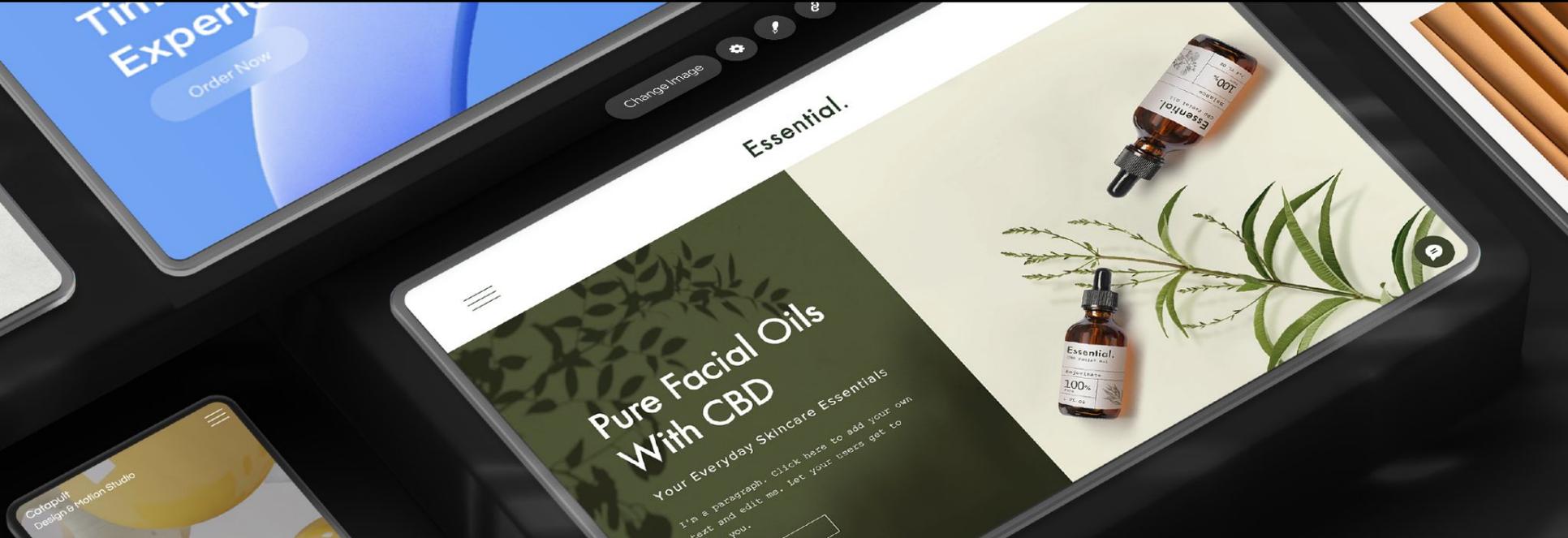


WIX

Business Model Deep Dive

Nir Zohar
President & COO



Safe Harbor

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: bookings, cumulative cohort bookings, revenue on a constant currency basis, non-GAAP gross margin, non-GAAP operating income (loss), free cash flow, free cash flow margins, non-GAAP operating expenses, non-GAAP cost of revenue expense (collectively the "Non-GAAP financial measures"). Bookings is a non-GAAP financial measure calculated by adding the change in deferred revenues and the change in unbilled contractual obligations for a particular period to revenues for the same period. Bookings include cash receipts for premium subscriptions purchased by users as well as cash we collect from business solutions, 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 the majority of the additional products and services (other than Google Workspace) are recognized as revenues upon receipt. Committed payments are recognized as revenue as we fulfill 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). Free cash flow represents net cash provided by (used in) operating activities less capital expenditures. 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 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 margins, cumulative cohort bookings, non-GAAP gross margin, and non-GAAP operating expenses 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.

Safe Harbor

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, bookings 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 multi-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 expectation that we will be able to attract and retain registered users and generate new premium subscriptions; our expectation that we will be able 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, as well as third-party products we will offer in the future within our platform, will receive customer acceptance and satisfaction, including the growth in market adoption of our online commerce solutions; our assumption that historical user behavior can be extrapolated to predict future user behavior; our expectations regarding execution of our multi-year strategic plan, our prediction of the future revenues generated by our user cohorts and our ability to maintain and increase such revenue growth; our expectation to maintain and enhance our brand and reputation; our expectation that we will 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; our expectation that our products created for markets outside of North America will continue to generate growth in those markets; our plans 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 expectations regarding the extent of 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, the effectiveness of government policies, vaccine administration rates and other factors; our expectation regarding the impact of fluctuations in foreign currency exchange rates on our business; our expectations relating to the repurchase of our ordinary shares and/or Convertible Notes pursuant to our expected repurchase program; our expectation that we will effectively manage the growth of our infrastructure; changes we expect may occur to technologies used in our solutions; our expectations regarding the outcome of any regulatory investigation or litigation, including class actions; our expectations regarding future changes in our cost of revenues and our operating expenses on an absolute basis and as a percentage of our revenues, as well as our ability to achieve profitability; our expectations regarding changes in the global, national, regional or local economic, business, competitive, market, and regulatory landscape, including as a result of COVID-19 and as a result of the military invasion of Ukraine by Russia; 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 for the foreseeable future; our expectations with respect to the integration and performance of acquisitions; our ability to attract and retain qualified employees and key personnel; our expectations about entering into new markets and attracting new customer demographics, including our ability to successfully attract new partners and grow our partner activities as anticipated and other factors discussed under the heading “Risk Factors” in the Company’s annual report on Form 20-F for the year ended December 31, 2021 filed with the Securities and Exchange Commission on April 1, 2022. 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.

What we will share with you today

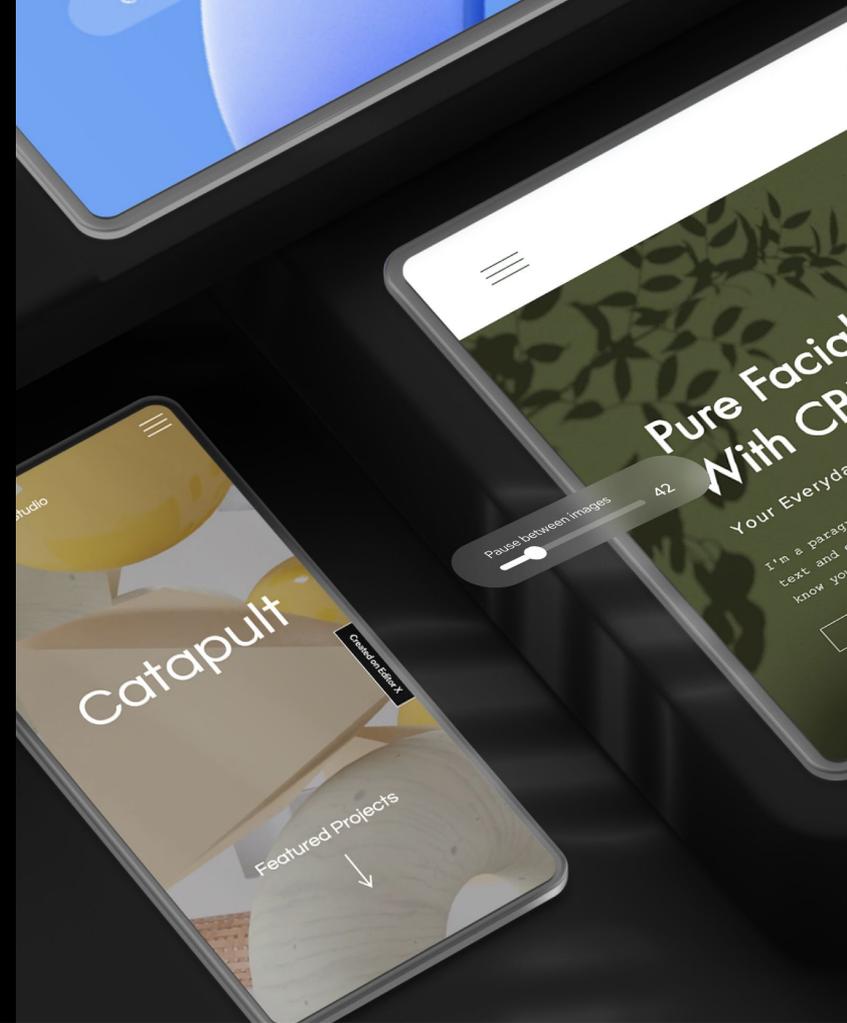
1. Our user cohorts provide us with high visibility and tremendous long term value

2. We maintain consistent and efficient returns on our marketing investments

3. Our Self Creator cohorts show many years of consistent bookings and revenue retention

4. Our Partners cohorts generate compounding bookings and revenue growth

Wix's Business Model



The basics of the model

Registered User

User who created an account with Wix

Cohort

A group of users who registered in a given time period

Premium Subscription

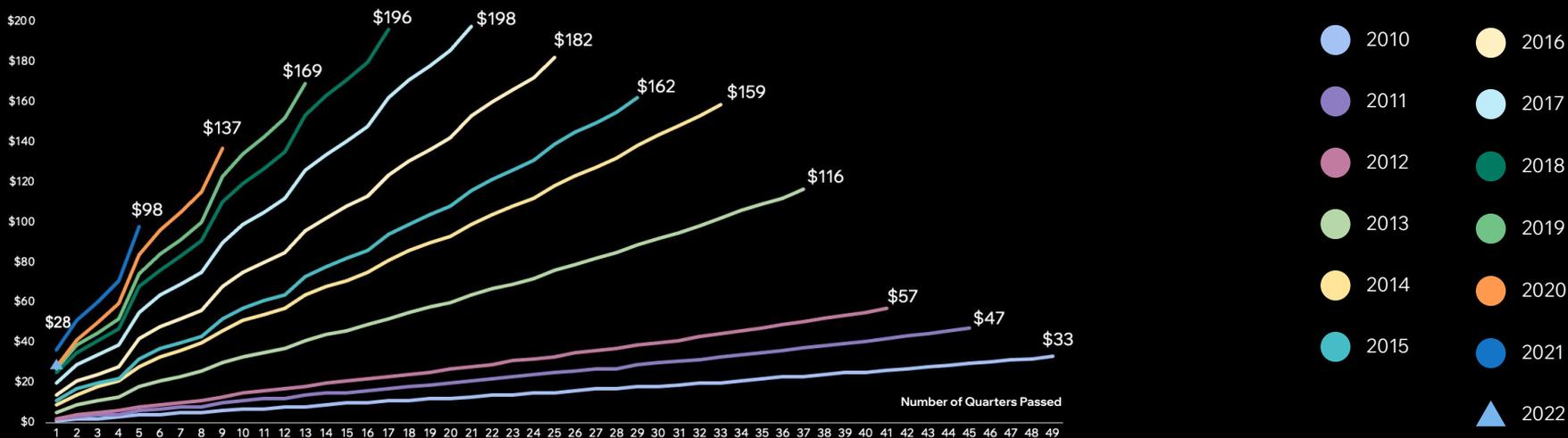
A package purchased by a user; a single user can purchase more than one subscription

Cohort Value

The \$ value of a cohort over time, measured by bookings or revenue, and driven by conversion, retention and ARPS

A Reminder: Increasing Monetization of User Cohorts

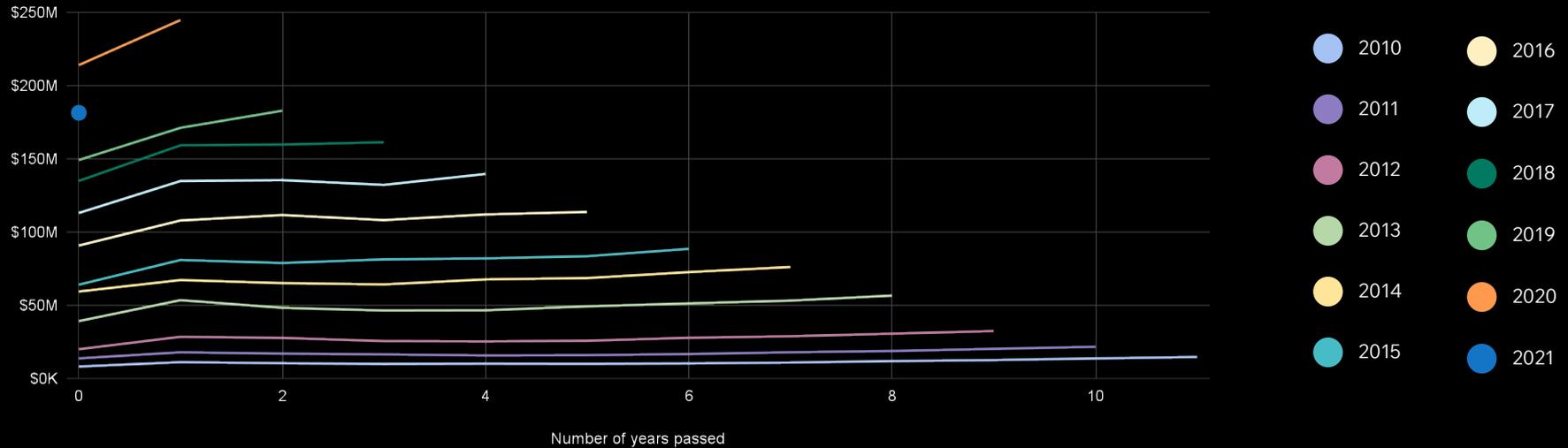
Cumulative Bookings from Q1 User Cohorts (\$ millions)



Note: Data as of March 31, 2022. Excludes bookings from users coming from the Wix Logo Maker funnel, or bookings from B2B partnerships, DeviantArt, Wix Answers, or recent acquisitions.

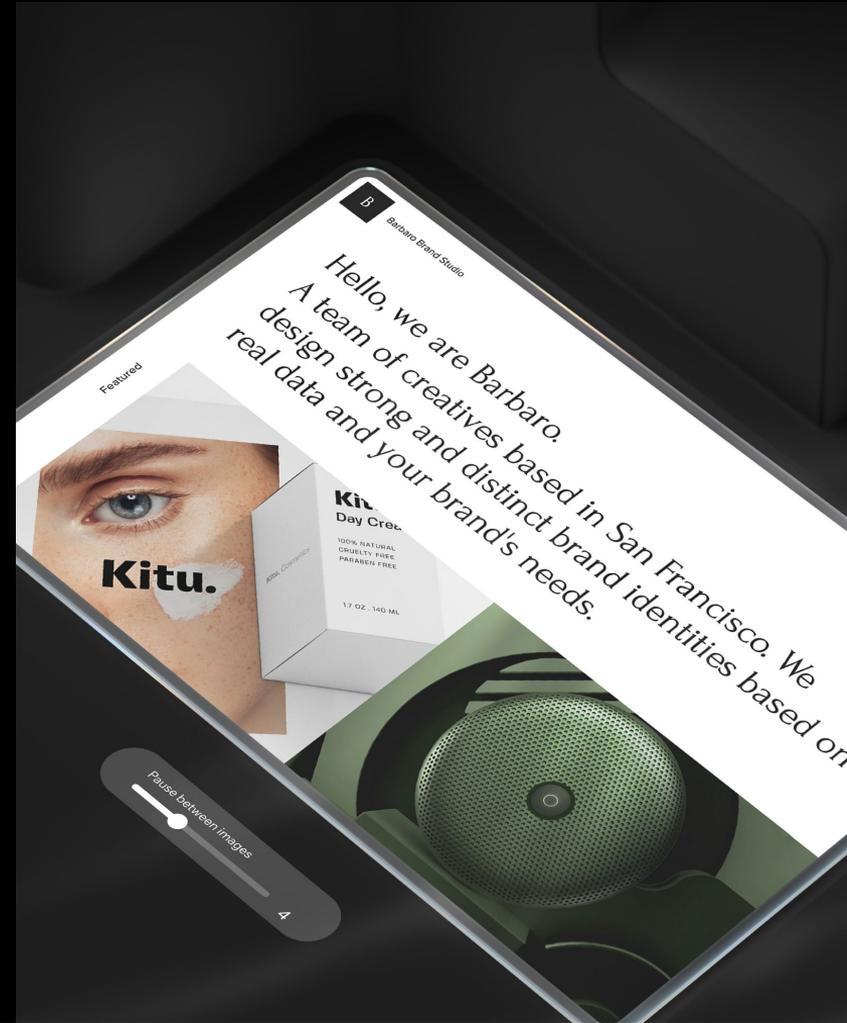
Cohort bookings: 110%+ retention year after year

Annual cohort bookings (\$ millions)

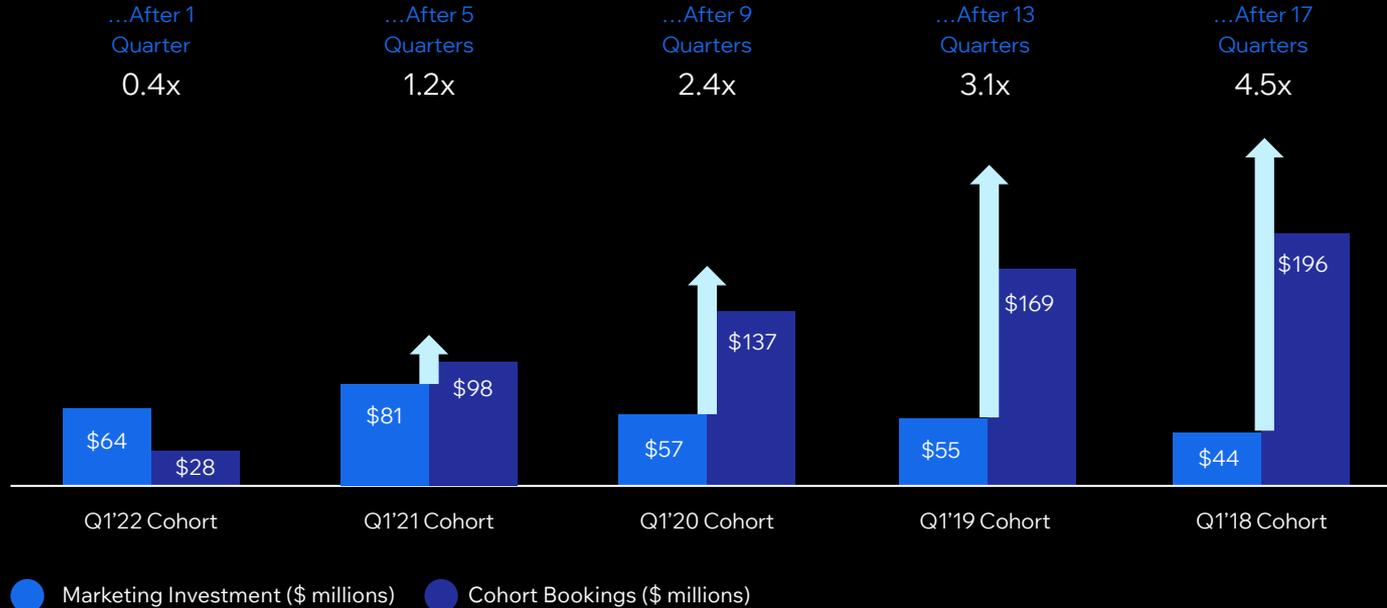


Note: Excludes bookings from B2B partnerships, DeviantArt, Wix Answers, or recent acquisitions.

We maintain strong marketing efficiency



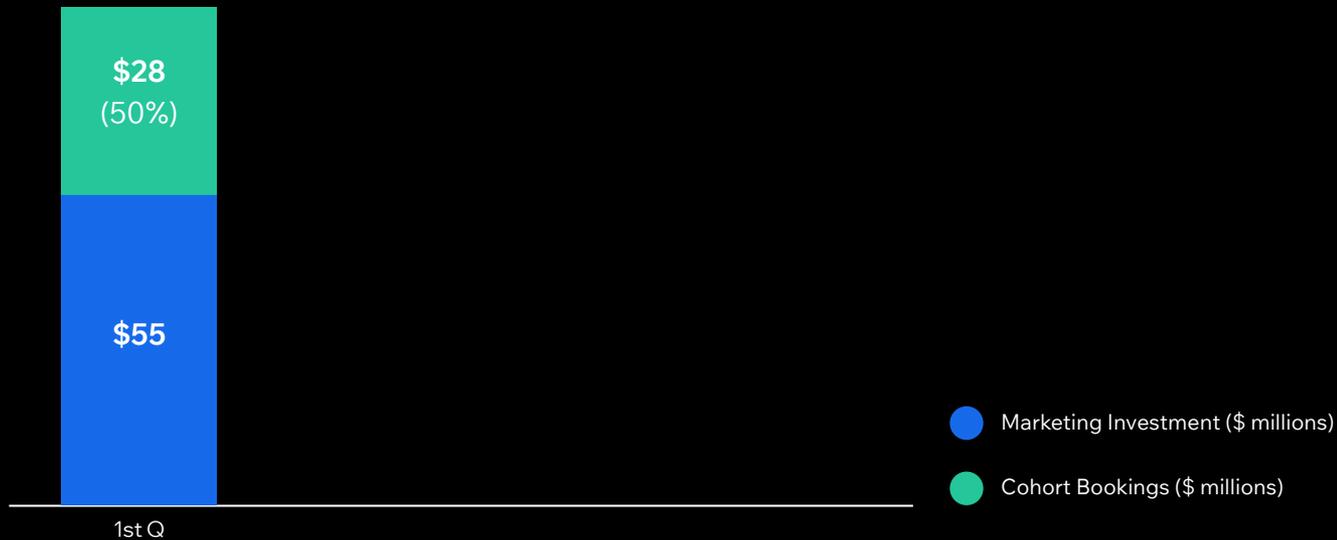
Efficient Marketing Based on TROI



Note: Data as of March 31, 2022; 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. Numbers are rounded to the nearest million. Marketing cost includes marketing costs associated with the acquisition of users. Cohort Bookings do not include bookings from users coming from the Wix Logo Maker funnel, or bookings from B2B partnerships, DeviantArt, Wix Answers, or recent acquisitions.

Let's revisit TROI

Q2 2021 Cohort
(1st post-Covid cohort)

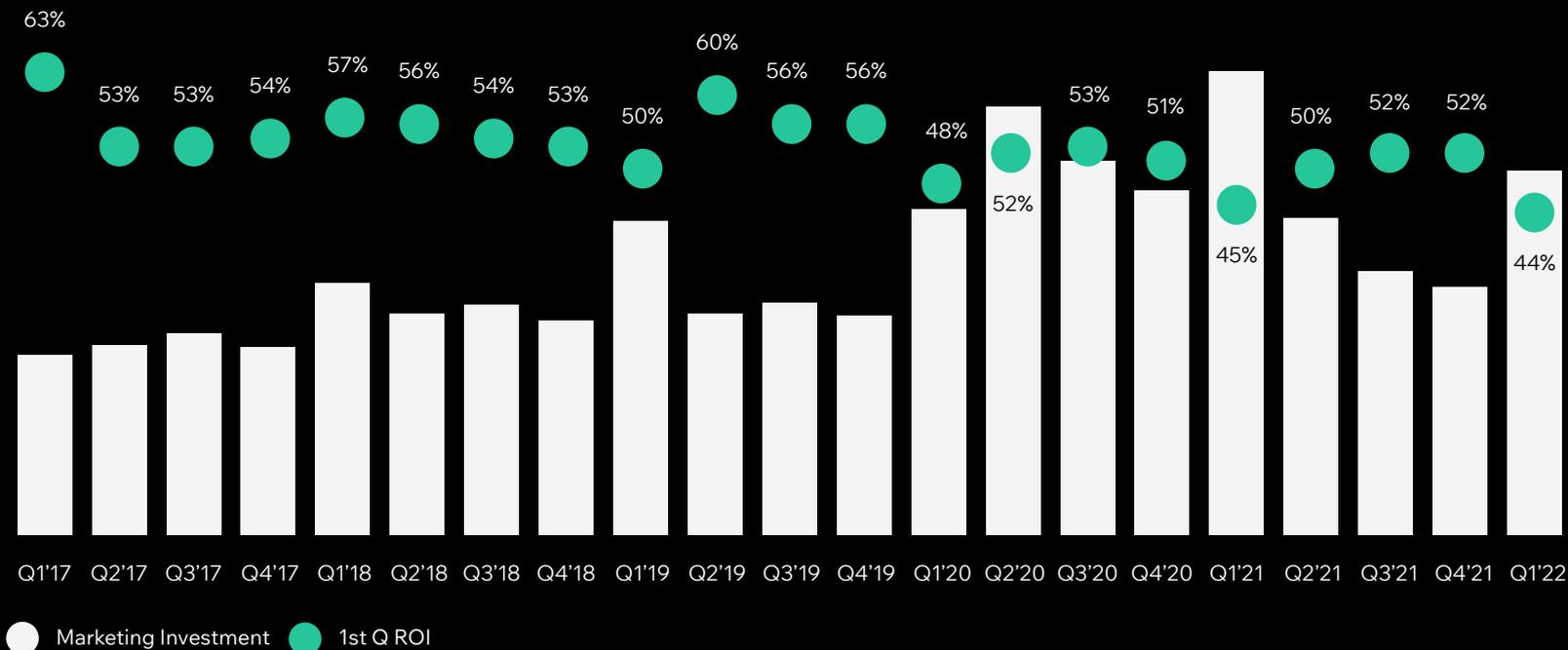


Returns continue after initial marketing investment

Q2 2021 Cohort
(1st post-Covid cohort)

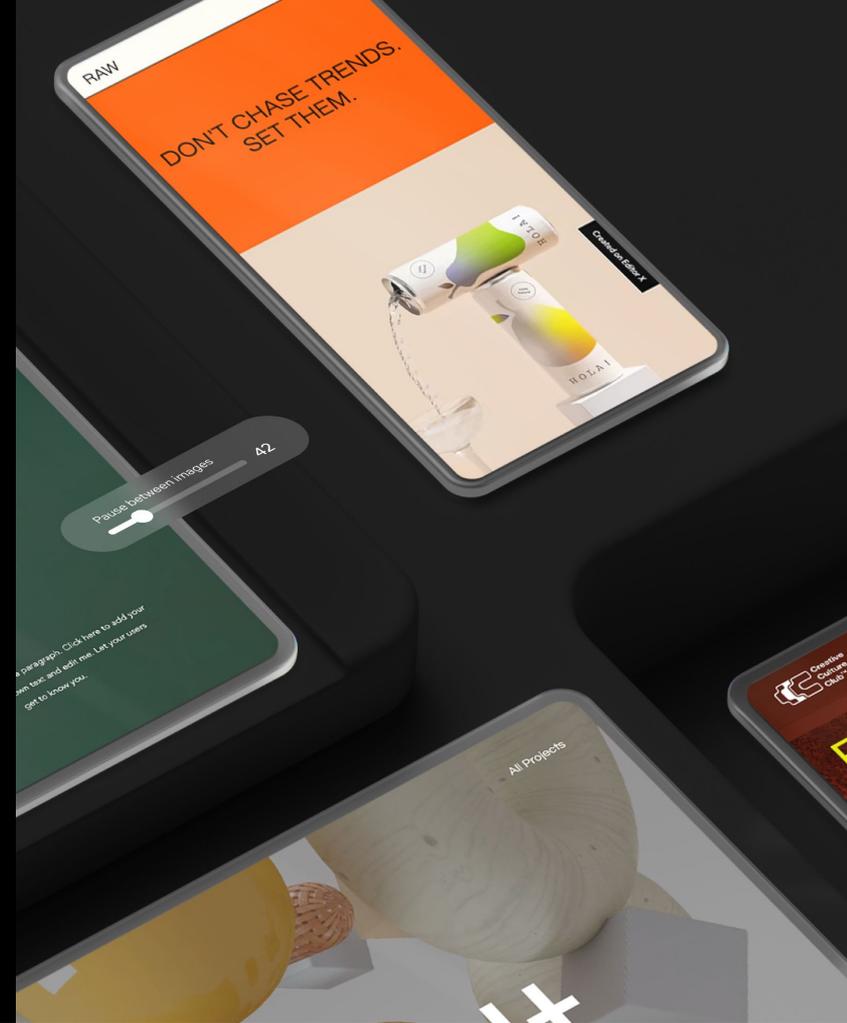


Marketing remains efficient, even with higher investment

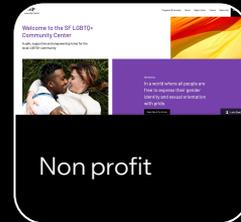
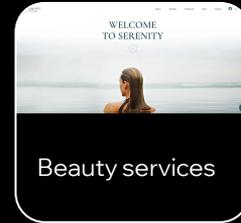
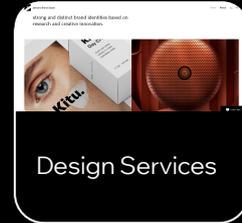
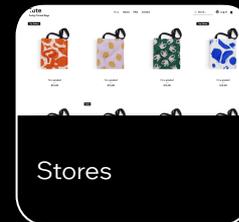
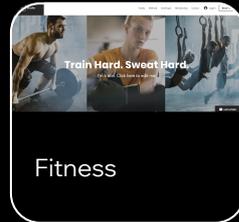


Note: We define ROI as the time it takes to collect dollars from new premium subscriptions acquired in a cohort to equal dollars spent on direct acquisition marketing costs in the same cohort. Marketing investment includes marketing costs associated with the acquisition of users. Cohort Bookings do not include bookings from users coming from the Wix Logo Maker funnel, or bookings from B2B partnerships, DeviantArt, Wix Answers, or recent acquisitions

Growth is driven by two business lines - Self Creators and Partners



Self Creators represent a highly diverse set of business types and use cases



We have Self Creators users all over the world





Why do they choose Wix

Wix

#1 brand



Easy to start with deep functionality



Stunning designs



Professional results



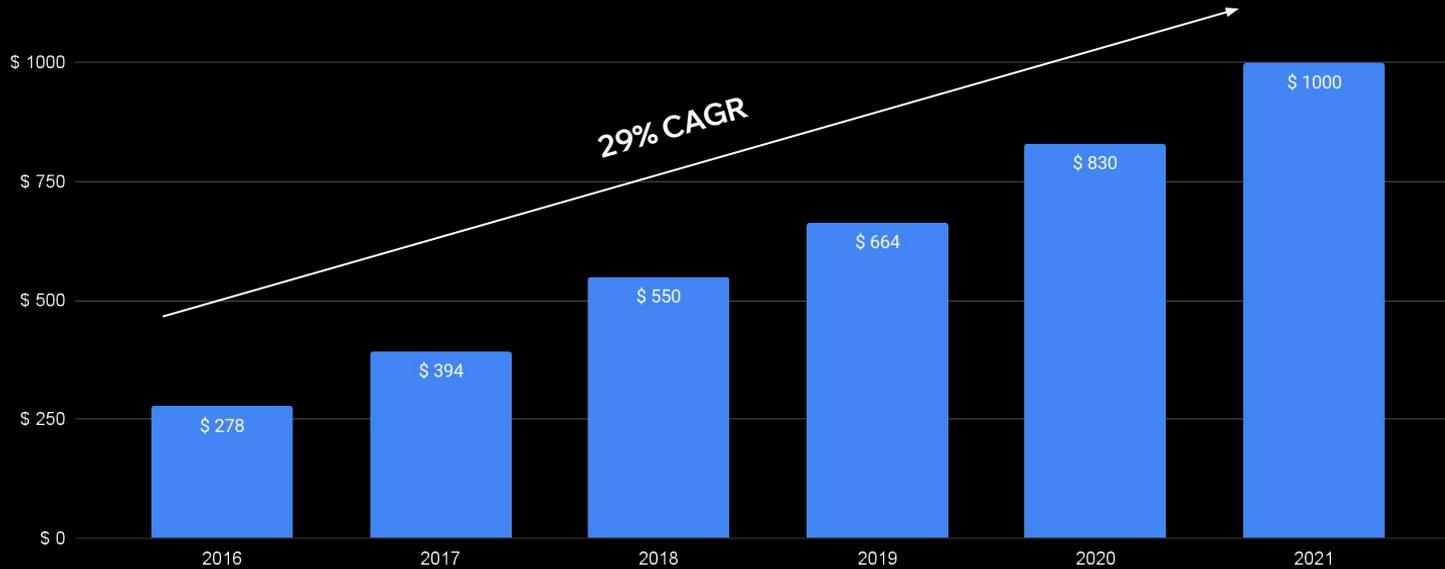
Versatile



Easy to maintain

Self Creators revenue has demonstrated consistent, strong growth

Self Creators Revenue (\$ millions)



Note: includes both Creative Subscriptions and Business Solutions revenue

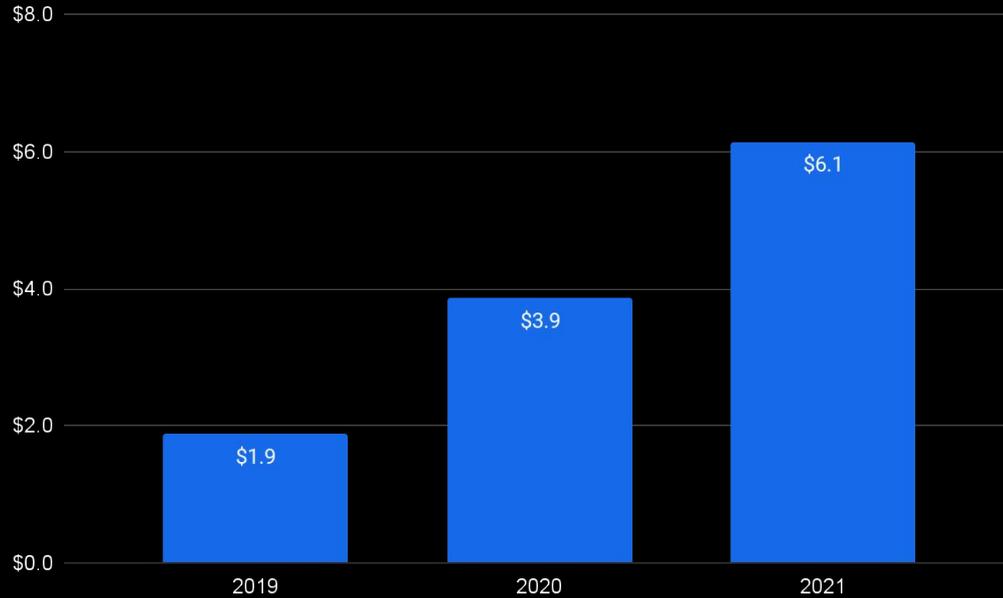
In addition, we're able to increase ARPS due to better solutions and products

Self Creators Average Revenue per Subscription (ARPS)



And grow GPV of Self Creators to \$6.1B in 2021

Self Creators Gross Payments Volume (\$ billions)



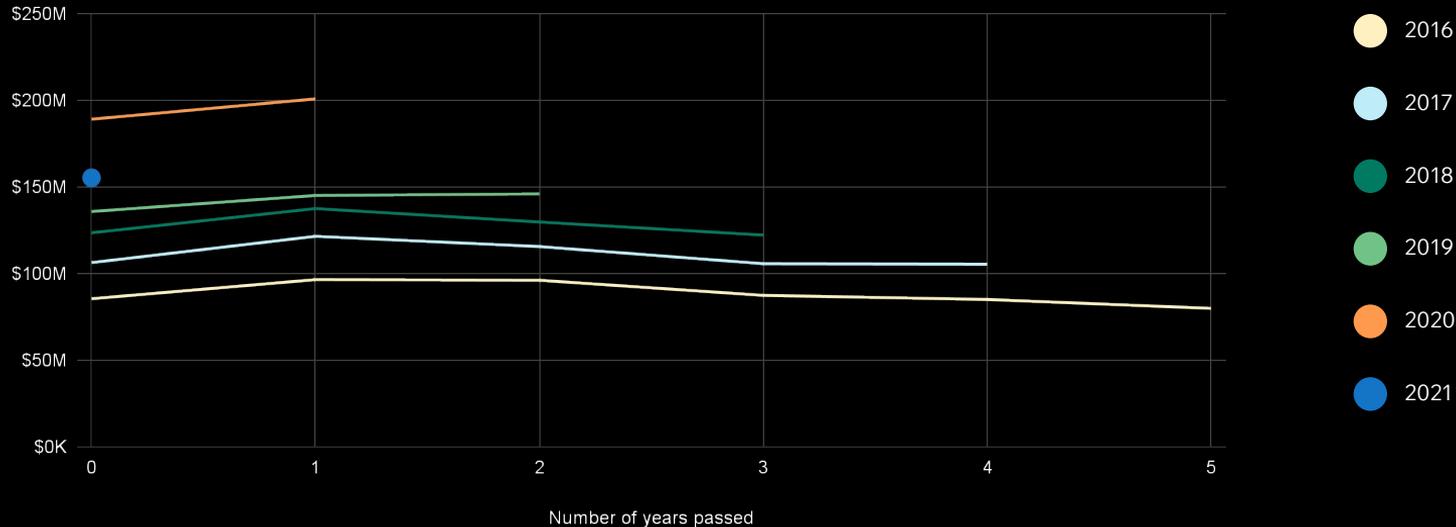
- ~60% of Wix's GPV is processed by Self Creators
- Growing 59% y/y in 2021
- Allowing all types of users and businesses to operate on Wix

Self Creators cohorts generate consistent, durable growth



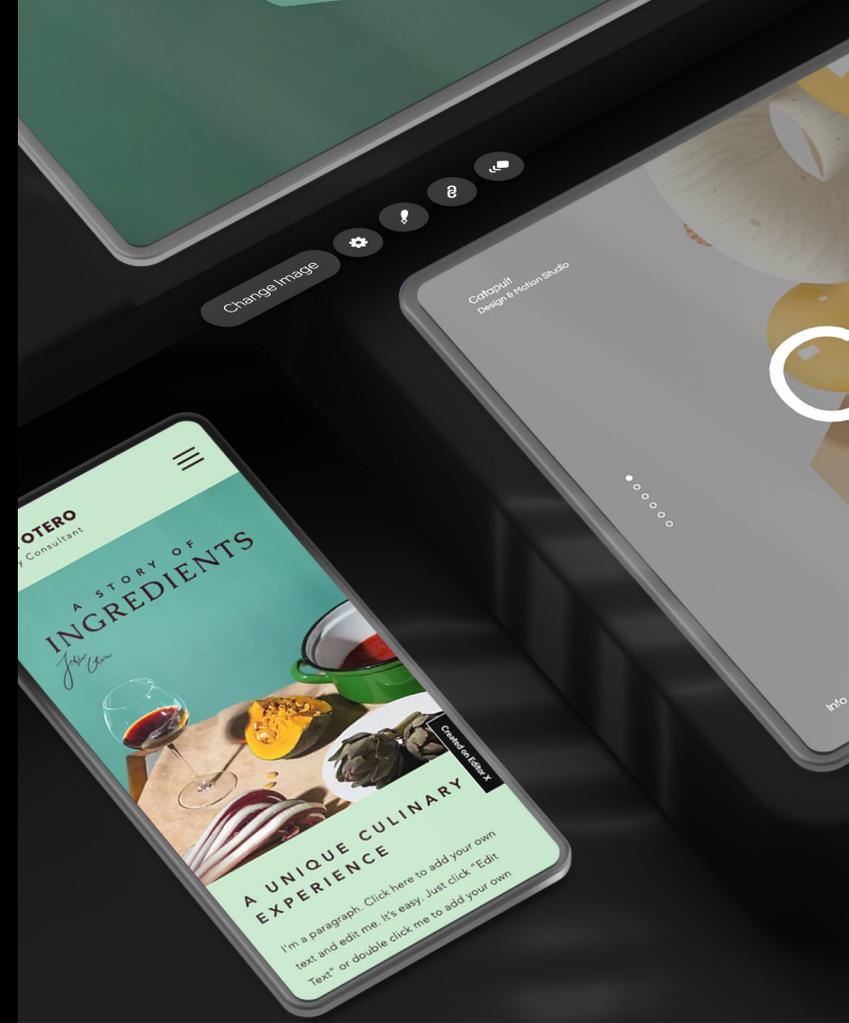
Self Creators user cohorts show consistent bookings retention

Self Creators Bookings Retention by cohort year



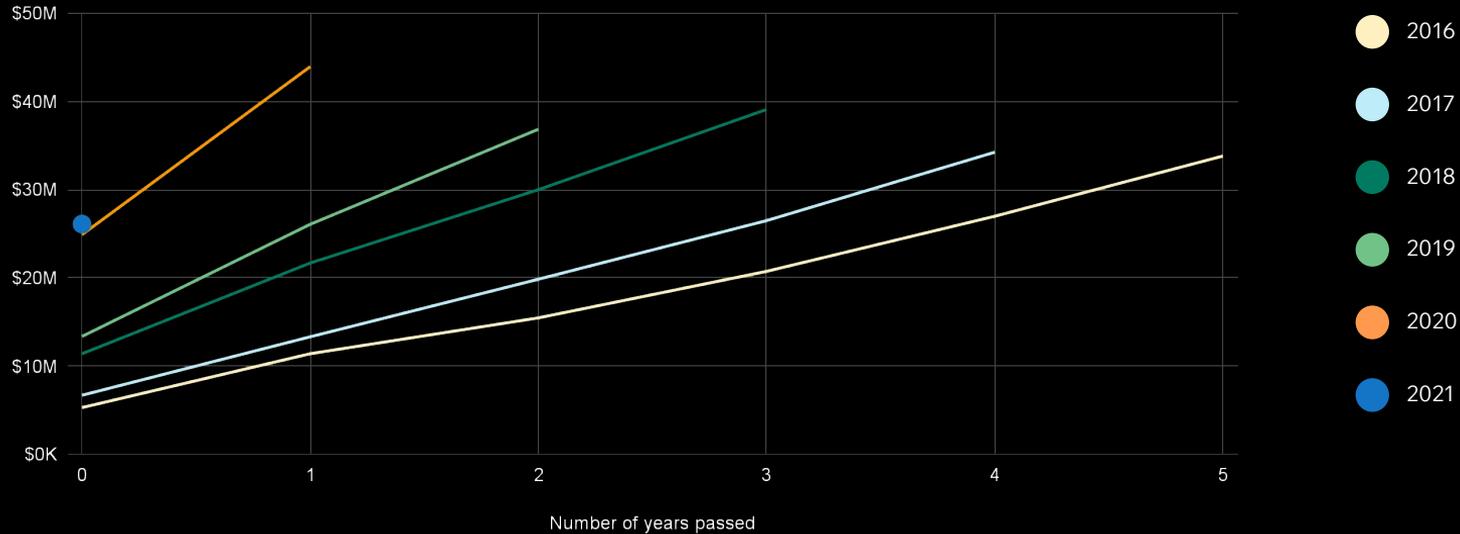
Note: Excludes bookings from B2B partnerships, DeviantArt, Wix Answers, or recent acquisitions.

Partners business creating rapid and compounding growth



Partners Bookings Retention

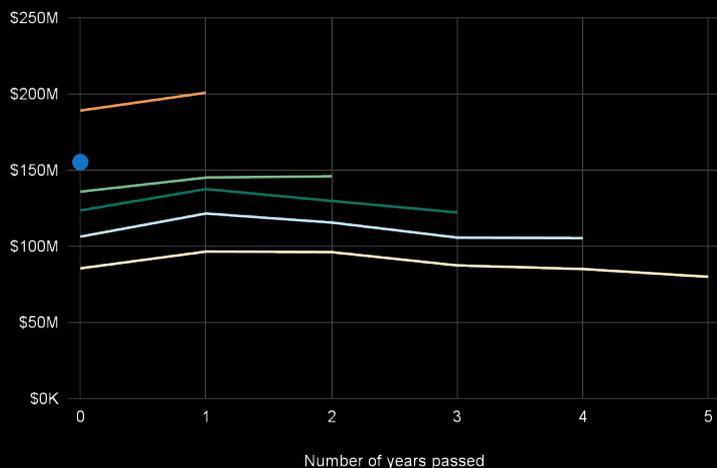
Partners Yearly Bookings Retention by Cohort



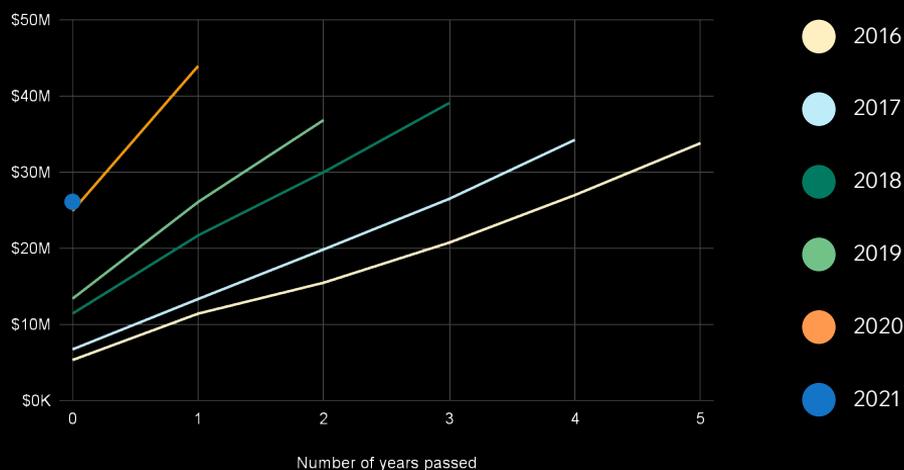
Note: Excludes bookings from B2B partnerships, DeviantArt, Wix Answers, or recent acquisitions.

Combination of Partners and Self Creators cohort retention creates long term value

Self Creators Yearly Bookings Retention by Cohort



Partners Yearly Bookings Retention by Cohort



Note: Excludes bookings from B2B partnerships, DeviantArt, Wix Answers, or recent acquisitions.

Self Creators

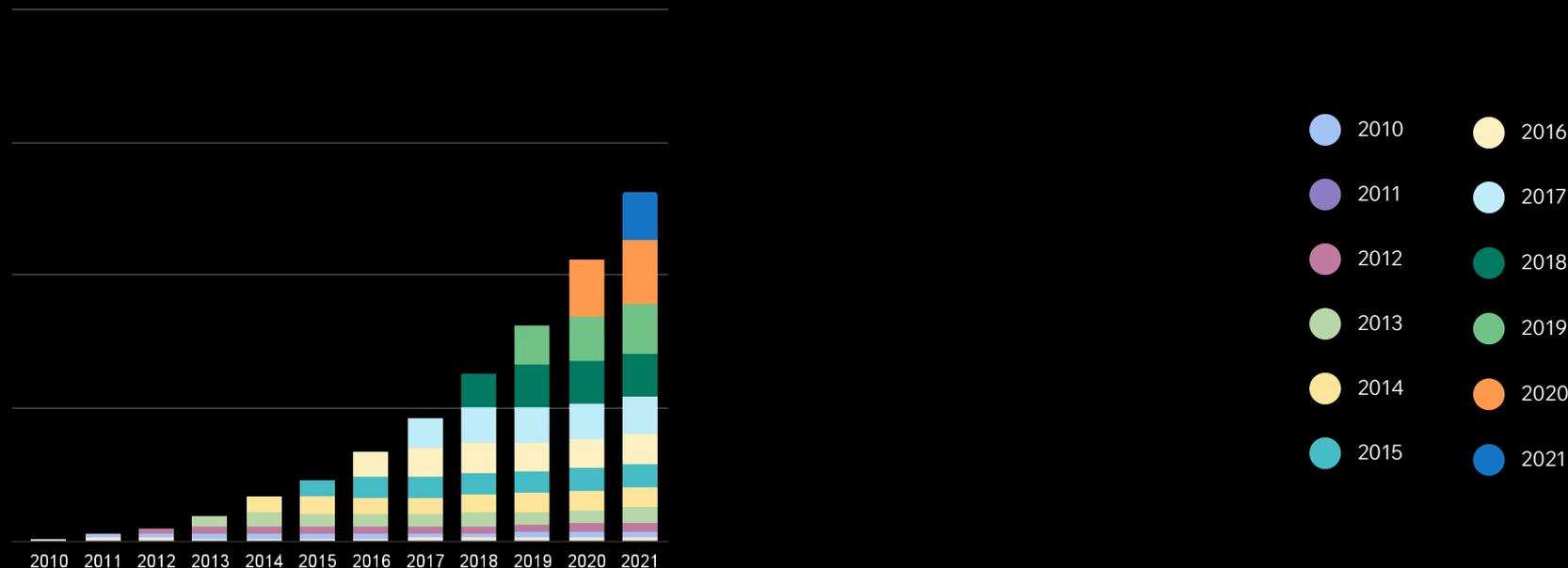
Maintain a 7-9 months TROI target

Partners

Targeting a 10-12 months TROI

Existing cohorts give us high visibility into future Bookings

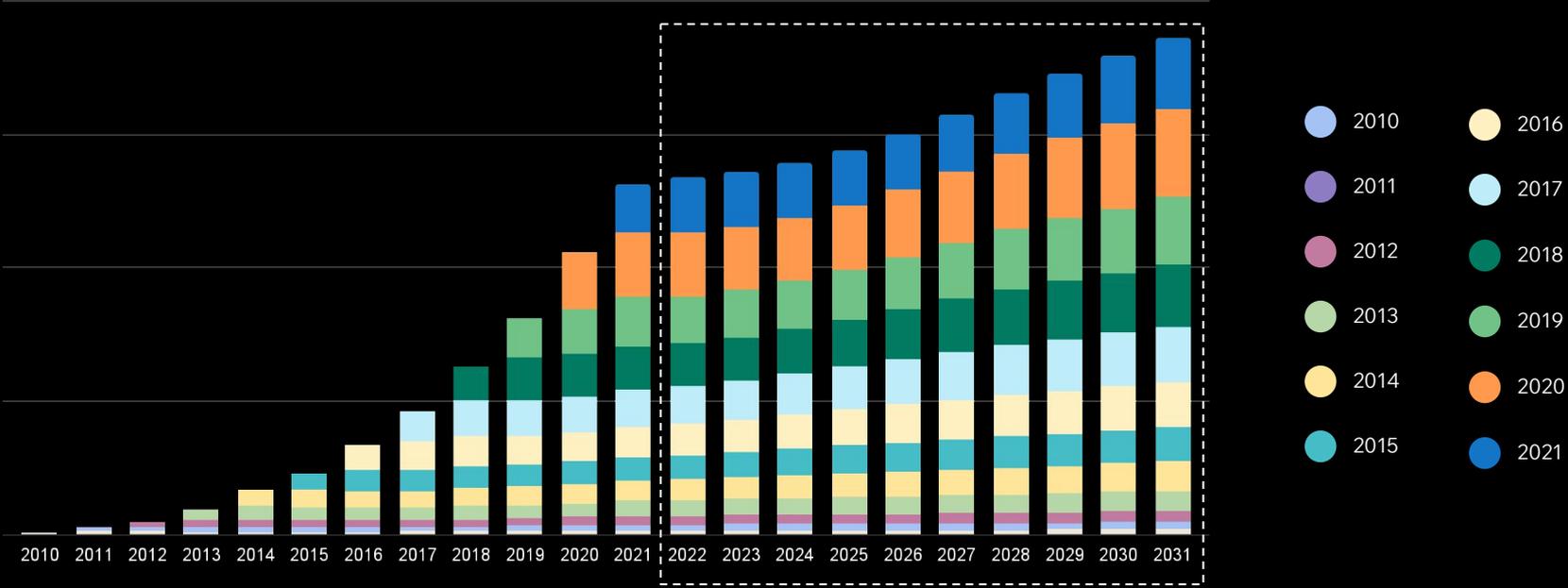
Actual and Potential Future Bookings From Q1'10 – Q4'21 Cohorts



Note: Data represents actual bookings from Q1'10 – Q4'21 cohorts since creation and forecasted future cumulative bookings through Q4'31, based on current cohort behavior. Beginning in Q3 2020, we included expected future bookings from Wix Payments. Cohort Bookings do not include bookings from from B2B partnerships, DeviantArt, Wix Answers, or recent acquisitions.

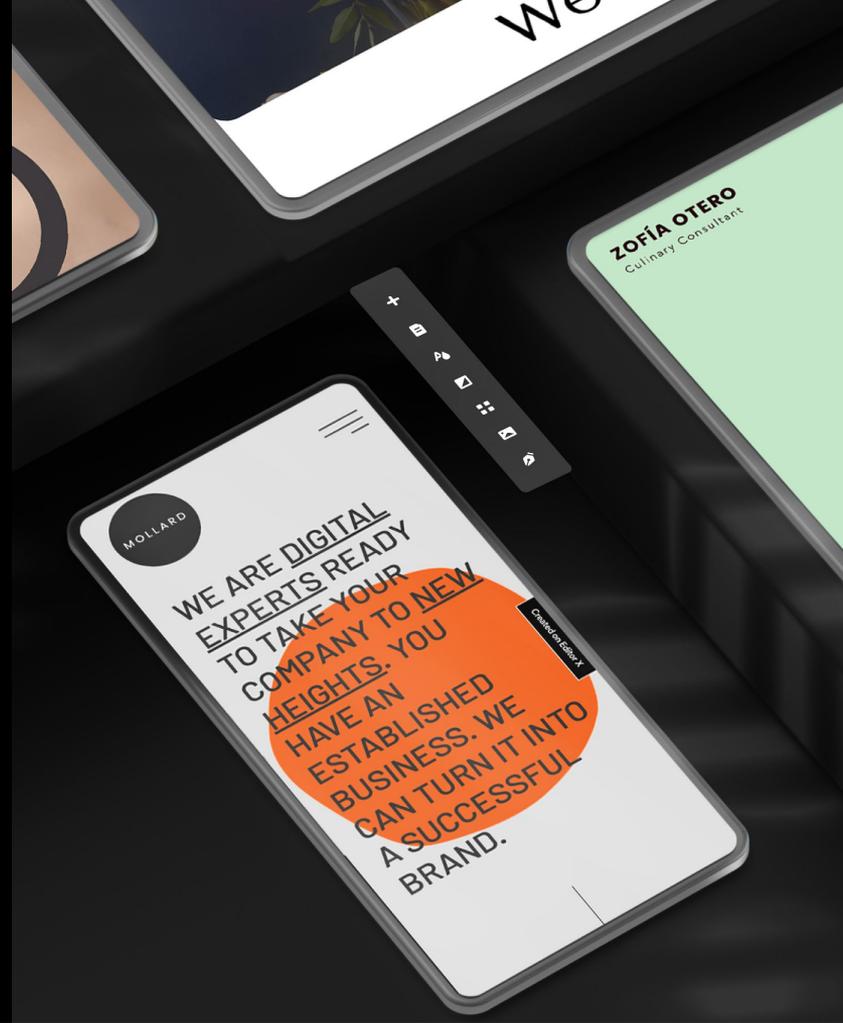
Leading to \$15.7B in expected future bookings over next 10 years from existing cohorts

Actual and Potential Future Bookings From Q1'10 – Q4'21 Cohorts



Note: Data represents actual bookings from Q1'10 – Q4'21 cohorts since creation and forecasted future cumulative bookings through Q4'31, based on current cohort behavior. Beginning in Q3 2020, we included expected future bookings from Wix Payments. Cohort Bookings do not include bookings from from B2B partnerships, DeviantArt, Wix Answers, or recent acquisitions.

Appendix



Notes

Creative Subscription Revenue and Creative Subscription Bookings refer to revenue or bookings, as applicable, generated from premium subscriptions, including premium subscriptions bundled with vertical solutions and domain name subscriptions and exclude any revenue or bookings, as applicable, included under Business Solutions Revenue or Bookings, respectively. Our total revenue is comprised of Business Solutions Revenue and Creative Subscriptions Revenue. Our total bookings is comprised of Business Solutions Bookings and Creative Subscriptions Bookings.

Business Solutions Revenue and Business Solutions Bookings refer to all revenue or bookings, as applicable, generated from business solutions and exclude any revenue or bookings, as applicable, included under Creative Subscriptions Revenue or Bookings, respectively.

Unbilled contractual obligations: we present firm multi-year commitments for the full contract term of B2B partnerships in bookings in the quarter in which the agreement is executed. 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 bookings as unbilled contractual obligations.

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

Commerce revenue includes revenue generated from subscriptions and other complementary products or services that support commerce activities

Transaction revenue is a portion of Business Solutions revenue, and we define transaction revenue as all revenue generated through transaction facilitation, primarily from Wix Payments as well as Wix POS, shipping solutions and multi-channel commerce and gift card solutions.

Notes

Partners is defined as agencies and freelancers that build sites or applications for other users, as well as B2B partnerships, such as LegalZoom or Vistaprint. We identify Partners using multiple criteria including but not limited to the number of sites built, participation in the Wix Partner Program and/or the Wix Marketplace or Wix products used, among other criteria.

Partners revenue is defined as revenue generated through Partners. Partners revenue includes revenue from both the Creative Subscriptions and Business Solutions segments.

Partners cohort bookings is bookings attributed to cohorts based on the period in which a user registered with Wix, and has since been identified as a Partner. Cohort bookings include bookings from both the Creative Subscriptions and Business Solutions segments and excludes bookings from B2B partnerships, DeviantArt, Wix Answers, or recent acquisitions.

Immaterial prior year adjustment: we revised the previously reported financial statements to reflect revenue recognition timing differences related to the sale of Google Workspace solutions. This revision had an immaterial impact on previously issued financial statements (the impact on full year 2021 revenue was approximately \$5 million). All financial data referenced in our earnings materials reflect the revised figures. Please refer to the Interactive Analyst Center on ir.wix.com for revised historical figures.

Reconciliation of GAAP to Non-GAAP financial measures

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	Q1'22
Cumulative Cohort revenue	\$1	\$2	\$2	\$6	\$8	\$10	\$13	\$16	\$20	\$22	\$24	\$28	\$21
Cumulative Cohort change in deferred revenue	\$32	\$45	\$55	\$111	\$151	\$152	\$169	\$182	\$176	\$147	\$113	\$70	\$7
Cumulative Cohort bookings	\$33	\$47	\$57	\$117	\$159	\$162	\$182	\$198	\$196	\$169	\$137	\$98	\$28