



**March 4, 2026**

**Q4 2025 Earnings Call**

**Prepared Remarks**

## **Emily Liu, Investor Relations**

Thanks, and good morning, everyone. Welcome to Wix's fourth quarter and full year 2025 earnings call. Joining me today to discuss our results are Avishai Abrahami, CEO and Co-Founder; Nir Zohar, President and Co-Founder; and Lior Shemesh, our CFO.

During this call, we may make forward-looking statements, and these statements are based on current expectations and assumptions. Please consider the risk factors included in our press release and most recent Form 20-F that could cause our actual results to differ materially from these forward-looking statements. We do not undertake any obligation to update these forward-looking statements.

In addition, we will comment on non-GAAP financial results and key operating metrics. You can find all reconciliations between our GAAP and non-GAAP results in the earnings materials and in our Interactive Analyst Center on the Investor Relations section of our website, [investors.wix.com](https://investors.wix.com).

With that, I'll turn the call over to Avishai.

## **Avishai Abrahami, Co-Founder and CEO**

Thanks, Emily.

2026 is shaping up to be a defining year and the start of a new chapter shaped not just by the continued shift toward AI, but by AI beginning to prove its real-world value and utility more broadly. At Wix, we expect to begin to see the bold bets we've made over the past few years translate into measurable impact.

When we founded Wix twenty years ago, our vision was straightforward: make Wix the go-to platform for anyone, anywhere, to create online. Over the years, we've delivered on that ambition. What started as a simple do-it-yourself website builder has grown into the leading online presence creation platform serving not just self creators, but also businesses of all sizes as well as professional designers and developers.

In recent years, the web has undoubtedly become much more AI-first, and that shift is redefining how and what people build online. AI has dramatically expanded the world of what's possible and created new dimensions that hadn't existed before. As a result, Wix's market opportunity today is exponentially larger than that of 2006 or even 2025, primarily driven by our expansion into the application space, facilitated by our acquisition of Base44.

This TAM expansion has advanced us leaps and bounds towards achieving that long-term vision of being the go-to-place for anyone to

build whatever they can imagine online. With the addition of Base44 to our platform, users can now build tailored software applications, smart mobile applications, pro-level visual content, and of course, websites, but so much more powerful and sophisticated than ever before. These are all things you can create on Wix today, which is incredible. But the possibilities ahead are much, much bigger.

Importantly, as our business and TAM have evolved over the past 20 years and will continue to evolve over the next 20, we remain focused on simplifying very complex technologies and making them accessible to anyone and everyone.

Today, there are two new cornerstone offerings to advance our vision.

The first is Wix Harmony.

Wix Harmony is a first-of-its-kind website creation platform that blends intuitive visual editing with the flexibility and power of vibe coding. Wix Harmony provides a unified AI layer that spans across the full Wix experience, allowing for a real AI partner to be with you every step of the way as you create, manage and grow an online presence or business. After launching in English in January, we are now expanding Wix Harmony globally in other languages. I am very pleased with the early performance we're seeing, particularly across conversion and monetization metrics.

We believe Wix Harmony has the potential to fundamentally reshape how individuals and small businesses build and scale online, not just on Wix,

but across the internet as it becomes increasingly AI-driven. Over time, we plan to gradually make Harmony the default experience for new and existing users – an evolution we anticipate will drive meaningful long-term impact across conversion, engagement, retention, and monetization.

The second new pillar of our strategy is Base44, our leading vibe-coding platform that expands our reach into the vast world of software creation and significantly grows our TAM.

We are equally ambitious in this new world as we are in the world of website creation. Through innovation and strong marketing execution, Base44's user base is scaling rapidly. Today, the number of new users joining Base44 is nearly two-thirds of the number of new users joining Wix. This is an indicator of the platform's accelerating momentum and highlights the opportunity ahead to empower a massive and compounding cohort of users to build whatever they want online.

Just one year after Maor founded the company and 9 months after our acquisition, Base44 recently reached approximately \$100 million of ARR, placing it among the fastest-growing software platforms in history.

While Base44 is already emerging as a top platform to build lightweight personal projects, we're seeing adoption from a growing community of businesses and enterprise-sized organizations too. Companies in the tech, banking and healthcare industries as well as government organizations and nonprofits are using Base44 to build customized software solutions. We are seeing users develop their own CRM capabilities, product and

project management tools, ERP systems, workflow automation frameworks and financial reporting applications.

Importantly, this momentum and growth is completely organic. With no sales team at Base44 today, self-propelled adoption by enterprise-size organizations demonstrates the strength of the platform as well as our successful marketing execution. As much as we are pleased by the success so far, I believe the real potential still lies ahead as vibe coding permeates beyond early, tech-forward adopters to the broad online population.

I haven't been this excited to kick off a new year in a long time. In just the first two months, we've made bold moves across both our product roadmap and capital strategy, which Nir will speak about shortly.

We are confident in our strategy, our ability to execute and the opportunity in front of us. As the internet shifts further towards AI, Wix is reshaping how people create in this AI era and significantly expanding what's possible to build online.

With that, I'll turn it over to Nir.

## **Nir Zohar, Co-founder and President**

Thanks, Avishai.

I'd like to start with Q4 user cohort trends and what we're seeing there today before discussing our capital strategy and the announcement made today.

As we closed out 2025, our new user cohorts exited the year with strong momentum. In the core Wix business, new cohort bookings maintained double-digit growth in the fourth quarter, fueled by a healthy top of funnel, higher conversion from free to paid subscriptions in key markets, and increased monetization per user. When we include Base44, new cohort bookings growth accelerated very meaningfully quarter-over-quarter, driven by particularly robust demand for vibe coding capabilities.

This strength we saw in our new cohorts also extended to existing core Wix users. Our users are more active, engaged and impactful than ever, demonstrated by resilient revenue retention in 2025. With net revenue retention of 105% in 2025, we nearly matched the strong retention we saw in 2024 despite the persistent GPV headwinds throughout 2025. This demonstrates that the inherent stickiness and creation power of our user base continues to improve.

The strength of this user base, supported by high retention and growing user value, is also reflected in the projected ten-year value of existing cohorts, which grew 14% year over year. For the first time ever, we now project over \$20 billion in future bookings over the next decade from current Wix users. This opportunity exists within just our core Wix business and doesn't yet include Base44, where the potential is both new and much larger.

Throughout the year, we continued to increase user value, as both new and existing users demonstrated better monetization. This was a result of a steady shift toward higher-tier subscriptions, greater adoption of business solutions and GPV growth. Paid subscription volume in our key markets, particularly in the U.S. where we generate a majority of our revenue, increased year-over-year in 2025. Additionally, business subscriptions made up a significantly larger share of our total subscription mix in 2025 compared to 2024.

Looking into 2026, these positive cohort dynamics are gaining more momentum. In these early months of the year, new cohort bookings growth in the core Wix business has accelerated compared to last year's already very strong cohort growth. This is a direct result of Wix Harmony, which is helping both new and existing cohorts convert more effectively, build more and capture greater value.

Finally, before I turn it over to Lior to walk through our financials and 2026 expectations, I would like to make a few comments on our repurchase plans for this year and the equity investment we announced this morning.

As you heard from Avishai, we have a bold and ambitious strategy centered around reshaping the possibilities of online creation over the next few years. We believe the products we're building today will drive accelerating growth in the core Wix business over time as we extend our leadership as the go-to AI-powered online presence creation platform globally, notably with Wix Harmony. In tandem, we are seeing explosive growth at Base44, which we expect will become a profitable and meaningful long-term growth engine.

Accordingly, we believe that our current stock performance greatly undervalues these opportunities as well as the fundamental strength of our business. So, taking full advantage of this and demonstrating our immense conviction in our strategic plan, we expect to complete the large majority of our \$2 billion repurchase program this year. We plan to do this as quickly and aggressively as we can.

Sharing in our conviction, Durable Capital Partners has led a \$250 million equity investment in the form of a private placement of our ordinary shares and warrants. In addition to being highly-respected equity investors, Henry, Anouk and the team have been long-time supporters of Wix and developed a deep understanding of our business. Their investment is a powerful endorsement of our long-term vision and ability to execute as we build the next era of the internet. We are thrilled to partner with them as we pursue our strategy, accelerate growth and create lasting value for our users and shareholders.

With that, I'll hand it over to Lior.

## **Lior Shemesh, CFO**

Thanks, Nir.

We exited 2025 with strong cohort momentum, a clear strategic plan and poised for continued growth in 2026. We're delivering on our ambitious product roadmap. At the same time, our cohorts are strengthening as Nir discussed, driven by positive early behavior from Wix Harmony and continued outperformance of Base44 as we expand our reach across the entire online creation journey.

We expect 2026 to be a pivotal year as we make category-defining innovations and expand our leadership across the broader online ecosystem as AI tech increasingly makes the impossible now possible, setting the foundation for long-term growth acceleration.

Before I get into our expectations for 2026, I want to quickly recap our Q4 and full year 2025 results.

Bookings and revenue growth were healthy in the fourth quarter, building on the incredibly strong growth we saw in the same quarter last year.

Total bookings in Q4 was \$535 million, up 15% year over year while total revenue was \$524 million, up 14% year over year. Top-line growth was driven by strong new cohort behavior and solid retention of our existing user base in our core Wix business as well as Base44 outperformance.

Base44 finished the year with approximately \$59 million of ARR, above our expectations at the time of acquisition. Excitingly, Base44 recently reached approximately \$100 million in ARR, a major milestone that underscores our rapid growth and growing market leadership. Strong ARR growth was driven by product innovation that has resonated, a rapidly expanding user base, improving conversion and consistent upgrade and renewal trends.

Overall strength in Q4 was tempered by continued GPV headwinds as SMBs on the platform saw macro pressure, resulting in seasonally softer than anticipated GPV on the platform. Encouragingly, higher-selling and larger businesses increasingly come to Wix to build and operate their storefronts. GPV grew 11% year over year to \$3.7 billion in the fourth quarter and 11% year over year to \$14.3 billion for the full year. GPV growth coupled with a steady increase in take rate throughout the year drove year over year transaction revenue growth of 18% in Q4 and 19% in the full year.

Partners revenue grew 21% year over year to \$203 million dollars in Q4, driven by solid Studio performance as well as strong adoption of Google Workspace and marketing solutions. This was partially offset by the GPV headwinds I just mentioned.

Turning to margins - fourth quarter total non-GAAP gross margin ticked down slightly sequentially and year over year to 68%, as expected, and total non-GAAP operating income came in at 15% of revenue.

Lower total non-GAAP gross margin was driven by investments in Base44 to support its rapid growth. We continue to incur elevated AI compute costs as we scale to meet stronger than expected Base44 demand and maximize gross profit dollars. We believe these AI costs to be front-loaded as new users consume more AI inference bandwidth during their initial build phase.

We anticipate non-GAAP gross margin for Base44 to improve sequentially throughout 2026 as we proactively optimize AI model usage and costs, primarily through enhancing prompt caching, batching requests, focused model routing and more favorable pricing from LLM providers.

Approximately one third of Base44's AI inference costs today is attributed to token consumption of free users and included under S&M expenses in the fourth quarter to align with industry standards. We believe AI costs incurred by free users as a percentage of total AI costs will decline over time as conversion improves.

Even after incorporating AI-related costs associated with free users into cost of revenue, Base44's non-GAAP gross margin is already positive today – reflecting healthy underlying unit economics that we believe will continue to improve. We expect Base44 gross margin to increase as the year progresses.

Higher operating expenses in the quarter were driven by accelerated advertising and branding investments into Base44 against our TROI target, which currently stands at less than 12 months. These increased investments were anticipated as we captured elevated top of funnel traffic exiting the year.

Non-GAAP gross margin and operating profit margin in our core Wix business improved sequentially and year over year, driven by healthy top-line growth paired with a stable and disciplined operating cost base.

We exited the year with free cash flow of \$156 million in Q4, or 30% of revenue. Fourth quarter free cash flow in the core Wix business was stable compared to the previous quarter.

Moving on to 2025 full year results. Total bookings in 2025 grew to \$2.070 billion dollars, up 13% year over year. Total revenue in 2025 was \$1.993 billion dollars, an increase of 13% year over year. Total consolidated ARR was \$1.836 billion at the end of the year, up 14% year over year.

Total non-GAAP gross margin was stable for the full year, while non-GAAP operating margin declined modestly, as investments in Base44 offset non-GAAP gross and operating margin expansion in the core Wix business.

We generated free cash flow excluding acquisition-related expenses of \$605 million dollars, or a milestone 30% of revenue in 2025.

Turning now to what we expect in 2026. With new cohort momentum driven by Wix Harmony and the continued outperformance of Base44, we anticipate bookings and revenue growth to accelerate this year.

Before I get into the numbers, I want to comment quickly on our updated guidance philosophy. As innovation evolves our opportunity set and expands Wix's TAM into new areas, we are refining our guidance approach to reflect a broader range of potential outcomes.

So, for the full year 2026, we expect bookings and revenue for the consolidated business to grow at mid-teens percentage year over year.

For the first quarter of 2026, we expect revenue for the consolidated business to grow at a mid-teens percentage on a year over year basis.

We expect innovation-driven growth to be accompanied by high-impact, but disciplined, investments to fully unlock the market opportunity ahead for both Wix and Base44.

For the full year 2026, we expect free cash flow margin in the low- to mid-20% range assuming current capital structure and excluding acquisition expenses.

This wider than normal guidance range reflects the dynamic, hyper-growth trajectory of Base44 and the inherent variability that accompanies this level of rapid growth. We are playing to win and are willing to make the

necessary investments in order to scale Base44 into the market-leader. So if Base44 top-line growth outperforms more meaningfully, we may experience further pressure on near-term free cash flow margins.

In our core Wix business, we expect solid bookings and revenue performance, with flat to expanding free cash flow margin for full year 2026. In addition to accounting for our current capital structure and the exclusion of acquisition costs, this expectation also takes into account:

One - A material currency headwind on our total payroll expense base net of our hedging activity as the US dollar continues to significantly weaken against the Israeli shekel.

Two - Negligible AI inference costs associated with Wix Harmony as a result of proactive infrastructure optimization completed last year.

2026 is shaping up to be a foundational year as we drive forward innovations that we believe will cement Wix's leadership and expand our role across an evolving online creation ecosystem.

Operator – we are now ready for questions.