

ISRAEL HIGH-TECH & INVESTMENT REPORT

A MONTHLY REPORT COVERING NEWS AND INVESTMENT OPPORTUNITIES
February 2020 Vol. XXXV Issue No 2

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Raising Capital

Israeli cybersecurity co Sixgill raises \$15m

The Israeli cyber threat intelligence company will use the new funds to expand its market presence worldwide.

Israeli cyber threat intelligence company Sixgill announced today that it has raised \$15 million in a second financing round led by Sonae IM and REV Venture Partners with participation by Our Crowd. Previous investors Elron and Terra Venture Partners also participated in the round. The company has raised \$20 million to date.

Sixgill CEO Sharon Wagner said, "Sixgill uses advanced automation and artificial intelligence technologies to provide accurate, contextual intelligence to customers. The solution integrates seamlessly into the platforms that security teams use to orchestrate, automate, and manage security events. The market has made it clear that Sixgill has built a powerful real-time engine for more effective handling of the rapidly expanding threat landscape; this investment will position us for significant growth and expansion in 2020."

The funding will be used to increase Sixgill's presence in North America, EMEA and APAC by expanding its growing customer base of large organizations, law enforcement, government agencies and MSSPs.

The company will also strengthen its unique Automated, Actionable Intelligence (A2I) solution, as well as offerings such as its patent-pending Dynamic CVE Rating.

Employee stock options co EquityBee raises \$6.6m

EquityBee, which has enabled hundreds of Israeli startup employees to exercise their stock options, is now launching in the US.

Israeli employees stock options funding solution company EquityBee has announced the closure of a financing round of \$6.6 million

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led by Group11, and with participation from Battery Ventures and LocalGlobe.

Over the past year, EquityBee has enabled hundreds of Israeli startup employees to exercise their stock options, and now it will leverage its experience and vast investor community to launch in the US market.

EquityBee connects startup builders with its investor community. This enables the builders to obtain all of the capital they need to exercise their stock options and pay the taxes, become a shareholder and take part in the company's success. EquityBee Investors Community includes thousands of investors from all over the world, including family offices, funds and accredited investors looking for a new way to invest in companies that were previously inaccessible to them. The employee and the investors share a portion of any future exit gains.

EquityBee has taken over the Israeli market and brings its global experience to the U.S.: In the past year alone, EquityBee has helped hundreds of employees from more than one hundred different companies including Taboola, MyHeritage, SimilarWeb, MagicLeap, IronSource and many more.

EquityBee was founded by CEO Oren Barzilai, CPO Oded Golan, and COO Mody Radashkovich.

Barzilai said, "As a serial entrepreneur and being part of the startup sphere for the last 15 years, I have witnessed countless employees, colleagues, and friends lose out on a significant part of their compensation because they couldn't afford to exercise the options they worked so hard to earn. EquityBee is changing the situation and helping startup builders. We have successfully solved this problem for Israeli employees, and now EquityBee is ready to support every startup builder in the US. Our mission is to

enable all startup builders to own their hard-earned equity and their share from the company they helped build."

Deep learning cybersecurity co Deep Instinct raises \$43m

Deep Instinct CEO: Current solutions based on 'assume breach' are simply insufficient for the highly sophisticated attack landscape.

Israeli deep learning cybersecurity company Deep Instinct has announced a \$43 million Series C financing round led by Millennium New Horizons, with participation from Unbound, LG, and existing investor NVIDIA. HP Inc. and Samsung having participated in previous financing rounds. The investment, which brings the company's total funding to \$100 million, will be used to accelerate sales and marketing, as well as to support the expansion of business operations globally.

Deep Instinct cofounder and CEO Guy Caspi said, "Traditional cybersecurity is broken. Current solutions based on 'assume breach' are simply insufficient for the highly

Israel High-Tech & Investment Report

Published monthly since January 1985

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Annual subscription \$95.- per year, for 12 issues,

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sophisticated attack landscape we all face. Deep Instinct takes an entirely new approach, preventing attacks before they are executed."

Deep Instinct's deep learning protection has the lowest level of false positives of any cybersecurity provider. It is inclusive of physical and virtual networks, endpoints, and mobile, across multiple operating systems (Windows, iOS, Android, Chrome OS, and MacOS).

Deep Instinct chairman Lane Bess said, "This significant round of new funding highlights the importance of prevention for every enterprise. The economic impact of repairing a breach is too high to ignore the need to prevent threats before they occur. The message to the market is that to fight today's cyber threats true prevention will become more critical than detection and response."

Deep Instinct's Fortune 500 customers include global financial services, healthcare, aviation, insurance, and technology companies. The company has grown rapidly since its founding due to the high demand for its groundbreaking technology, achieving an over 400% increase in annual recurring revenue and increased its customer base by 300% in 2019.

Deep Instinct recently announced an OEM partnership with HP Inc. to launch HP Sure Sense, on HP's latest EliteBook and ZBook devices. By leveraging Deep Instinct's deep learning threat prevention engine, HP Sure Sense provides zero-time detection and prevention against the most advanced cyber threats.

Cloud data management co Model9 raises \$9m

The Israeli company helps large enterprises accelerate their implementation of hybrid cloud and reduce the cost and complexity of their mainframe infrastructure.

Israeli cloud data management for mainframes company Model9 announced today that it has raised \$9 million in a Series A financing round led by Intel Capital with participation from existing investors StageOne, North First Ventures and Glenrock Israel.

Global 2000 enterprises that rely on mainframe technology can now back up their business-critical data in the cloud, and derive the benefits from hybrid cloud technologies and economics.

The funds will be used to fuel global expansion and to further enhance Model9's technology and product offerings, which have been successfully implemented by some of the world's leading financial services institutes, government agencies and transportation companies.

Model9 CEO Gil Peleg said, "We help large enterprises accelerate their implementation of hybrid cloud and reduce the cost and complexity of their mainframe infrastructure, leveraging modern skills. The company has been enjoying a positive momentum with sales increasing 300% in the last quarter and a long list of prospects."

"Mainframes store 70% of the world's business data" says Anthony Lin, Vice President and Senior Managing Director at Intel Capital. "We identified Model9 as having a first mover edge with a software only solution to extract and load mainframe data from the mainframe to any cloud or to any on-prem storage through a standard TCP/IP protocol. This ability opens up a variety of DR, Archive and Storage use cases, scaling to thousands of companies from the financial and public sectors, among others. Furthermore, Model9's solution enables conversion of mainframe-compatible file formats to object storage, thus allowing the company's customers to utilize the latest business analytics, big data and AI solutions to gain insights from previously untapped data sets."

Digital companion co Intuition Robotics raises \$36m

Over the last 12 months, ElliQ, the social companion robot that aims to reduce loneliness and social isolation, has spent over 10,000 days in older adults' homes.

Israeli digital companion technologies developer Intuition Robotics announced today that it has raised \$36 million in a Series B financing round co-led by SPARX Group and OurCrowd. Additional investors in the round include: Toyota AI Ventures, Somp Holdings, Robot, Union Tech Ventures, Happiness Capital, Samsung Next, Capital Point and Bloomberg Beta.

Intuition Robotics employs 85 people with offices in Israel, San Francisco and Greece and has raised \$58 million to date including the latest financing round. Intuition Robotics will use the funds to create enduring relationships between humans and machines through digital companion agents that influence users' behaviors and emotions, starting with improving the lives of older adults.

The company will invest in advancing its technology, cognitive AI capabilities and tools, and plans to expand the availability of its digital companion into domains beyond longevity and automotive.

Intuition Robotics CEO and cofounder Dor Skuler said, "This investment will fuel the evolution of agents from utilitarian digital assistants to full-fledged digital companions that are at our side, anticipating our needs and seamlessly, proactively improving our lives by helping us achieve certain outcomes. Our cognitive AI technology has the potential to transform the way people and machines interact through empathetic relationships built on trust, exhibiting highly personalized and delightful experiences that amplify our customers' brands."

Intuition Robotics defines a digital companion agent as the natural evolution of the digital assistant, replacing utilitarian voice command with a bi-directional relationship that is based on empathy, trust and anticipation of needs. This relationship is possible through the cognitive agent technology developed by Intuition Robotics allowing proactive, multi-modal, personalized interactions, expressed through a distinct character, handcrafted per agent implementation and customer.

Over the last 12 months, ElliQ, the social companion robot that aims to reduce loneliness and social isolation, has spent over 10,000 days in older adults' homes in the US. A majority of users are 80-90 years old and have each spent at least 90 consecutive days with ElliQ. The company observed a surprising sense of attachment towards ElliQ. Older adults refer to ElliQ as an entity that is almost lifelike rather than a device. ElliQ engages them proactively in activities and conversation to promote their well-being. Currently, ElliQ users participate in an average of eight interactions per day, at least two of which are actions initiated proactively by ElliQ, totaling in six minutes of net interaction (excluding consumption of media and content) per day.

Intuition Robotics is also collaborating with leading automotive customers such as Toyota Research Institute (TRI). The automotive industry is going through discontinuity.

On one hand, sophisticated sensors and the beginning of autonomy are rapidly burgeoning, yet on the other, the in-car experience hasn't drastically changed, while automakers face fierce competition from large tech companies to take ownership of the future in-car experience. A revolutionized human machine interface (HMI) in the car is on the horizon, providing automakers the unique opportunity to become early adopters of digital companion agent technology.

Nice Systems beats analysts on revenue and earnings

Nice CEO Barak Eilam: We are in a very strong competitive position to capitalize on the changes taking place in our markets.

Israeli software company Nice Systems Ltd. (Nasdaq: NICE; TASE: NICE), which specializes in customer engagement, and financial crime and compliance, reports non-GAAP revenue for the fourth quarter of 2019 of \$431.1 million, up 4.3% from \$413.4 million for the fourth quarter of 2018. The analysts' consensus estimate was for quarterly revenue of \$429.11 million. Fourth quarter non-GAAP net profit was \$102.6 million, which compares with \$94.3 million for the fourth quarter of 2018. Earnings per share were \$1.58, compared with \$1.48 for the fourth quarter of 2018. Here too, Nice Systems beat the analysts' consensus, which was \$1.53 per share.

Non-GAAP revenue for the full year 2019 increased 8.5% to \$1,577.5 million compared with \$1,453.4 million for 2018.

Full year 2019 non-GAAP net profit was \$343.4 million, up from \$300.6 million in 2018. Full year 2019 non-GAAP earnings per share were up 11.8%, at \$5.31, compared with \$4.75 for 2018.

On a GAAP basis, Nice Systems reported a net profit for the fourth quarter of 2019 of \$61.7 million, which compares with \$62.3 million for the fourth quarter of 2018.

Full year 2019 net profit was \$185.9 million, up from \$159.3 million in 2018.

Full year operating cash flow reached \$374.2 million. At the end of 2019, Nice Systems had cash and cash equivalents, short and long term investments totaling \$981.5 million, and total debt was \$464.9 million.

For the first quarter of 2020, the company expects total revenue to be in a range of \$406 million to \$416 million. First quarter 2020 non-GAAP earnings per share are expected to be in a range of \$1.27 to \$1.37. For 2020 as a whole, non-GAAP total revenue is expected to be in a range of \$1,690 million to \$1,710 million, and non-GAAP earnings per share are expected to be in a range of \$5.65 to \$5.85.

"We are pleased to end the year on a high note with strong overall financial results, which were driven by continued strength in cloud revenue," said Nice Systems CEO Barak Eilam. "Our cloud revenue, which represented 38% of total revenues for the full-year 2019 compared to 32% for 2018, is being powered by the ongoing rapid adoption in all market segments of our CXone cloud platform. In 2019, we also maintained a sharp focus on operational efficiency demonstrated by continued strong growth in the operating margin and bottom line earnings per share. "2019 was a pivotal year as it marked the end point of our NICE 2020 plan. We far exceeded the goals we set for ourselves at the onset of NICE 2020, and the success we had is paving the way for NICE 2025. Over the next several years, we will continue to witness rapid changes in our markets, including cloud becoming the default choice for enterprises of all sizes globally, digital engagements growing exponentially and virtually every process being powered by AI and analytics. We are in the driver's seat and in a very strong competitive position to capitalize on these changes taking place with the three most robust platforms in our markets - CXone for Customer Experience, X-Sight for Financial Crime and Compliance and NICE Investigate for Public Safety."

Nice Systems' board of directors has authorized a new program to repurchase up to \$200 million of its issued and outstanding ordinary shares and ADRs.

Grant Thornton Israel: Record foreign investment deals in 2019

There were 261 major investment deals in Israel in 2019 compared with 252 in 2018, reports Grant Thornton Israel (Fahn Kanne).

There were a record 261 major investment deals in Israel in 2019 compared with 252 in 2018, reports Grant Thornton Israel (Fahn Kanne). Foreign investment transactions in 2019 stood at about \$20 billion, on par with recent years.

Grant Thornton Israel (Fahn Kanne) Advisory Department CEO Shlomi Bartov said, "More than 80% of the transactions are in the technology space. The consistent growth in financial acquisitions represents a vote of confidence by global funds in the Israeli transactions market."

Grant Thornton Israel (Fahn Kanne) Advisory Department, conducted an analysis based on Bloomberg data, addressing the development of the Israeli market up until the end of 2019, including M&A transactions and substantial investments (over 20% share/stake) that range between \$5 million to \$1 billion. The findings show that the number of transactions conducted in 2019 continued to grow to reach a total of 261, despite a slowdown in the transactions market in many OECD countries.

The level of medium sized transactions (between \$5 million to \$100 million) continues to account for a large volume of activity, representing approx. 88% in 2019.

The number of large transactions (between \$100 million to \$1 billion) in 2019 hit an all-time high of 32 transactions. A total of six mega transactions (above \$1 billion) occurred in 2019 such transactions are excluded from the analysis). The mega transactions include, the acquisition of Habana Labs by Intel for \$2 billion, and the acquisition of Click Software by Salesforce for \$1.35 billion.

An additional index examined is the relationship between the number of deals in relation to the country's GDP. This index establishes a basis for comparison of the deal activity in various countries. Israel and the UK are in the lead in the - Deals to GDP ratio - at 0.65.

The survey also found that American investors continue to play a dominant role in the acquisitions of Israeli companies, accounting for 32% of total transactions in 2019 (over 90% of all investments from North America stem directly from the U.S.). The dominant investors from Europe in 2019, were mainly from the UK, Germany, Luxemburg, Switzerland and France, representing 93% of total European investments. The investments from Asia were dominated by Japan, China, Singapore, South Korea and Hong Kong, amounting to approx. 90% of total investments from Asia.

An analysis of transactions by industry demonstrates that the tech sector is the primary target for investment in the Israeli market. The results show that over 80% of transactions are technologically- oriented.

The value of FDI (Foreign Direct Investment) stood at \$20 billion in 2019, on par with recent years but is substantially lower than the value of foreign transactions in selected OECD countries. This is the result of market developments whereby financial funds are characterized by the conducting of a relatively large number of investment rounds rather than a once-off (one-time) purchase of the companies' stocks.

The data from the survey shows that more than 20 funds were involved in over 6 transactions over the previous year. Venture capital transactions are usually conducted over several rounds as part of a company's value-building process.

Bartov said, "The continuous increase in financial acquisitions (Private Equity and

Venture Capital) represents a vote of confidence by global funds in the Israeli transactions market."

The world of digital economics and global transactions creates many multinational transactions in which various challenges exist, Grant Thornton Israel (Fahn Kanne) observed. These include: the identification of specific risks relating to the country of the target company, a detailed analysis of the Quality of Earning (QoE), business potential (Due Diligence challenges), quantifying synergy, the risks of their use, valuing intangible assets and their influence within the framework of a transaction (challenges of determining value), determination of the type of transaction (activity vs. shares), and an understanding of the perspective of the Israel Tax Authority (the FAR and, BEPS reform) (tax challenges). In addition, other challenges such as bridging cultural differences between various countries and the retention of key employees in the target company also exist.

Israeli IoT chip co Wiliot raises \$20m

The company eliminates expensive, bulky, on-tag sensors, by shifting the analytics to a cloud system that can learn and improve over time.

Israeli IoT chip company Wiliot has raised \$20 million in a financing round led by Vintage Investment Partners and with the participation of Verizon Ventures, Maersk Growth, PepsiCo and NTT DOCOMO Venture. These investors join previous Wiliot investors including: 83North, Amazon Web Services (AWS) Investment Arm, Avery Dennison, Grove Ventures, M Ventures, Norwest Venture Partners, Qualcomm Ventures LLC and Samsung Venture Investment Corp. Wiliot has raised \$70 million to date.

The new funds will provide the resources for Wiliot to support its customers' pilot projects

and the growing development of Wiliot's Cloud components.

The company is developing miniature chips for battery-free Bluetooth technology for use in Internet-of-Things applications. Founded in 2015 by CEO Tal Tamir, Yaron Alboim and Alon Yehezkeley, the company is based in Caesarea with offices in Tel Aviv, San Diego and Germany.

Tamir said, "We have come a long way in the last year. Twelve months ago, conditions had to be perfect for the very first tags to work. Now we demonstrate Wiliot tags on bottles of wine, boxes of pizza and on envelopes. We are understanding how these tiny sensors embedded into products and packaging can change the way things are made, distributed, sold, used and recycled. By having a multiprocessor compute engine that powers itself, we have the security and flexibility to bring sensing and connectivity to things that previously couldn't be connected to the Internet of Things. Privacy is key if you are to connect products to the internet and nothing short of a system of this kind can make sure only the right people can see this information."

Big data seed breeding co Equinom raises \$10m

The Israeli company's non-GMO technology optimizes seed functionality to increase plant yield, higher nutritional value, disease resistance and more.

Israeli seed breeding company Equinom has raised \$10 million in a financing round led by BASF Venture Capital and with the participation of existing investors Fortissimo Capital and Roquette. Trendlines Agrifood Fund Pte. Ltd., which announced the financing round is investing \$1.6 million.

Equinom's non-GMO technology optimizes seed functionality to increase plant yield

higher nutritional value, disease resistance and more.

Equinom CEO Gil Shalev said, "We strategically crossbreed plants for targeted characteristics, often reintroducing important characteristics that have been inadvertently bred out of ordinary varieties - to produce crops with highly desirable traits. Our proprietary computer algorithm and big data meet crop yield, quality and trait objectives in a way that no other seed-breeding company has done before, which also cuts time to market by years."

Trendlines Agrifood Fund CEO Dr. Nitza Kardish said, "The Fund's investment in Equinom corresponds with our investment focus to invest in growth stage companies that have the potential to make a real difference to yields, nutritional value, and sustainability of crops. Equinom's technology and products has the potential to meet all these criteria."

As a key investor in the Trendlines Fund, UK entrepreneur Vincent Tchenguiz said, "Investing in more sustainable food production systems that mitigate climate change is paramount in tackling the challenges of this century caused by climate change. Our investment in Trendlines and in the Agrifood Fund represents our firm belief in the potential of technologies in the agrifood portfolio to have a profound positive impact on the global food production footprint. This comes at a time when our planet's environment is changing so dramatically and the need for sustainable solutions in the production of food is so great."

Israeli co NeoTX Therapeutics raises \$45m

The Rehovot-based company is leveraging its proprietary Selective T cell Redirection (STR) platform to develop targeted anticancer immunotherapies.

Israeli clinical-stage biotechnology company

NeoTX Therapeutics has closed a \$45 million Series C financing round. The Rehovot-based company is leveraging its proprietary Selective T cell Redirection (STR) platform to develop targeted anticancer immunotherapies.

To date, NeoTX has raised over \$60 million. NeoTX plans to use the proceeds of the latest financing round to advance its STR platform for the treatment of advanced and metastatic solid tumors as well as to in-license new technologies.

NeoTX CEO Asher Nathan said, "With the funds raised in this financing, we intend to complete the dose escalation phase of the Phase 1b trial of naptumomab estafenatox (Nap) in combination with durvalumab and continue to develop our patented STR platform. Our platform, which uniquely leverages the body's natural antibacterial immune response to selectively redirect T cells to kill the tumor, has the potential to be applicable in a variety of solid tumor indications and in combination with other immunotherapies. We look forward to the clinical advancement of Nap and expanding our platform in order to provide new options to patients suffering from advanced cancers."

Barenboim buys Somoto's app distribution activity

The \$10 million acquisition price could rise as high as \$34.3 million, depending on performance.

Following protracted talks, including the postponement and cancellation of a previous deal, Israeli businessman Zvi Barenboim is acquiring the app distribution activity of software technology company Somoto (TASE: SMTO) for \$10 million.

The price could rise to as much as \$34.3 million, depending on future performance. Barenboim will reportedly pay Somoto \$10 million when the deal is completed, plus

\$240,000 for the company's profits in December 2019. Completion of the deal is expected by the end of March 2020.

For three years starting at the beginning of 2020, Somoto will be a partner in the results of the activity being sold, and will be entitled to additional amounts depending on the company's results. Somoto will also be entitled to a minimum of \$5 million if EBITDA exceeds \$12 million at the end of three years, and to \$11 million more if the activity being sold meets certain conditions (over \$40 million in EBITDA during three years). Completion of the deal is contingent on approval by Somoto's shareholders' meeting.

Somoto also announced that it would continue to hold its audio and video activity. When the deal is completed, the company's board of directors will present a strategic plan for its new fields of activity, its stock of cash, and the activities that it is retaining. It will also announce distribution of a dividend. Following the completion of the deal, Somoto will have \$29.5 million in cash, excluding contingent payments under the deal.

Share price jumps 15%

Somoto deals in online marketing, video and mobile advertising, and software and app distribution services. The company's share price responded to the report with a 15% jump on the Tel Aviv Stock Exchange today, but is still down 17% over the past year, bringing its market cap down to NIS 115 million.

In April 2019, Barenboim agreed to acquire all of the company's activity for up to \$50 million. Six weeks after the deal with Barenboim was signed, Somoto announced that it had noticed that the anti-virus program in Microsoft's Windows operating systems was deleting Somoto's software from PCs. The announced lowered the acquisition price to \$47 million, and the entire deal was called off in December

2019. Barenboim and Somoto nevertheless stated that they were examining other options for a deal between them.

Somoto was unable to solve the malfunction, and last month reported that its revenue had totaled \$41 million in 2019, 24% less than in 2018. The company's revenue totaled \$7.3-7.7 million in the fourth quarter of 2019, while its EBITDA was \$1.6 million, 27% less than in the third quarter of last year.

Somoto, led by CEO Assi Itshayek, is a company with no controlling core. Its shareholders include former CEO Ben Garrun, Yaakov Tenenboim, and Sol Tzvi, and its chairperson is Yehoshua (Shuky) Abramovich. Barenboim is one of the most liquid businesspeople in Israel, with a record of many successful investments. He has invested mostly in private medicine and technology in recent years, and holds shares in Somoto, which he received in August 2014, when the company merged Internet company Genieo Innovation, previously held by Barenboim, into itself.

Wix worth over \$8b as company reports 2019 results

The Israeli DIY website company sees collections exceeding \$1 billion in 2020, compared with \$832.5 million in 2019.

Israeli DIY website Wix.com Ltd. (Nasdaq: WIX) today reported financial results for the fourth quarter and full year 2019 and provided its initial outlook for the first quarter and full year 2020.

The company's share price closed up 2.31% at \$155.24 last night on Nasdaq, giving a market cap of \$8.035 billion.

Wix's revenue in the fourth quarter of 2019 was \$204.6 million, up 25% from the corresponding quarter of 2018.

Full year revenue was \$761.1 million, up 26% on 2018. Collections in the fourth quarter were \$226.7 million up 29% from the corresponding quarter of 2018 and full year collections were \$832.5 million, up 28% on 2018. Wix said it expects to surpass \$1 billion in collections in 2020 and that guidance reflects success of investments in growth and strong momentum of new product initiatives.

GAAP net loss in the fourth quarter of 2019 was \$21.6 million (\$0.42 per share) compared with a net loss of \$5.8 million (\$0.12 per share) for the fourth quarter of 2018. Non-GAAP net profit in the fourth quarter of 2019 was \$19.9 million (\$0.39 per share) compared with non-GAAP net profit of \$20.8 million (\$0.42 per share) for the fourth quarter of 2018. GAAP net loss for the full year 2019 was \$86.4 million (\$1.71 per share) compared with a net loss of \$37.1 million (\$0.77 per share) in 2018. Non-GAAP net profit for the full year 2019 was \$59.1 million (1.17 per share) compared with a

non-GAAP net profit of \$51.3 million (\$1.07 per share) in 2018.

Wix cofounder and CEO Avishai Abrahami said, "The fourth quarter was the culmination of a phenomenal year at Wix. We continue to evolve from a website builder to a comprehensive web creation and business solutions platform. The unveiling of Editor X was a major milestone for Wix and has laid the groundwork for expanding our reach in the professional market in 2020. We believe that we have never been better positioned for the future."

Wix CFO Lior Shemesh added, "Our results in the fourth quarter closed out a record year of revenue, collections and free cash flow generation for Wix. The guidance we are providing reflects that momentum continuing into 2020 and our confidence in our ability to continue to deliver strong growth for years to come."



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