

Wix

Earnings Slides

Third Quarter 2020 | November 12, 2020

Column 2



Safe Harbor

Non-GAAP Financial Measures

To supplement its consolidated financial statements, which are prepared and presented in accordance with U.S. GAAP, Wix uses the following non-GAAP financial measures: collections, cumulative cohort collections, collections on a constant currency basis, revenue on a constant currency basis, non-GAAP gross margin, non-GAAP operating income (loss), non-GAAP net income (loss), non-GAAP net income (loss) per share, 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 represent the total cash collected by us from our customers in a given period and is calculated by adding the change in deferred revenues for a particular period to revenues for the same period. Non-GAAP gross margin represents gross profit calculated in accordance with GAAP as adjusted for the impact of share-based compensation expense, acquisition-related expenses and amortization, divided by revenue. Non-GAAP operating income (loss) represents operating income (loss) calculated in accordance with GAAP as adjusted for the impact of share-based compensation expense, amortization, acquisition-related expenses and sales tax expense accrual. Non-GAAP net income (loss) represents net loss calculated in accordance with GAAP as adjusted for the impact of share-based compensation expense, amortization, sales tax expense accrual, amortization of debt discount and debt issuance costs and acquisition-related expenses and non-operating foreign exchange expenses (income). Non-GAAP net income (loss) per share represents non-GAAP net income (loss) divided by the weighted average number of shares used in computing GAAP loss per share. Free cash flow represents net cash provided by (used in) operating activities less capital expenditures. 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.

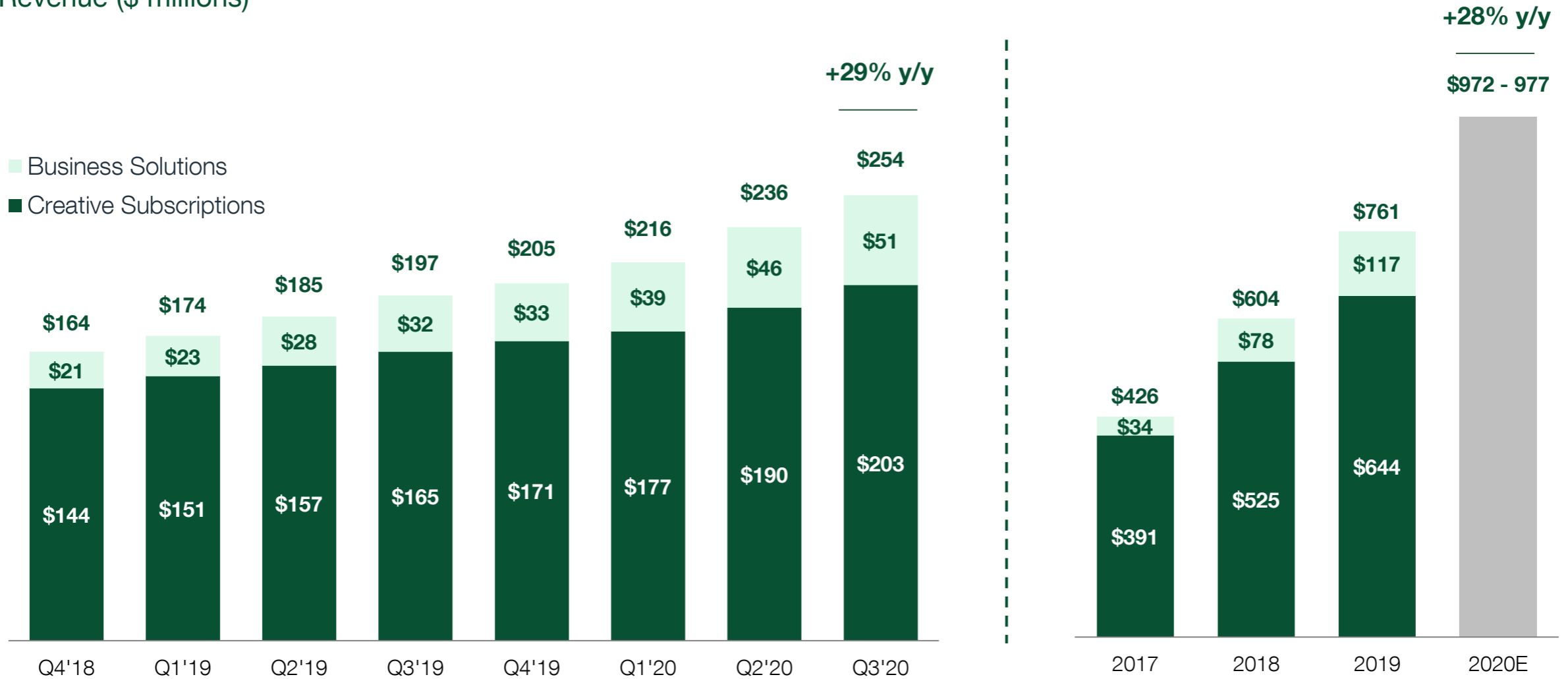
Forward-Looking Statements

This document contains forward-looking statements, within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 that involve risks and uncertainties. Such forward-looking statements may include projections regarding our future performance, including, but not limited to revenue, collections and free cash flow, and may be identified by words like "anticipate," "assume," "believe," "aim," "forecast," "indication," "continue," "could," "estimate," "expect," "intend," "may," "plan," "potential," "predict," "project," "outlook," "future," "will," "seek" and similar terms or phrases. The forward-looking statements contained in this document, including the full year guidance, are based on management's current expectations, which are subject to uncertainty, risks and changes in circumstances that are difficult to predict and many of which are outside of our control. Important factors that could cause our actual results to differ materially from those indicated in the forward-looking statements include, among others, our ability to grow our user base and premium subscriptions, including through our Wix Partner Program; uncertainty surrounding the duration and severity of COVID-19 and its effects on our business, including changes in consumer dynamics shifting to online and increased GMV 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; our ability to maintain and enhance our brand and reputation; our prediction of the future collections generated by our user cohorts; our share repurchases made pursuant to our share repurchase plan; our ability to manage the growth of our infrastructure effectively; our ability to effectively execute our initiatives to scale and improve our user support function, including through the recent expansion of our Customer Solutions organization by engaging additional agents around the world to provide 24/7 support in nine different languages; the success of our sales efforts; customer acceptance and satisfaction of new products and other challenges inherent in new product development; changes to technologies used in our solutions; or changes in global, national, regional or local economic, business, competitive, market, regulatory and other factors discussed under the heading "Risk Factors" in the Company's 2019 annual report on Form 20-F filed with the Securities and Exchange Commission on April 2, 2020. Any forward-looking statement made by us in this press release speaks only as of the date hereof. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future developments or otherwise.

Q3 2020 Results

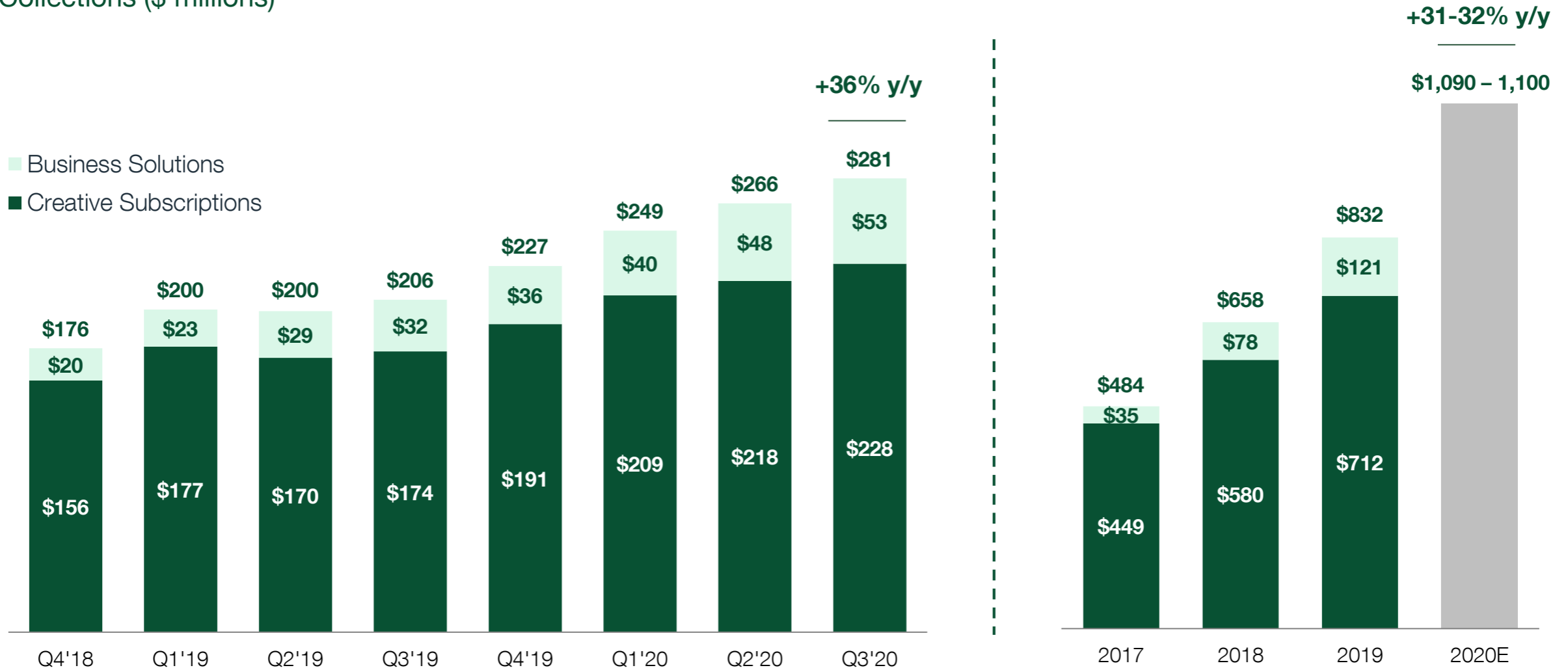
Consistent incremental revenue growth

Revenue (\$ millions)



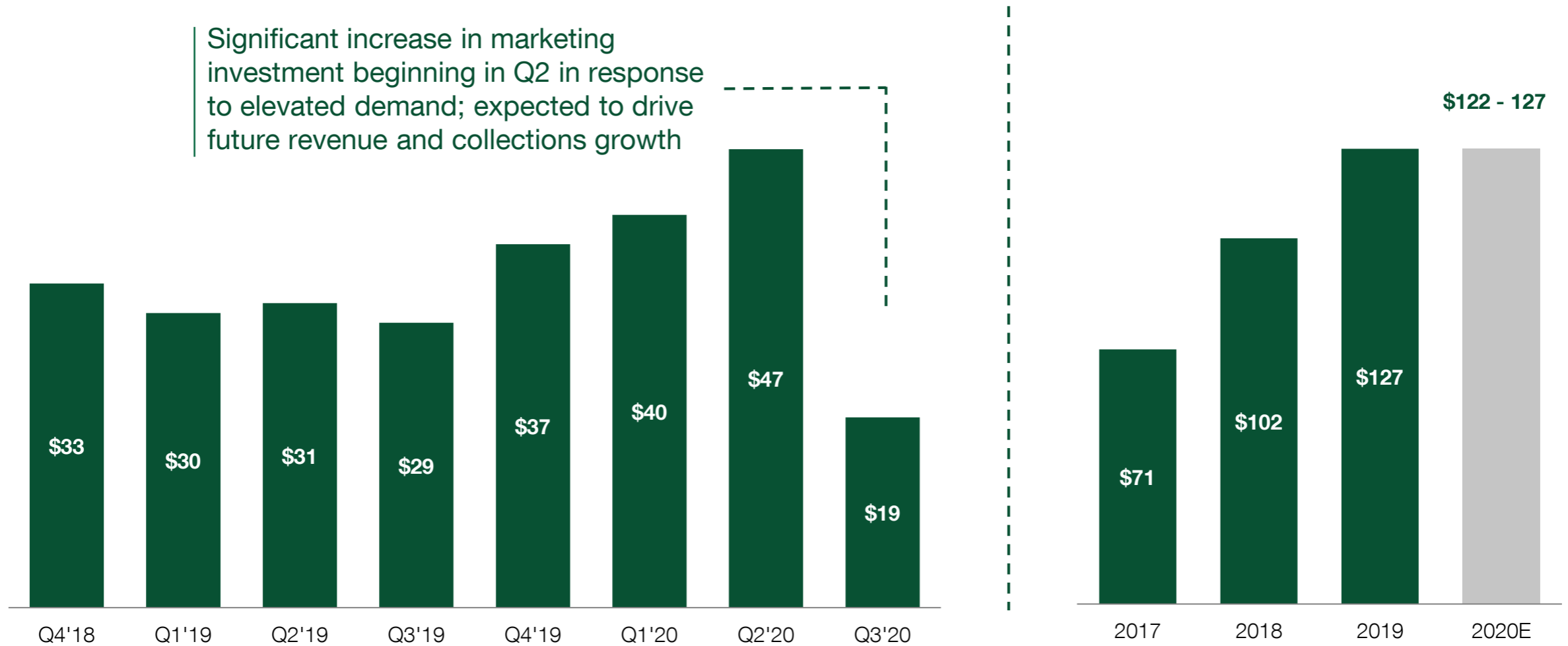
Strong collections growth...

Collections (\$ millions)



...combined with robust free cash flow generation

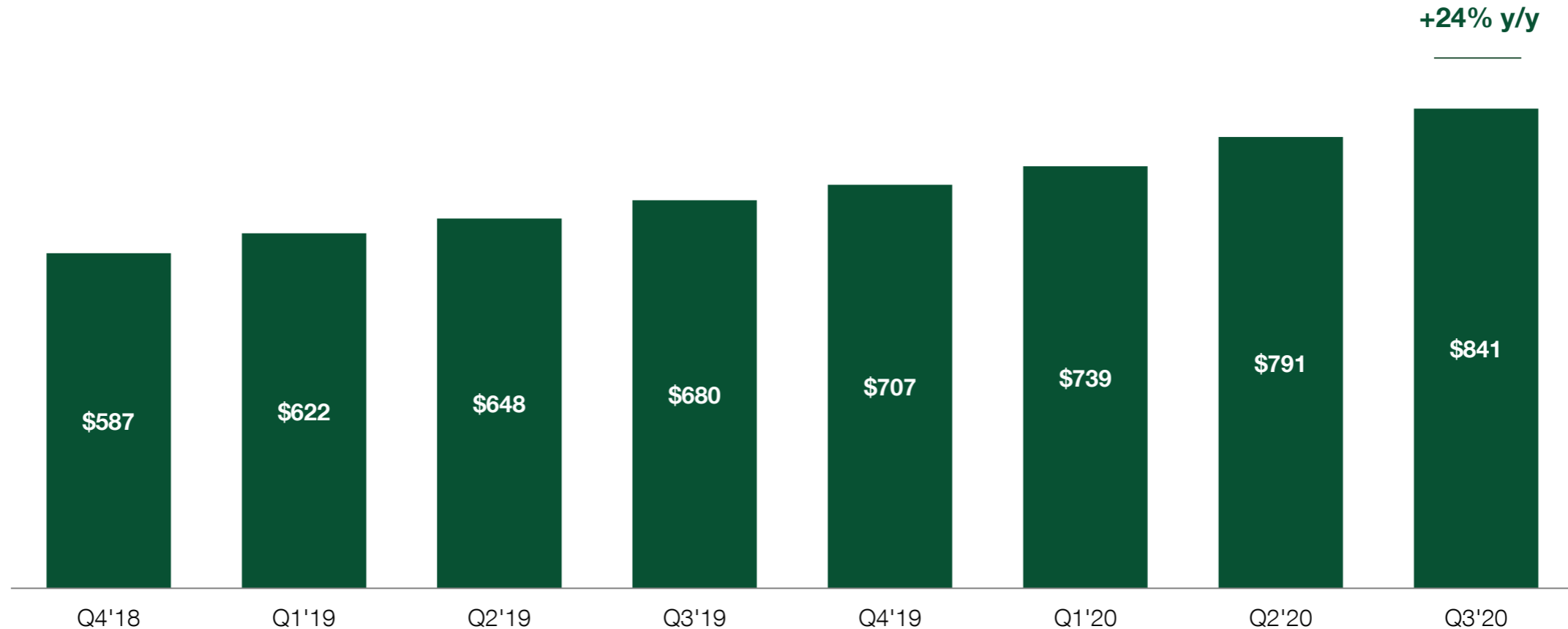
Free Cash Flow (\$ millions)



¹Excluding approximately \$0.8 million in capital expenditures related to the future Wix HQ office build out

Consistent ARR expansion

(\$ millions)



Note: Annualized Recurring Revenue (ARR) is calculated as Monthly Recurring Revenue (MRR) multiplied by 12. MRR is calculated as the total of (i) all active Creative Subscriptions in effect on the last day of the period, multiplied by the monthly revenue of such Creative Subscriptions, other than domain registrations; (ii) the average revenue per month from domain registrations; (iii) monthly revenue from partnership agreements

Increasing monetization of user cohorts

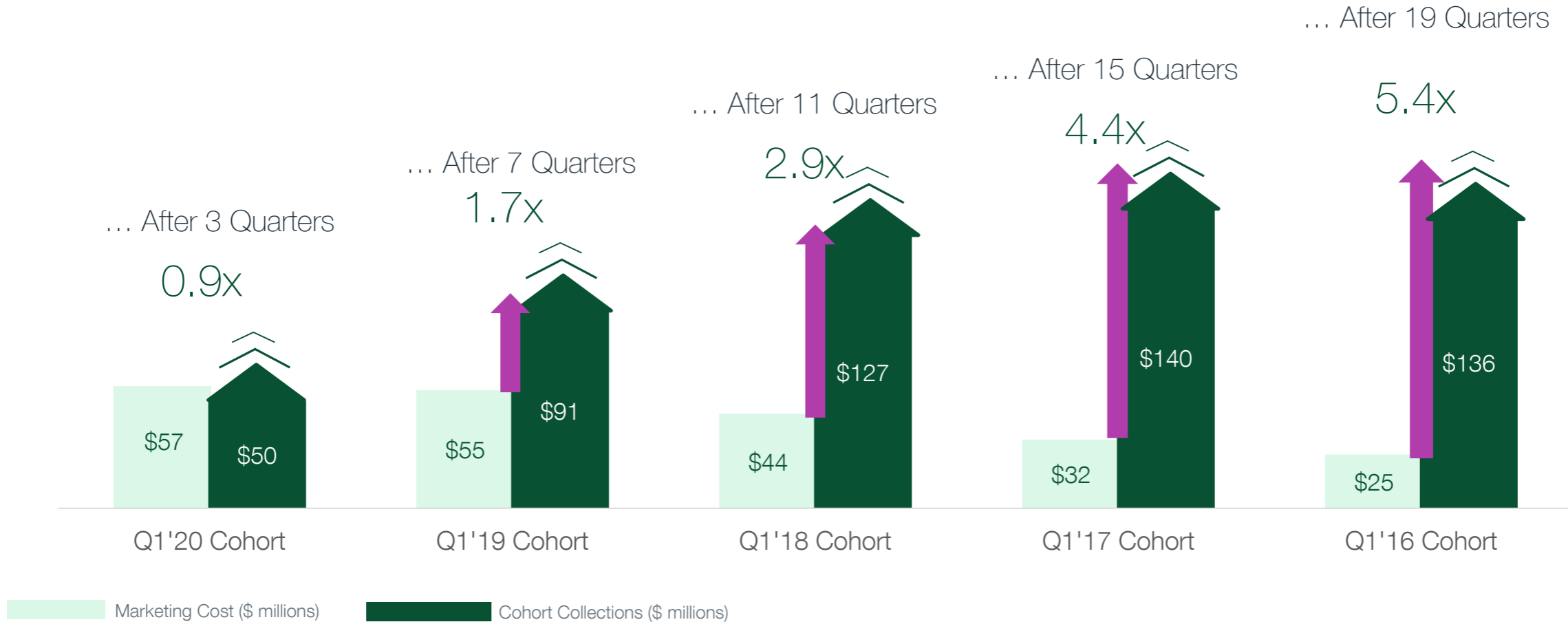
Cumulative Collections from Q1 User Cohorts (\$ millions)



Note: Data as of September 30, 2020. Excludes collections from users coming from the Wix Logo Maker funnel. It also excludes collections from Flok, DeviantArt and Wix Answers.

Efficient marketing based on 7-9 month TROI

One Time Marketing, Ongoing Collections



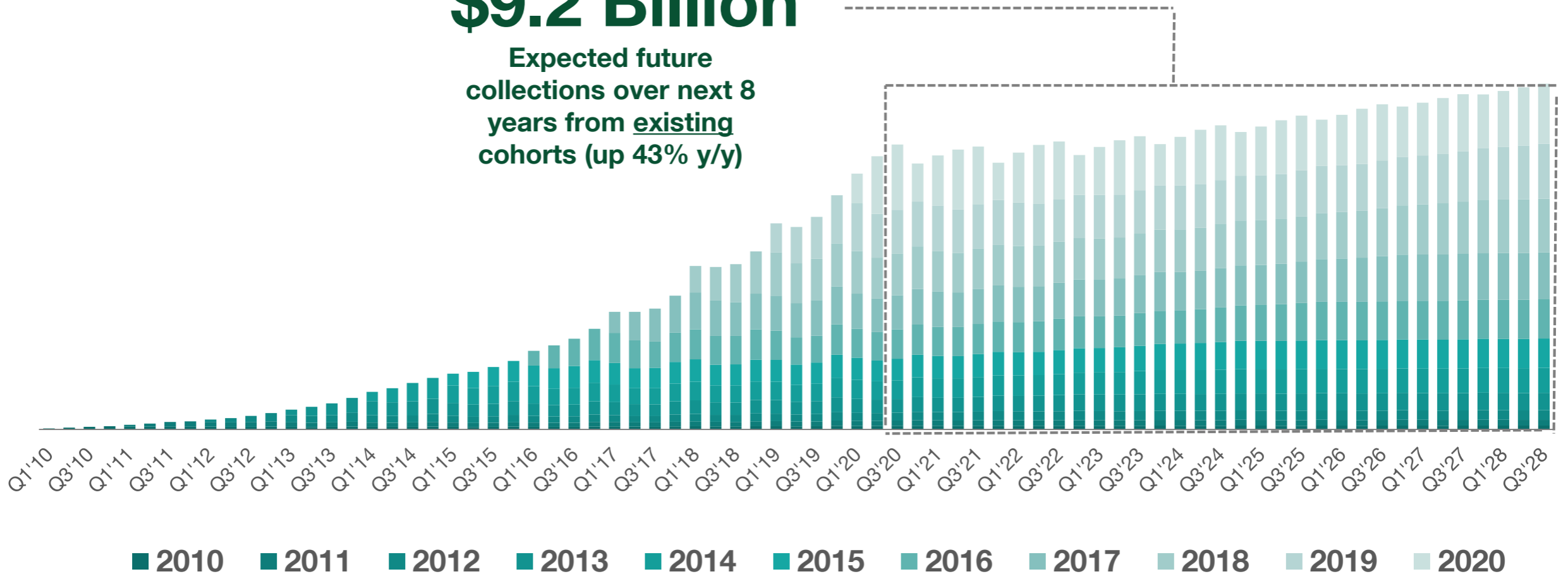
Note: Data as of September 30, 2020; TROI is Time to Return On (Marketing) Investment. We define this metric as the time it takes to collect dollars from new premium subscriptions acquired in a cohort to equal dollars spent on direct acquisition marketing costs in the same cohort. We aim for 100% TROI in 7-9 months. Numbers are rounded to the nearest million. Marketing cost includes marketing costs associated with the acquisition of users. Cohort Collections do not include collections from users coming from the Wix Logo Maker funnel or collections from Flok, DeviantArt, and Wix Answers.

Existing cohorts are a growing source of future collections

Actual and Potential Future Collections From Q1'10 – Q3'20 Cohorts

\$9.2 Billion

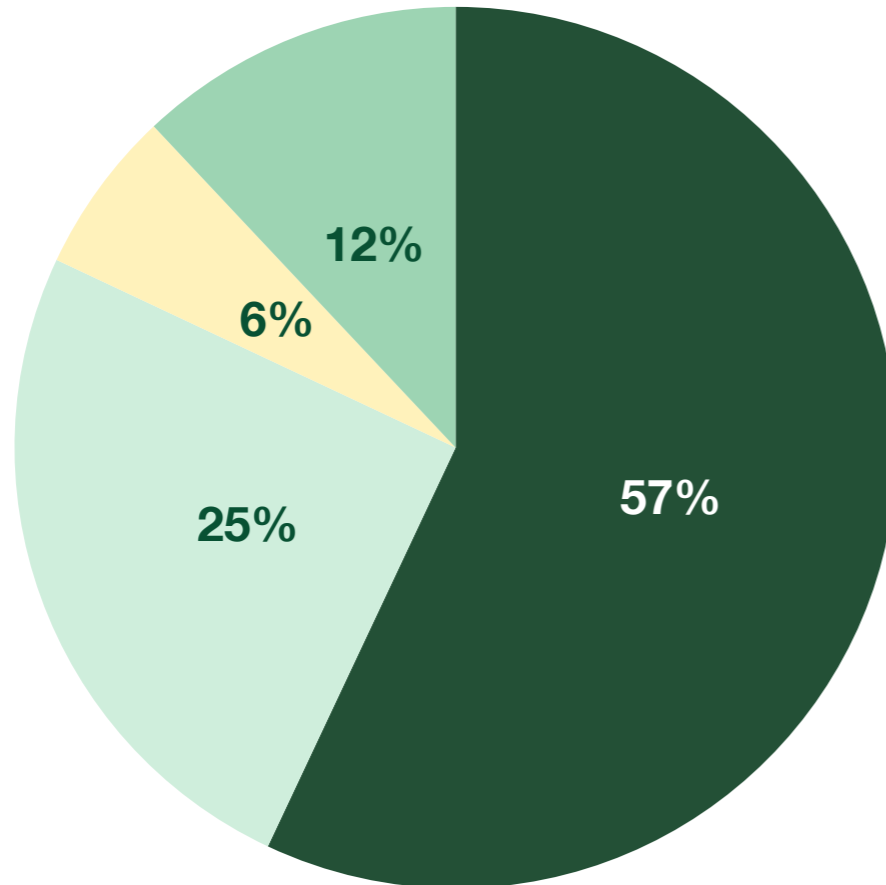
Expected future collections over next 8 years from existing cohorts (up 43% y/y)



Note: Data represents actual Collections from Q1'10 – Q3'20 cohorts since creation and forecasted future cumulative collections through Q3'28, based on current cohort behavior. Beginning in Q3 2020, we included expected future collections from Wix Payments, and we applied this impact retroactively

Increasing geographic penetration

FX-Neutral Revenue by Geography (% of total) and Q3'20 Y/Y Growth



North America +35% Y/Y

Europe +25% Y/Y

Latin America +7% Y/Y

Asia and others +23% Y/Y

■ North America ■ Europe ■ Latin America ■ Asia and others

Note: Q3'20 Revenue by Geography and Y/Y change based on constant FX rates from Q3'19

Appendix

Reconciliation of GAAP to Non-GAAP Financial Measures

in 000s	2018 Q4	2019				2020			2017 FY	2018 FY	2019 FY
		Q1	Q2	Q3	Q4	Q1	Q2	Q3			
Revenues	\$164,197	\$174,290	\$185,419	\$196,791	\$204,588	\$215,987	\$236,059	\$254,180	\$425,636	\$603,704	\$761,088
Change in deferred revenues	\$11,861	\$26,089	\$14,144	\$9,069	\$22,095	\$32,871	\$29,792	\$26,761	\$58,353	\$54,681	\$71,397
Collections	\$176,058	\$200,379	\$199,563	\$205,860	\$226,683	\$248,858	\$265,851	\$280,941	\$483,989	\$658,385	\$832,485

in 000s	2018 Q4	2019				2020			2017 FY	2018 FY	2019 FY
		Q1	Q2	Q3	Q4	Q1	Q2				
Creative Subscriptions Revenues	\$143,621	\$151,364	\$157,012	\$164,761	\$171,355	\$176,546	\$190,169	\$202,996	\$391,347	\$525,350	\$644,491
Change in deferred revenues	\$12,047	\$25,529	\$13,481	\$8,810	\$19,450	\$32,251	\$27,527	\$25,331	\$57,778	\$54,769	\$67,272
Creative Subscriptions Collections	\$155,668	\$176,893	\$170,493	\$173,571	\$190,805	\$208,797	\$217,696	\$228,327	\$449,125	\$580,119	\$711,763

in 000s	2018 Q4	2019				2020			2017 FY	2018 FY	2019 FY
		Q1	Q2	Q3	Q4	Q1	Q2				
Business Solutions Revenues	\$20,576	\$22,926	\$28,407	\$32,030	\$33,233	\$39,441	\$45,890	\$51,184	\$34,289	\$78,354	\$116,597
Change in deferred revenues	\$(186)	\$560	\$663	\$259	\$2,645	\$620	\$2,265	\$1,430	\$575	\$(88)	\$4,125
Business Solutions Collections	\$20,390	\$23,486	\$29,070	\$32,289	\$35,878	\$40,061	\$48,155	\$52,614	\$34,864	\$78,266	\$120,722

Note: non-GAAP items exclude the impact of share-based compensation expense, amortization, amortization of debt discount and debt issuance costs and acquisition-related expense. Numbers may not add due to rounding.

Reconciliation of GAAP to Non-GAAP Financial Measures

in 000s	2018	2019				2020			2017	2018	2019
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	FY	FY	FY
Net cash provided by operating activities	\$36,055	\$35,074	\$37,180	\$36,073	\$41,237	\$45,027	\$49,958	\$24,514	\$83,052	\$115,709	\$149,564
Capital expenditures, net	\$ (3,391)	\$ (5,028)	\$ (6,426)	\$ (6,846)	\$ (3,766)	\$ (5,075)	\$ (3,264)	\$ (5,134)	\$ (12,369)	\$ (14,076)	\$ (22,066)
Free Cash Flow	\$32,664	\$30,046	\$30,754	\$29,227	\$37,471	\$39,952	\$46,694	\$19,380	\$70,683	\$101,633	\$127,498
Capital expenditures related to future Wix HQ office build out	\$0	\$0	\$0	\$0	\$0	\$483	\$408	\$779	\$0	\$0	\$0
Free Cash Flow (excluding future Wix HQ office build out)	\$32,664	\$30,046	\$30,754	\$29,227	\$37,471	\$40,435	\$47,102	\$20,159	\$70,683	\$101,633	\$127,498

in millions	Q1'10	Q1'11	Q1'12	Q1'13	Q1'14	Q1'15	Q1'16	Q1'17	Q1'18	Q1'19	Q1'20
Cumulative Cohort Revenue	\$27	\$38	\$45	\$90	\$120	\$118	\$126	\$127	\$111	\$74	\$31
Cumulative Cohort change in deferred revenues	\$1	\$2	\$2	\$5	\$7	\$8	\$10	\$13	\$16	\$17	\$19
Cumulative Cohort Collections	\$28	\$40	\$47	\$95	\$127	\$126	\$136	\$140	\$127	\$91	\$50

Note: non-GAAP items exclude the impact of share-based compensation expense, amortization, amortization of debt discount and debt issuance costs and acquisition-related expense. Numbers may not add due to rounding.