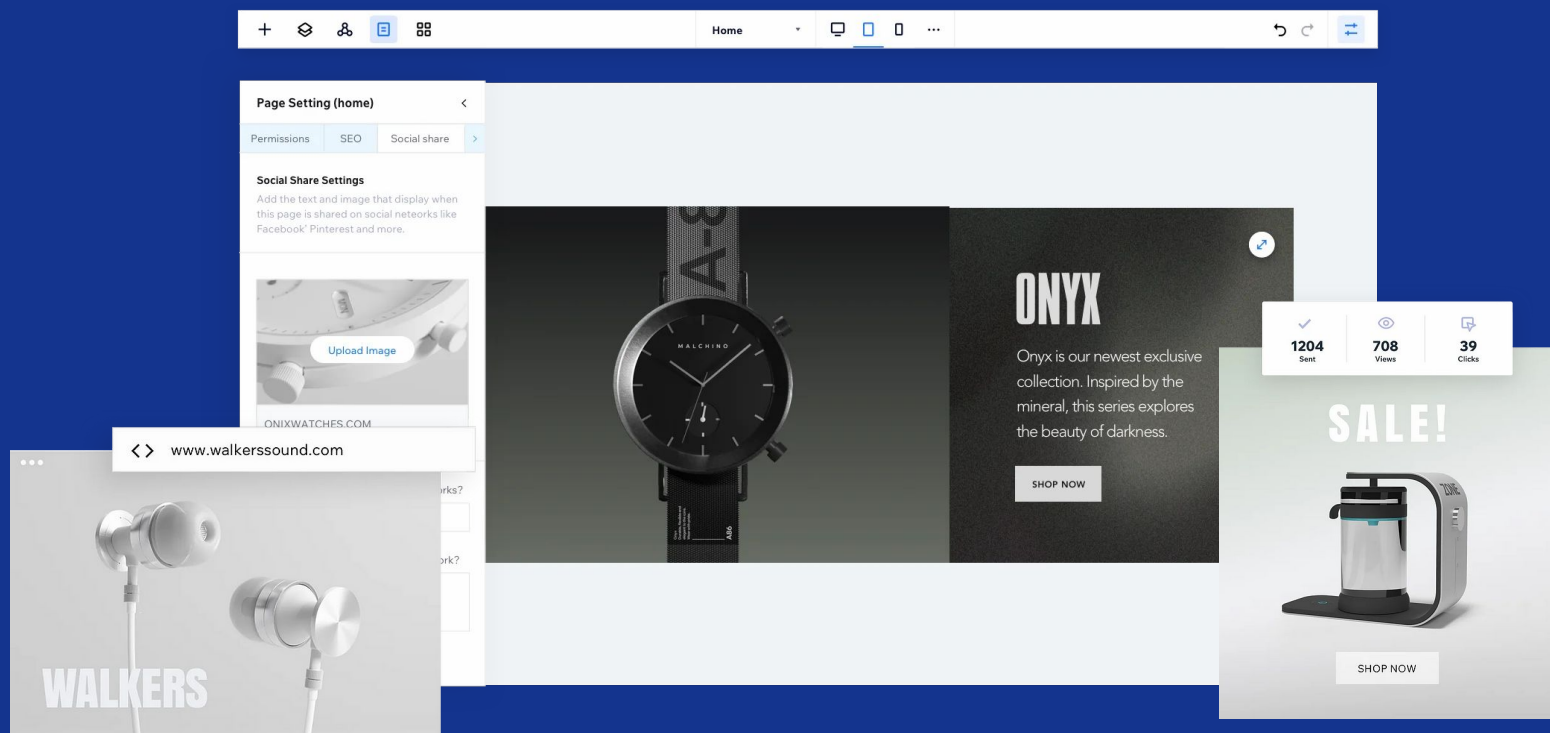
- Our Customer Care organization has expanded rapidly to meet the demands of our growing user base.
 - In 2020, we hired more than 700 new Customer Care Experts -- most in the second half of the year -- for which we will experience a full year impact on our 2021 financials
 - We plan to hire at least 600 more Experts in 2021. This investment will set us up for continued best-in-class support as we scale, addressing the current and future demand and expanding our support dedicated to Wix Payments. While this investment in Customer Care will have a temporary impact on our gross margins, we believe margins will return to higher levels in the coming years
- We plan to continue the evolution of our Wix Payments platform by improving the user experience, including onboarding and payment management, expanding it to additional countries and offering new capabilities. These improvements will bring more success to our users, increasing GPV and our revenue
- We announced our Wix Point of Sale (POS) solution in December, and we are building the team and infrastructure needed to scale and globalize this product. The Wix POS brings significant value to multiple business verticals by connecting businesses' online and offline activities in one place. It will also contribute to our ability to capture more of our users' payments
- Our Account Management team plays a critical role in providing Partners on Wix with a high level of service. We plan to grow our AM team and expand it globally as Partners contribute to Wix in multiple ways through additional subscriptions and high volume online commerce users

We are still in the early stages of building a global platform that is changing how people and businesses access, create and succeed on the internet. 2021 is starting off as a blockbuster year, and we are excited to continue updating you on our growth.



Product & Business Updates

Wix aims to be the best web creation platform in the world for any type of user with any purpose. Any user, whether a self creator or a user building for others, can use our products to build a web presence for their business, brand, or personal use, and manage and grow with our Business Solutions. The following section includes updates on selected products.



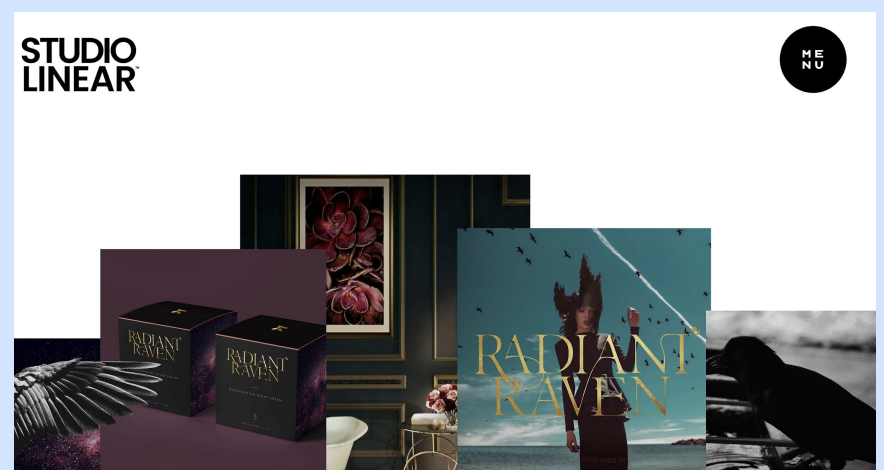
Editor X

The combination of Editor X, our advanced design platform, and Velo by Wix, our no-code/low-code, full-stack web application development platform, has made Wix the most comprehensive solution for advanced web creators. With Velo and Editor X, we have been able to significantly elevate our brand perception among agencies and freelance designers and developers.

Earlier this month, Editor X was officially launched out of beta at a virtual event. There are already over 200K users on Editor X, and the transition out of beta is expected to attract many more designers and agencies to the platform. The new version of Editor X now includes collaboration tools, which make it the first-ever platform to enable concurrent editing on a website simultaneously. This new feature makes Editor X the only fully collaborative web creation platform in the world. Other new features include collaborative tools like live commenting, advanced roles and permissions, and shared design libraries, as well as expanded design capabilities and advanced code-free interactions.

Editor X provides designers with the flexibility they need to create stunning websites and applications while simplifying their workflow and making them more efficient.

User Spotlight



“When we first came onto Editor X immediately, I thought, okay, this is the platform we finally can create our own agency website in, and it will do what I've always dreamt it could do.

From a business operational standpoint, our workflow is streamlined now and is much more efficient than it ever used to be.

I love how everything was really thought out. Obviously, you all have thought out every little detail when it comes to making it easier for us designers.”

studiolinear.com

Maine, US

Wix Stores

Throughout the fourth quarter, several highly requested features were added to Wix Stores. We now offer local delivery by zip code, which was a top user request due to COVID-19. Users are able to set their delivery region based on zip codes, which allows them control of their delivery areas and rates. We also now offer advanced inventory management with filters and bulk editing. Gift cards are now available to all U.S. stores.

We also began expanding our omnichannel capabilities by rolling out the ability to add Amazon as a sale channel, joining eBay. Both integrations can be installed via the Wix Business Manager.

In preparation for Black Friday and Cyber Monday, the Wix eCommerce Marketing team published a 2020 Holiday Sales Playbook, a number of workshops, and a four-part series on how to prepare for this unusual holiday season. It was a record-breaking holiday season for Wix users.

Wix POS

In the fourth quarter, we launched Wix Point of Sale (POS). Currently select physical stores in the U.S. with Wix sites can participate and request the customizable POS hardware. This solution enables our users to streamline their online and in-store retail experience by reviewing and managing their entire inventory, all sales, payments, and analytics from the hardware itself, the Wix app, or the Wix dashboard.

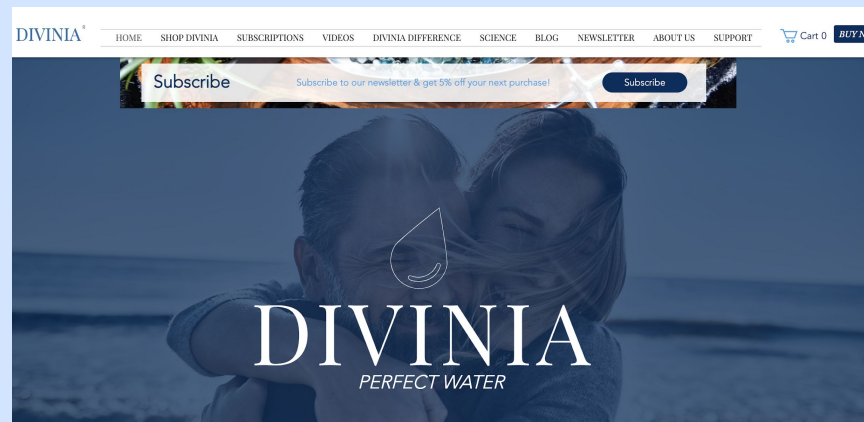
Velo by Wix

In early January, we rebranded the full-stack no-code / low-code development platform formerly known as Corvid by Wix to Velo by Wix. The rebranding coincided with a global marketing campaign aimed at bringing more developers to Wix, and a [creative video](#) explaining this decision.

SEO

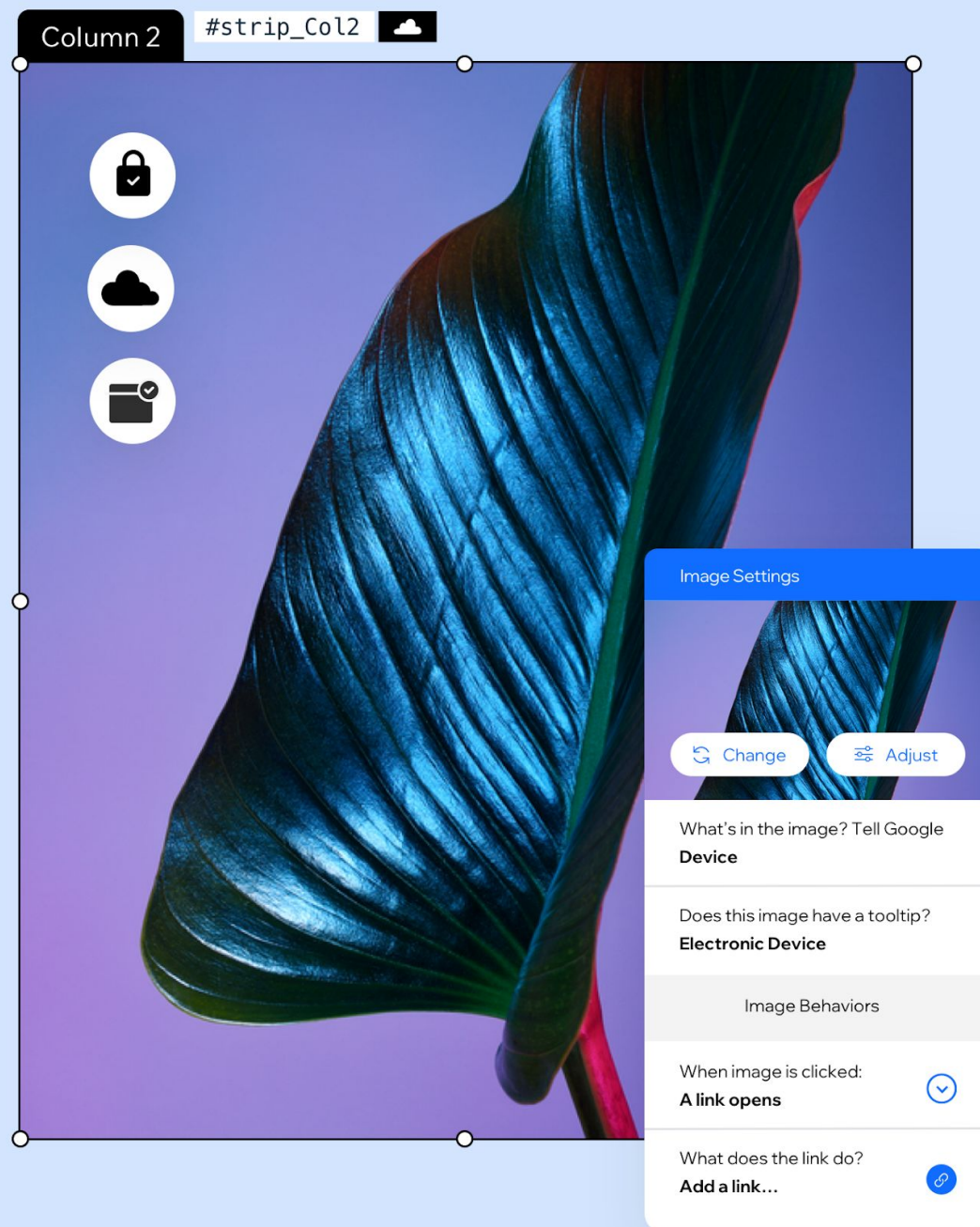
We made significant progress in improving our experience for SEO professionals by removing customization blockers and improving our infrastructure for search engines and audit tools.

User Spotlight



"At Divinia we sell purified drinking water with functional benefits. In order to get our product on the market, we've placed a lot of emphasis on eCommerce. It was important for us to find a good platform to do that. We chose Wix because of its SEO optimization and the fact that we can efficiently manage everything from one dashboard. We utilize features like subscriptions, analytics, email marketing and automations to grow our business."

Kiersten Sedlmayr Landers
Co-founder of [Diviniawater.com](https://diviniawater.com)
Idaho, USA



Financial Review Q4 and FY 2020

Revenue & Collections

Total revenue in Q4 was \$282.5M, up 38% y/y and total revenue in FY 2020 was \$988.8M, up 30% y/y.

Total collections in Q4 were \$306.4M, up 35% y/y. Total collections in FY 2020 were \$1.102B, up 32% y/y. Both revenue and collections in Q4 and the full year exceeded the high end of our guidance ranges. Changes in FX had an immaterial impact on both collections and revenue in Q4.

Creative Subscriptions

Creative Subscriptions revenue in Q4 was \$213.7M, up 25% y/y while Creative Subscriptions ARR grew to \$878.0M, up 24% y/y, accelerating for the fourth straight quarter. Creative Subscriptions revenue in FY 2020 was \$783.5M, up 22% y/y. The increases in Creative Subscriptions revenue and ARR in Q4 and throughout 2020 were driven by increases in premium subscriptions and average revenue per subscription.

Creative Subscriptions collections in Q4 were \$236.4M, up 24% y/y. Creative Subscriptions collections in FY 2020 were \$891.2M, up 25% y/y. The growth y/y was driven by an increase in users converting to subscriptions, an increase in subscriptions to higher priced packages with business verticals attached and a slightly higher mix of annual and multi-year subscriptions compared to monthly.

Our Creative Subscriptions y/y growth in Q4 2020, which was higher than Q4 2019 y/y growth, reflected typical seasonality. We expect collections growth in Q1 2021 to return to 30%+ y/y, signaling meaningful acceleration sequentially and y/y.

We added 185K subscriptions on a net basis in Q4 2020 -- an increase of 107% vs Q4 2019 -- bringing our total to 5.5 million subscriptions. **In FY 2020, we added nearly 1 million net subscriptions to our platform.**

Business Solutions

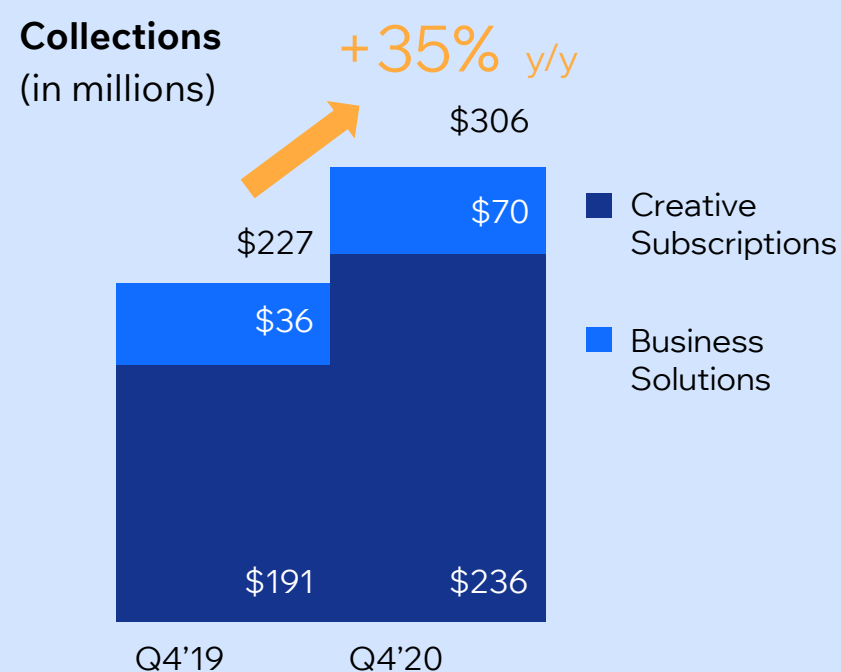
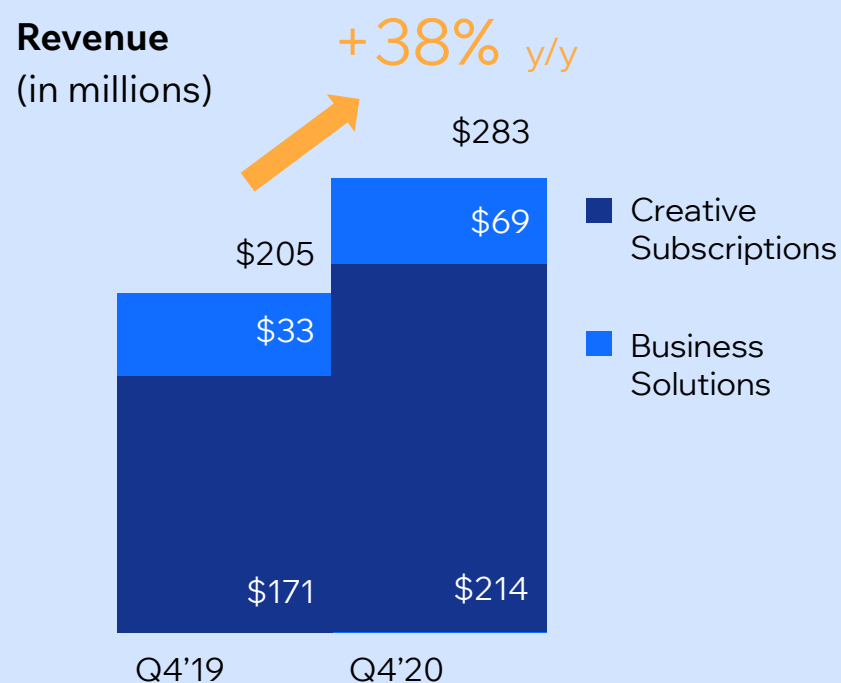
Business Solutions revenue in Q4 was \$68.8M, up 107% y/y. Business Solutions revenue in FY 2020 was \$205.3M, up 76% y/y. Business Solutions collections in Q4 were \$70.0M, up 95% y/y. Business Solutions collections in FY 2020 were \$210.8M, up 75% y/y.

Growth in Business Solutions collections and revenue in Q4 and 2020 was driven primarily by three components:

- Wix Payments revenue was \$53.6M in 2020, an increase of 382% y/y. Wix Payments users and GPV increased significantly throughout the year. GPV increased meaningfully in Q4, ahead of our expectations, due to seasonality and the influx of new users throughout the year that increased GPV in the quarter.

We also added new partners to the Wix Payment platform in 2020, which increased our revenue as a % of GPV.

We believe that in 2021, Wix Payments will become the largest component of the Business Solutions segment



- Subscriptions to Ascend and other Wix applications, including Facebook Ads, grew significantly in 2020. Collections from Ascend grew more than 100% in 2020 as the adoption of this product continued to increase as more businesses come to Wix
- G-Suite subscriptions were also a contributor to Business Solutions growth

Business Solutions ARR -- which includes recurring revenue from our subscription products -- increased to \$138M, up 46% y/y.

Non-GAAP Gross Margin

Total non-GAAP gross margin was 65% of revenue in Q4, compared to 70% in Q3 and 74% in Q4 2019. Total non-GAAP gross margin was 69% of revenue in FY 2020, compared to 75% in FY 2019.

Creative Subscriptions non-GAAP gross margin was 78% in Q4, compared to 80% in Q3 and 81% in Q4 2019. Creative Subscriptions non-GAAP gross margin was 80% in FY 2020, compared to 82% in FY 2019. The decline was related to the investment in expanding our Customer Care organization as well as higher hosting costs to meet the rise in users. In 2020, we hired over 700 Customer Care Experts -- most in the second half of the year and in the U.S. -- to continue to serve our rapidly growing user base.

We continue to generate non-GAAP gross margins above 75% in our Creative Subscriptions segment, and **we believe the non-GAAP gross margin of this segment will reach 80% by the second half of 2022** as we realize the scale benefits from our investments in product, support and infrastructure.

Business Solutions non-GAAP gross margin was 25% in Q4, compared to 31% in Q3 and 34% in Q4 2019. Business Solutions non-GAAP gross margin was 29% in FY 2020, compared to 37% in FY 2019. The decline was driven by the growth of Wix Payments, shipping solutions, and the growth in our Facebook Ads product, all of which we recognize as gross revenue. Each of these products carry a lower gross margin than the other products in this segment.

Beginning in 2019, we introduced Wix Payments, and in 2020, we launched shipping solutions and paid Facebook Ad campaigns. **We introduced these products because they enable us to expand our user base and they benefit our users by increasing their success online -- our ultimate goal.**

As an example, while a product such as shipping contributes revenue at a lower gross margin, it is a critical product for online commerce users. This product being integrated natively into Wix increases our users' experience and success online, improving our cohort retention and monetization long term.

We plan to invest in our Wix Payments platform, including support, throughout 2021. The direct GM% of Wix Payments continues to increase as it scales, and we expect GM% in Business Solutions to follow.

Operating Expenses

Non-GAAP R&D expenses

Non-GAAP R&D expenses were \$66.2M in Q4 compared to \$62.9M in Q3 and \$51.4M in Q4 2019. As a percent of collections, non-GAAP R&D expenses were 22% in Q4, flat to 22% in Q3 and down from 23% in Q4 2019. In FY 2020, non-GAAP R&D expenses were \$239.2M, or 22% of collections, compared to 23% in FY 2019.

Our strength in product development and our disciplined approach to strategically investing in areas of growth allow us to continue to deliver groundbreaking new innovations on time and do so with operating leverage.

Non-GAAP S&M expenses

Non-GAAP S&M expenses were \$102.1M in Q4 compared to \$106.4M in Q3 and \$67.9M in Q4 2019. As a percent of collections, S&M expenses were 33% in Q4, compared to 38% in Q3 and 30% in Q4 2019. In FY 2020, non-GAAP S&M expenses were \$412.6M, or 37% of collections, compared to 34% in FY 2019.

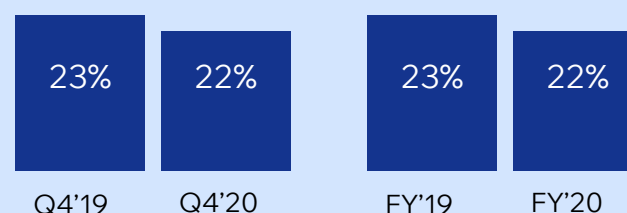
We continued to make significant incremental investments into acquisition marketing in response to the increased demand that we have witnessed since the beginning of the pandemic. The higher conversion of users to subscriptions and increasing collections per subscriptions is driving efficiencies in our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

Non-GAAP G&A expenses

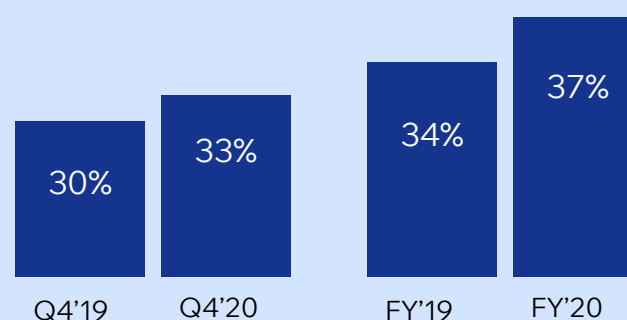
Non-GAAP G&A expenses were \$22.0M in Q4 compared to \$16.4M in Q3 and \$13.9M in Q4 2019. Non-GAAP G&A expenses were 7% of collections in Q4, compared to 6% in Q3 and Q4 2019. The increase in Q4 compared to Q3 was driven mainly by one time legal and project expenses as well as the reclassification of chargebacks related to Wix Payments to G&A from cost of revenue, which is consistent with industry practice.

In FY 2020, non-GAAP G&A expenses were \$68.8M, or 6% of collections, compared to 6% in FY 2019. G&A expenses have increased in parallel with the growth of our overall business.

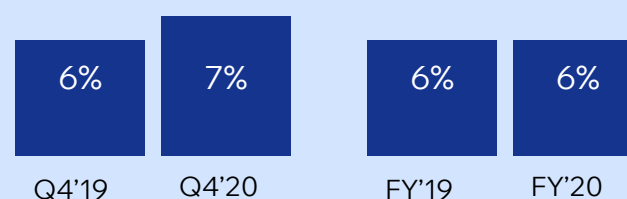
Non-GAAP R&D as a % of collections



Non-GAAP S&M as a % of collections



Non-GAAP G&A as a % of collections



Operating Income (Loss)

Non-GAAP operating loss in Q4 was \$(7.6)M, compared to operating loss of \$(8.5)M in Q3 and income of \$17.2M in Q4 2019. Non-GAAP operating loss in FY 2020 was \$(37.3)M, compared to income of \$41.5M in FY 2019. The operating loss was due to the incremental investment in marketing, increased hiring in Customer Care, growth of Wix Payments and increased hosting costs in conjunction with the rapid growth of our user base.

Free Cash Flow and Balance Sheet

Free cash flow in Q4 was \$23.2M, compared to \$19.4M in Q3 and \$37.5M in Q4 2019. Free cash flow in FY 2020 was \$129.2M, compared to \$127.5M in FY 2019. **Both results exceeded the high end of our guidance range.**

Excluding capital expenditures related to the buildout of our new headquarters offices, free cash flow would have been \$24.0M in Q4 and \$131.7M in FY 2020.

We ended the year with \$1.6B in cash on the balance sheet and \$834M in long-term debt.

Our total employee headcount was 4,628 as of the end of Q4.

At the end of Q4, our basic weighted average share count was approximately 54.4M and our weighted average fully diluted share count was approximately 65.6M.

Update on Share Dilution Management

Our Management and Board remain committed to responsible management of share dilution while carefully balancing the need to retain talented employees and executives, which are instrumental to our success.

We implemented several effective measures over the past several years that have resulted in a meaningful reduction in dilution, including shifting employee equity grants to RSUs, cancelling our reserved unallocated equity pool and adopting a net exercise mechanism for option exercises.

As stated in our proxy statement filed in September 2019, dilution⁴ was 16.0% as of June 30, 2019. We also stated in our proxy statement that our dilution including the net exercise mechanism will decline to a range of 11.6% - 12.2% by the end of 2020. **We are happy to report that we achieved the low end of this range, as dilution including the projected net exercise of options as of December 31, 2020, stood at 11.6%.**

We plan to continue utilizing equity as a compensation tool to attract and retain talented employees while continuing to manage its impact on share dilution.

⁴We calculate dilution by dividing (A) the sum of (i) all the unvested and vested shares subject to unexercised options ("Allocated Options"); plus (ii) all the allocated and unvested RSUs; plus (iii) all the shares available for grant in our equity pool; (collectively the "Total Equity"); by (B) the sum of (i) the Total Equity; plus (ii) all of the Company's issued and outstanding share capital. The dilution calculation including the impact of the net exercise mechanism is the same, except that we subtract from the Allocated Options a number of options held by Israeli employees which would have been cancelled, assuming full exercise of the Allocated Options, at a certain share price on a given date.

Outlook Update

We believe that our business is stronger than ever, and our growth opportunities have never been as plentiful.

The trend of businesses, brands and commerce moving online accelerated in 2020, and we do not believe the pace will slow in 2021. More users are coming to Wix than ever before -- more than 31 million in 2020 alone.

Our investments in product development, Customer Care, additional services and infrastructure -- all aimed at improving our users' success online and driving growth -- have fueled the expansion of our business and our results. **As our growth opportunities continue to emerge, we plan to sustain our organic investments to drive growth and create a superior user experience.**

Our initial outlook for Q1 and full year 2021 is underscored by the continuation of the strong growth we experienced in 2020 and the continued investment in growth.

For the full year 2021, we expect the following:

- Revenue of \$1,272M - \$1,286M, or 29% - 30% y/y growth
- Collections of \$1,435M - \$1,455M, or 30% - 32% y/y growth. This growth exceeds the range we shared in our Management Update on December 10 and reflects the strong performance of our business since, as well as our excitement for the coming year

Our free cash flow guidance is inclusive of approximately \$60 million in incremental investments we plan in 2021 to grow our Customer Care and Account Management teams and further the development of Wix Payments and Wix POS.

FY 2021 Guidance

Revenue:

\$1,272 - \$1,286 million

29-30% y/y growth

Collections:

\$1,435 - \$1,455 million

30-32% y/y growth

Q1 2021 Guidance

Revenue:

\$291-\$296 million

35-37% y/y growth

Collections:

\$340-\$350 million

37-41% y/y growth

For the full year 2021, we estimate:

- Free cash flow, excluding capex related to our new office build-out, to be in the range of \$90M - \$100M. Excluding the incremental investments we outlined above, FCF would be \$150M - \$160M in 2021
- Capital expenditures related to our new corporate headquarters will be approximately \$5M in 1H 2021 and \$25M in 2H 2021, leading to free cash flow of \$60M - \$70M for the year

For Q1 2021, we expect the following:

- Revenue of \$291M - \$296M, or 35% - 37% y/y growth
- Collections of \$340M - \$350M, or 37% - 41% y/y growth

Additional guidance for 2021

We are sharing the following supplemental information to provide greater transparency and insight into our guidance for 2021. Please note we do not plan on providing this level of detail throughout the year.

- We expect **Creative Subscriptions collections growth** to exceed 30% y/y in Q1 and to decline through the year's remaining quarters to the levels we experienced pre-pandemic as we lap the rapid growth we experienced in 2020. Creative Subscriptions revenue as a percentage of Creative Subscriptions collections for the full year 2021 will be slightly lower than 2020.
- **Business Solutions collections growth** will remain high throughout 2021 as more businesses on Wix adopt the products and services in this segment. We do expect the y/y growth to moderate in Q4 as we lap higher growth from 2020.

A meaningful driver of Business Solutions collections and revenue growth in 2021 is expected to be Wix Payments. We expect growth in online commerce businesses on Wix Payments, and we estimate that GPV will grow to approximately \$10 billion in 2021. We also expect that we will increase our revenue as a % of GPV as we expand our Wix Payments ecosystem through a better product and more geographies and partners.

We expect Wix Payments will be largest component of the Business Solutions segment in 2021, comprising approximately 35-40% total Business Solutions collections.

We also expect G-Suite, Ascend, our Facebook Ads product, and the Wix POS to grow throughout 2021.

- We expect our **Creative Subscriptions gross margin** to be approximately 76% in 2021.

We plan to continue investing in our Customer Care organization and infrastructure to accommodate the higher number of users on our SaaS platform as well as new products we continue to introduce.

- **Business Solutions gross margin** is expected to be approximately 20% in 2021.
- We expect **total non-GAAP operating expenses** (R&D, S&M and G&A) to be between 61% and 62% of total collections for the year 2021. This range is a 300-400 bps improvement over 2020, as we continue to realize leverage from our investments in R&D and S&M.
 - As is typical, Q1 will be the quarter in which we invest most significantly in S&M activities - we expect **non-GAAP S&M** to be approximately 40% of collections in Q1 2021 and approximately 32-33% of collections for the entire year.
- GAAP and non-GAAP tax expense is expected to be \$2M - \$3M in 2021
- Capital expenditures - excluding the estimated \$30M associated with the buildout of our new corporate headquarters - is expected to be approximately \$25M - \$26M for the year
- We expect depreciation expense to be roughly \$18M - \$19M for the year
- We estimate share based compensation expenses to be roughly \$217M - \$219M for 2021
- We estimate there will be approximately 58M - 59M basic shares outstanding and 64M - 65M fully diluted shares outstanding at year end 2021
 - Considering the above, weighted average basic shares outstanding used to calculate EPS is expected to be 58M - 59M shares for FY 2021
 - 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 2021

Appendix

Notes and Modeling Clarifications

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

Business Solutions is made up of all revenue and collections generated from various products that we offer to help users manage and grow their business online. Revenue models differ depending on the product, excluding any revenue and collections accounted for under Creative Subscriptions.

Conference Call and Webcast Information

Wix will host a conference call at 8:30 a.m. ET on Wednesday, February 17, 2021 to answer questions about the financial and operational performance of the business for the fourth quarter and full year ended December 31, 2020. The conference call will include a brief statement by management and will focus on answering questions about our results during the quarter. To enhance the Q&A portion of this call, the Company has posted a shareholder update and supporting slides to its Investor Relations website at <https://investors.wix.com/>. These materials provide shareholders and analysts with additional detail for analyzing results in advance of the quarterly conference call.

To participate on the live call, analysts and investors should dial +1-877-667-0467 (US/ Canada), +1-346- 354-0953 (International) or 1-809-315-362 (Israel) at least ten minutes prior to the start time of the call and reference Conference ID 3847028. A telephonic replay of the call will be available through February 24, 2021 at 11:30 a.m. ET by dialing +1-855-859-2056 and providing Conference ID 3847028.

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, collections on a constant currency basis, revenue on a constant currency basis, non-GAAP gross margin, non-GAAP operating income (loss), non-GAAP net income (loss), non-GAAP net income (loss) per share, free cash flow, free cash flow, as adjusted, free cash flow margins, non-GAAP R&D expenses, non-GAAP S&M expenses, non-GAAP G&A expenses, non-GAAP operating expenses, non-GAAP cost of revenue expense, non-GAAP tax expense (collectively the "Non-GAAP financial measures"). Measures presented on a constant currency or FX neutral basis have been adjusted to exclude the effect of y/y changes in foreign currency exchange rate fluctuations. Collections 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, cash we collect for payments and additional products and services, as well as payments due to us under the terms of contractual agreements for obligations we have fulfilled. Cash receipts for premium subscriptions are deferred and recognized as revenues over the terms of the subscriptions. Cash receipts for payments and majority of the additional products and services are recognized as revenues upon receipt. Committed payments are recognized 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). Non-GAAP net income (loss) per share represents non-GAAP net income (loss) divided by the weighted average number of shares used in computing GAAP loss per share. Free cash flow represents net cash provided by (used in) operating activities less capital expenditures. Free cash flow, as adjusted, represents free cash flow further adjusted to exclude capital expenditures associated with our new headquarters. Free cash flow margins represent free cash flow divided by revenue. Non-GAAP cost of revenue represents cost of revenue calculated in accordance with GAAP as adjusted for the impact of share-based compensation expense, acquisition-related expenses and amortization. .

Non-GAAP R&D expenses represent R&D expenses calculated in accordance with GAAP as adjusted for the impact of share-based compensation expense, acquisition-related expenses and amortization. Non-GAAP S&M expenses represent S&M expenses calculated in accordance with GAAP as adjusted for the impact of share-based compensation expense, acquisition-related expenses and amortization. Non-GAAP G&A expenses represent G&A expenses calculated in accordance with GAAP as adjusted for the impact of share-based compensation expense, acquisition-related expenses and amortization. Non-GAAP operating expenses represent operating expenses calculated in accordance with GAAP as adjusted for the impact of share-based compensation expense, acquisition-related expenses and amortization.

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

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

Wix also uses Creative Subscriptions Annualized Recurring Revenue (ARR), Business Solutions ARR and Gross Payment Volume (GPV) as key operating metrics. 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. Business Solutions ARR is calculated as Business Solutions MRR multiplied by 12. Business Solutions MRR is calculated as the total of all active subscriptions to Ascend, G-Suite, TPAs, FB Ads or Wix apps products in effect on the last day of the period, multiplied by the monthly revenue of such subscriptions. 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 grow our user base and premium subscriptions, including through the growth of our Partners activity; uncertainty surrounding the effects of COVID-19 on our business, including uncertainty relating to the expected consumer dynamics post COVID-19 and the anticipated GPV on our platform; our ability to create new and higher monetization opportunities from our premium subscriptions; our ability to enter into new markets, and attract new customer segments, and our ability to successfully enter into partnership agreements and grow our Partners activities as anticipated; our ability to maintain and enhance our brand and reputation; our prediction of the future collections generated by our user cohorts, and our ability to increase and maintain the value we create from 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 and see a return on our initiatives to scale and improve our user support function, including through the recent expansion of our Customer Care; the success of our sales efforts; customer acceptance and satisfaction of new products and other challenges inherent in new product development, including products such as EditorX geared to new user demographics; changes to technologies used in our solutions; or changes in global, national, regional or local economic, business, competitive, market, regulatory and other factors discussed under the heading “Risk Factors” in the Company’s 2019 annual report on Form 20-F filed with the Securities and Exchange Commission on April 2, 2020. Any forward-looking statement made by us in this press release speaks only as of the date hereof. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future developments or otherwise.

Reconciliation of GAAP to Non-GAAP financial measures

in 000s	2019	2020			
	Q4	Q1	Q2	Q3	Q4
Revenues	\$204,588	\$215,987	\$236,059	\$254,180	\$282,534
Collections	\$226,683	\$248,858	\$265,851	\$280,941	306,381
Non-GAAP Gross Profit	\$150,461	\$155,548	\$167,751	\$177,221	182,749
<i>Non-GAAP Gross Margin %</i>	74%	72%	71%	70%	65%
Non-GAAP R&D expenses	\$51,426	\$53,972	\$56,034	\$62,923	\$66,230
<i>% of revenues</i>	25%	25%	24%	25%	23%
<i>% of collections</i>	23%	22%	21%	22%	22%
Non-GAAP S&M expenses	\$67,940	\$90,905	\$113,227	\$106,356	\$102,141
<i>% of revenues</i>	33%	42%	48%	42%	36%
<i>% of collections</i>	30%	37%	43%	38%	33%
Non-GAAP G&A Expenses	\$13,926	\$14,865	\$15,496	\$16,445	\$22,017
<i>% of revenues</i>	7%	7%	7%	6%	8%
<i>% of collections</i>	6%	6%	6%	6%	7%
Non-GAAP Operating Income (Loss)	\$17,169	(\$4,194)	(\$17,006)	\$(8,503)	\$(7,639)
<i>% of revenues</i>	8%	(2%)	(7%)	(3%)	(3%)
<i>% of collections</i>	8%	(2%)	(6%)	(3%)	(2%)
Non-GAAP Net Income (Loss)	\$19,898	(\$396)	(\$14,170)	\$(8,016)	\$(1,632)

in 000s	2019	2020		2019	2020
	Q4	Q3	Q4	FY	FY
Revenues	\$204,588	\$254,180	\$282,534	\$761,088	\$988,760
Change in deferred revenues	\$22,095	\$26,761	\$23,847	\$71,397	\$113,271
Collections	\$226,683	\$280,941	\$306,381	\$832,485	\$1,102,031
Creative Subscriptions Revenues	\$171,355	\$202,996	\$213,745	\$644,491	\$783,456
Change in deferred revenues	\$19,450	\$25,331	\$22,675	\$67,272	\$107,784
Creative Subscriptions Collections	\$190,805	\$228,327	\$236,420	\$711,763	\$891,240
Business Solutions Revenues	\$33,233	\$51,184	\$68,789	\$116,597	\$205,304
Change in deferred revenues	\$2,645	\$1,430	\$1,172	\$4,125	\$5,487
Business Solutions Collections	\$35,878	\$52,614	\$69,961	\$120,722	\$210,791
Gross Profit	\$147,353	\$174,340	\$179,227	\$564,181	\$673,061
Share based compensation expenses	\$1,582	\$2,455	\$3,172	\$5,854	\$9,127
Acquisition related expenses	\$0	\$200	\$260	\$0	\$765
Amortization	\$1,526	\$226	\$90	\$1,951	\$316
Non GAAP Gross Profit	\$150,461	\$177,221	\$182,749	\$571,986	\$683,269
<i>Non GAAP Gross margin</i>	<i>74%</i>	<i>70%</i>	<i>65%</i>	<i>75%</i>	<i>69%</i>
Gross Profit - Creative Subscriptions	\$137,935	\$159,635	\$163,467	\$523,586	\$615,917
Share based compensation expenses	\$1,334	\$1,947	\$2,386	\$4,994	\$7,140
Non GAAP Gross Profit - Creative Subscriptions	\$139,269	\$161,582	\$165,853	\$528,580	\$623,057
<i>Non GAAP Gross margin - Creative Subscriptions</i>	<i>81%</i>	<i>80%</i>	<i>78%</i>	<i>82%</i>	<i>80%</i>

in 000s	2019	2020		2019	2020
	Q4	Q3	Q4	FY	FY
Gross Profit - Business Solutions	\$9,418	\$14,705	\$15,760	\$40,595	\$57,144
Share based compensation expenses	\$248	\$508	\$786	\$860	\$1,987
Acquisition related expenses	\$0	\$200	\$260	\$0	\$765
Amortization	\$1,526	\$226	\$90	\$1,951	\$316
Non GAAP Gross Profit - Business Solutions	\$11,192	\$15,639	\$16,896	\$43,406	\$60,212
<i>Non GAAP Gross margin - Business Solutions</i>	34%	31%	25%	37%	29%
Research and development (GAAP)	\$66,634	\$84,473	\$89,625	\$250,791	\$320,278
Share Based Compensation	\$14,900	\$20,312	\$22,170	\$56,161	\$76,883
Amortization	\$308	\$123	\$108	\$718	\$477
Acquisition related expenses	\$0	\$1,115	\$1,117	\$0	\$3,759
Non-GAAP research and development	\$51,426	\$62,923	\$66,230	\$193,912	\$239,160
<i>% of collections</i>	23%	22%	22%	23%	22%
Selling and marketing (GAAP)	\$74,809	\$113,092	\$109,629	\$307,718	\$438,210
Share Based Compensation	\$4,614	\$6,108	\$6,774	\$18,458	\$22,845
Amortization	\$550	\$476	\$420	\$1,911	\$1,780
Acquisition related expenses	\$1,705	\$152	\$294	\$2,269	\$957
Non-GAAP selling and marketing	\$67,940	\$106,356	\$102,141	\$285,080	\$412,628
<i>% of collections</i>	30%	38%	33%	34%	37%

in 000s	2019	2020		2019	2020
	Q4	Q3	Q4	FY	FY
General and administrative (GAAP)	\$23,602	\$26,515	\$35,433	\$85,922	\$111,915
Share Based Compensation	\$7,377	\$10,047	\$10,590	\$28,864	\$38,458
Amortization	\$1	\$1	\$1	\$8	\$4
Acquisition related expenses	\$163	\$22	\$15	\$216	\$331
Sales tax accrual and other G&A expenses (income)	\$2,135	\$0	\$2,810	\$5,309	\$4,299
Non-GAAP general and administrative	\$13,926	\$16,445	\$22,017	\$51,525	\$68,823
<i>% of collections</i>	6%	6%	7%	6%	6%
GAAP Operating Loss	(\$17,692)	\$(49,740)	\$(55,460)	\$(80,250)	\$(197,342)
Share Based Compensation	\$28,473	\$38,922	\$42,706	\$109,337	\$147,313
Amortization	\$2,385	\$826	\$619	\$4,588	\$2,577
Acquisition related expenses	\$1,868	\$1,489	\$1,686	\$2,485	\$5,811
Sales tax accrual and other G&A expenses (income)	\$2,135	\$0	\$2,810	\$5,309	\$4,299
Non-GAAP Operating Income (Loss)	\$17,169	\$(8,503)	\$(7,639)	\$41,469	\$(37,342)
Net cash provided by operating activities	\$41,237	\$24,514	\$28,550	\$149,564	\$148,049
Capital expenditures, net	\$(3,766)	\$(5,134)	\$(5,380)	\$(22,066)	\$(18,853)
Free Cash Flow	\$37,471	\$19,380	\$23,170	\$127,498	\$129,196
Capital expenditures related to future Wix HQ office build out	\$0	\$779	\$792	\$0	\$2,462
Free Cash Flow (excluding future Wix HQ office build out)	\$37,471	\$20,159	\$23,962	\$127,498	\$131,658

	Q1'21 Outlook	FY'21 Outlook
Revenues	\$291 - 296 million	\$1,272 - 1,286 million
Deferred Revenue	\$49 - 54 million	\$163 - 169 million
Collections	\$340 - 350 million	\$1,435 - 1,455 million

	FY'21 Outlook
Free Cash Flow	\$60 - 70 million
Capital expenditures related to future Wix HQ office build out	~\$30 million
Incremental investments	~\$60 million
Free Cash Flow (excluding future Wix HQ office build out and incremental investments)	\$150 - 160 million