

# EARNINGS SLIDES

First Quarter 2018



# 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, non-GAAP gross margin, non-GAAP operating income (loss), free cash flow, non-GAAP net income (loss) and non-GAAP net income (loss) per share (collectively the "Non-GAAP financial measures"). Collections represents 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 costs 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, and acquisition-related costs. Non-GAAP net income (loss) represents net loss calculated in accordance with GAAP as adjusted for the impact of share-based compensation expense, amortization, tax benefit related to exercise of options and acquisition-related costs. 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.

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 of GAAP to Non-GAAP Financial Measures" table in this press release. This accompanying table has 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 has not reconciled its guidance as to free cash flow to cash flow from operations because it does not provide guidance for cash flow from operations. As items that impact cash flow from operations are out of the Company's control and/or cannot be reasonably predicted, the Company is unable to provide such guidance. Accordingly, a reconciliation to cash flow from operations is not available without unreasonable effort.

## Forward-Looking Statements

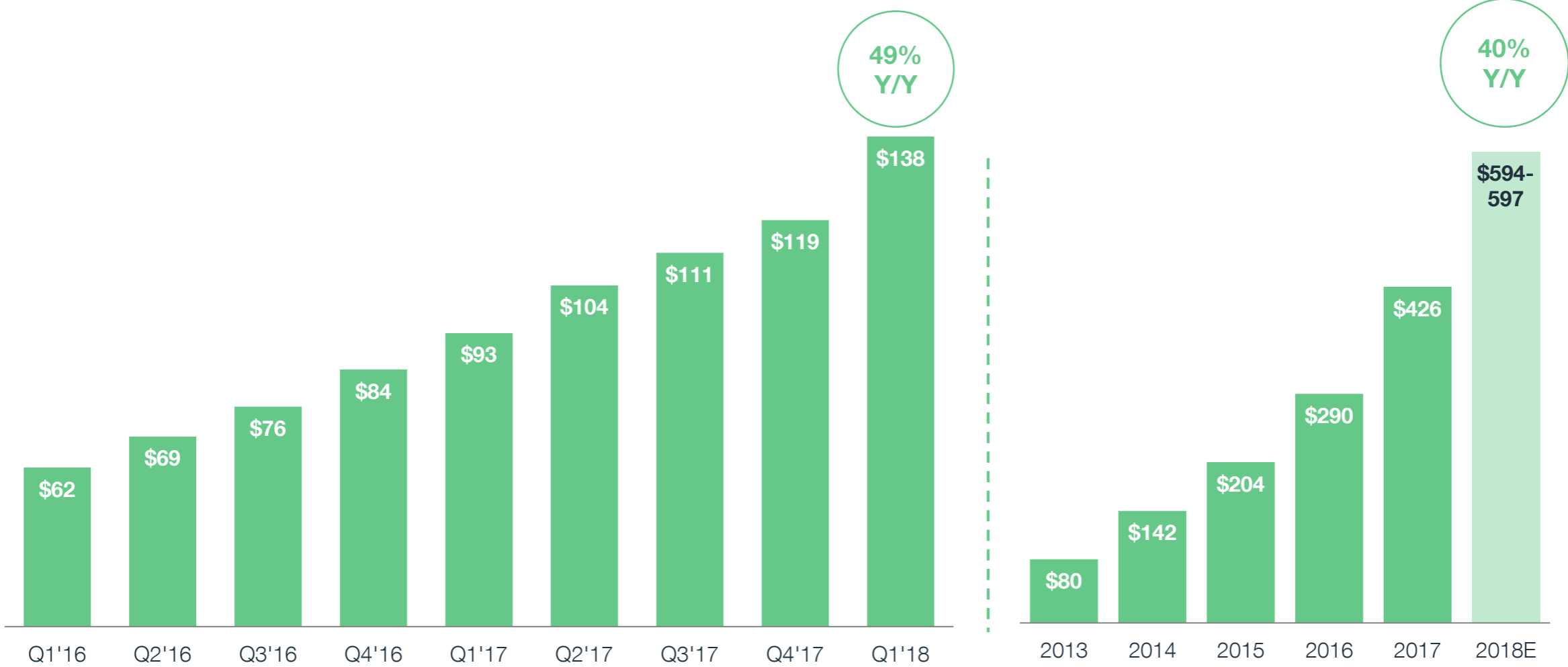
This press release contains forward-looking statements, within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 that involve risks and uncertainties. Such forward-looking statements may include projections regarding our future performance, including, but not limited to revenue, collections and free cash flow, the availability, merchantability or functionality of certain new products or features and their anticipated product demand and customer satisfaction, and may be identified by words like "anticipate," "assume," "believe," "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 press release, 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; our ability to maintain and enhance our brand and reputation; our ability to manage the growth of our infrastructure effectively; our prediction of the future collections generated by our user cohorts; our ability to effectively execute our initiatives to scale and improve our user support function; customer acceptance of new products and other challenges inherent in new product development, changes to technologies used in our solutions or in global, national, regional or local economic, business, competitive, market, regulatory and other factors discussed under the heading "Risk Factors" in the Company's 2017 annual report on Form 20-F filed with the Securities and Exchange Commission on March 29, 2018. 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.

# Q1 2018 Results

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# Strong revenue growth

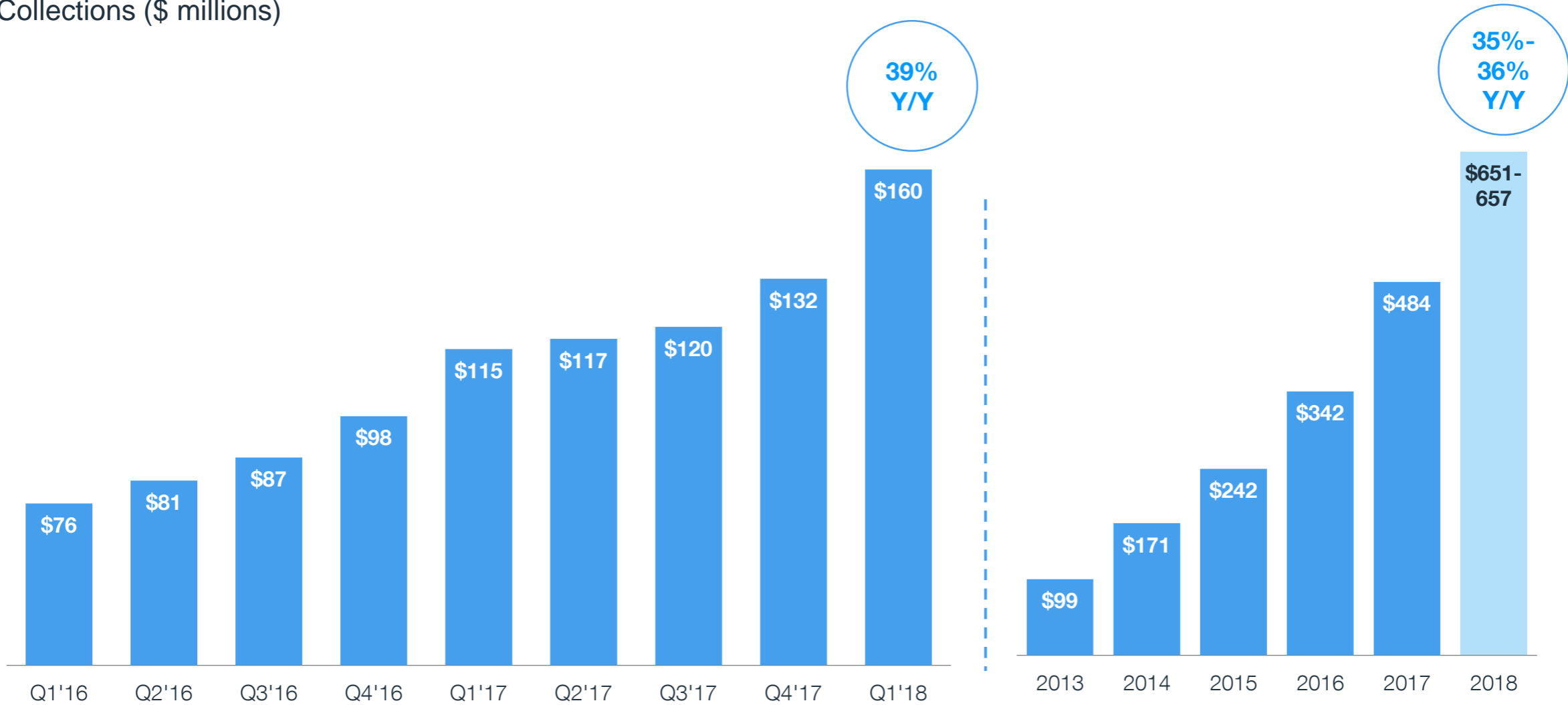
Revenue (\$ millions)



Note: 2018 guidance as provided on May 9, 2018; Q1'18 and 2018E revenue based on ASC 606

# Strong collections growth

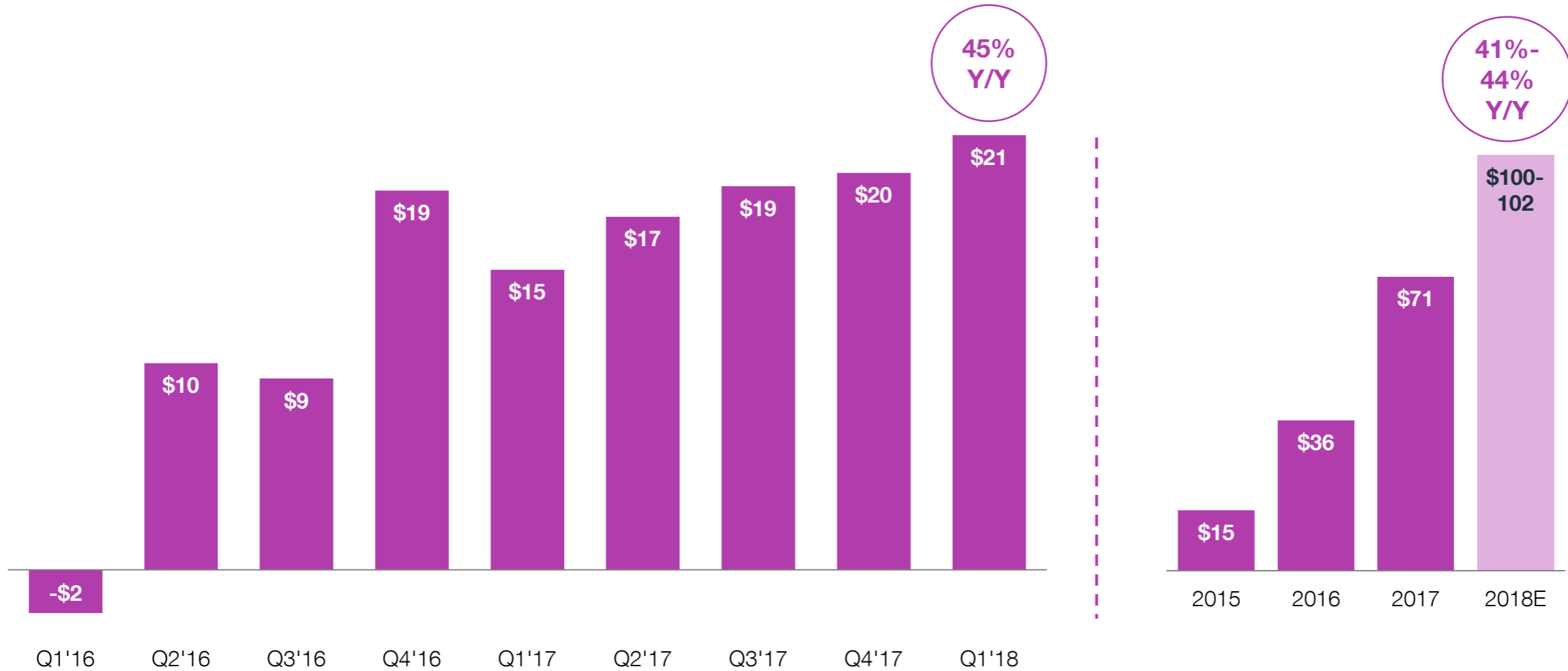
Collections (\$ millions)



Note: 2018 guidance as provided on May 9, 2018

# Accelerating free cash flow generation

Free Cash Flow\* (\$ millions)

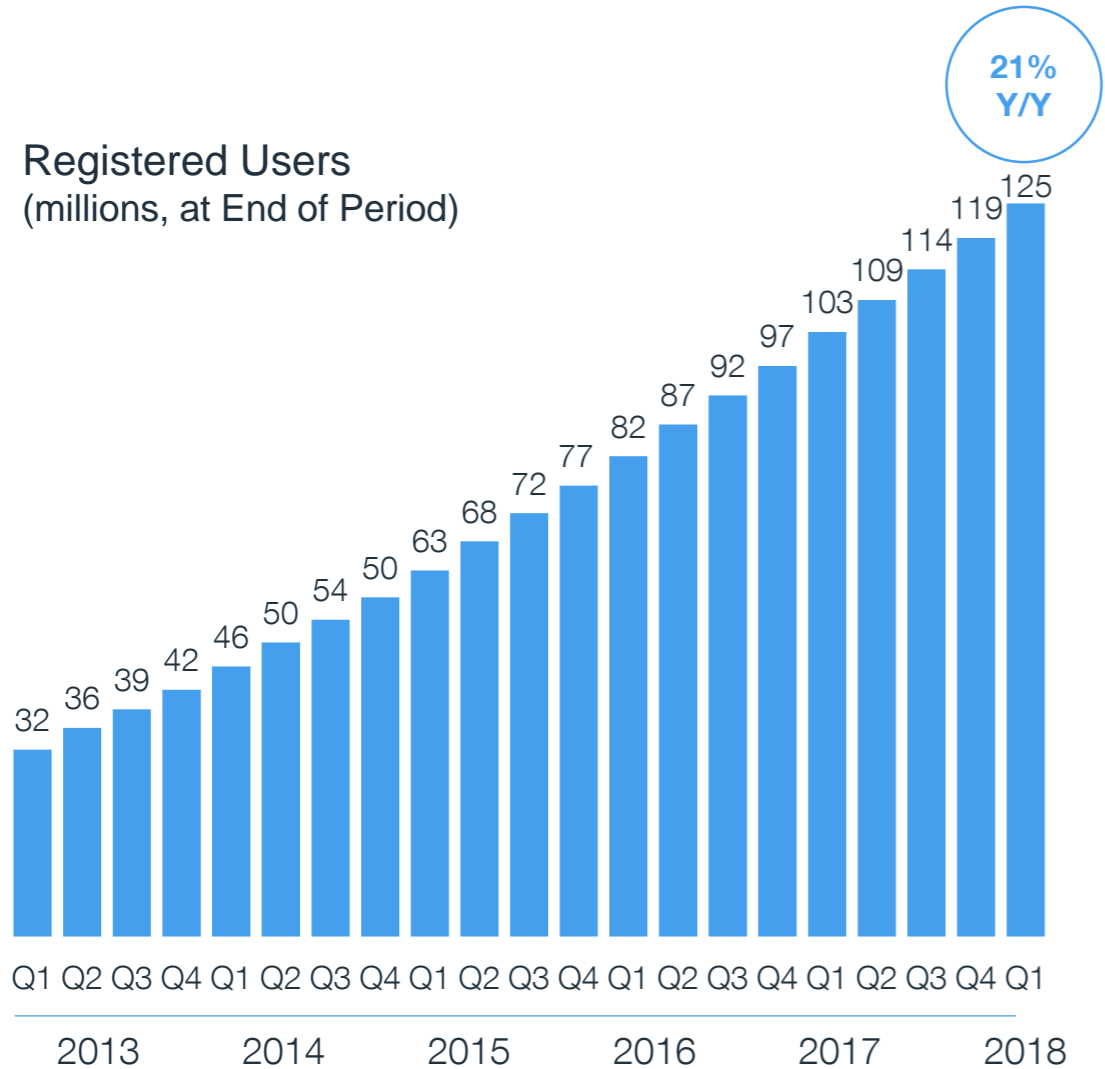


Note: 2018 guidance as provided on May 9, 2018

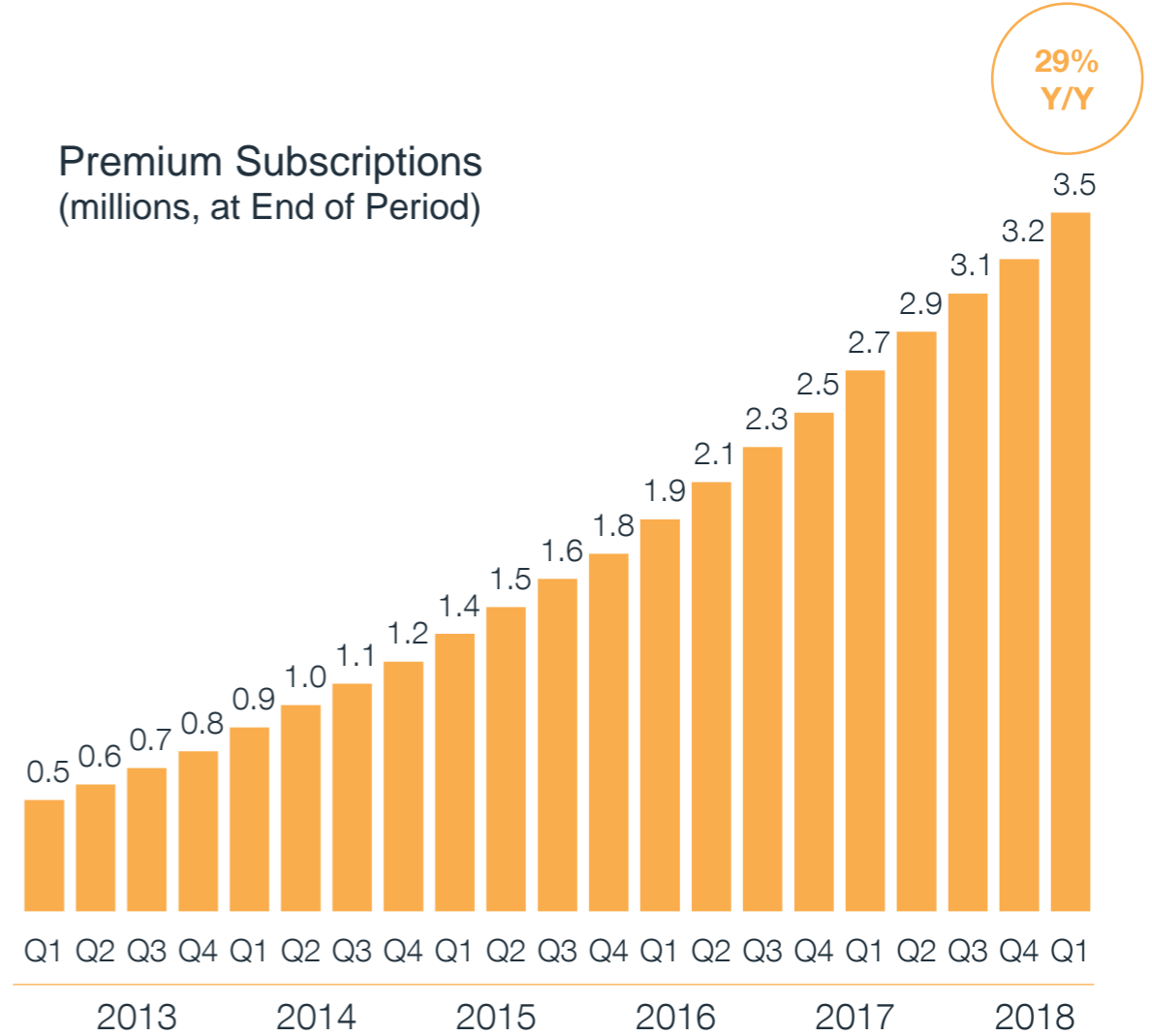
\*Net cash provided by operating activities for Q1 2018 was \$24.8 million, while capital expenditures totaled \$3.4 million, leading to free cash flow of \$21.4 million

# User and subscription bases are growing

Registered Users  
(millions, at End of Period)



Premium Subscriptions  
(millions, at End of Period)



Note: Data as of March 31, 2018

# ARPS is increasing

Average Annual Revenue per Subscription

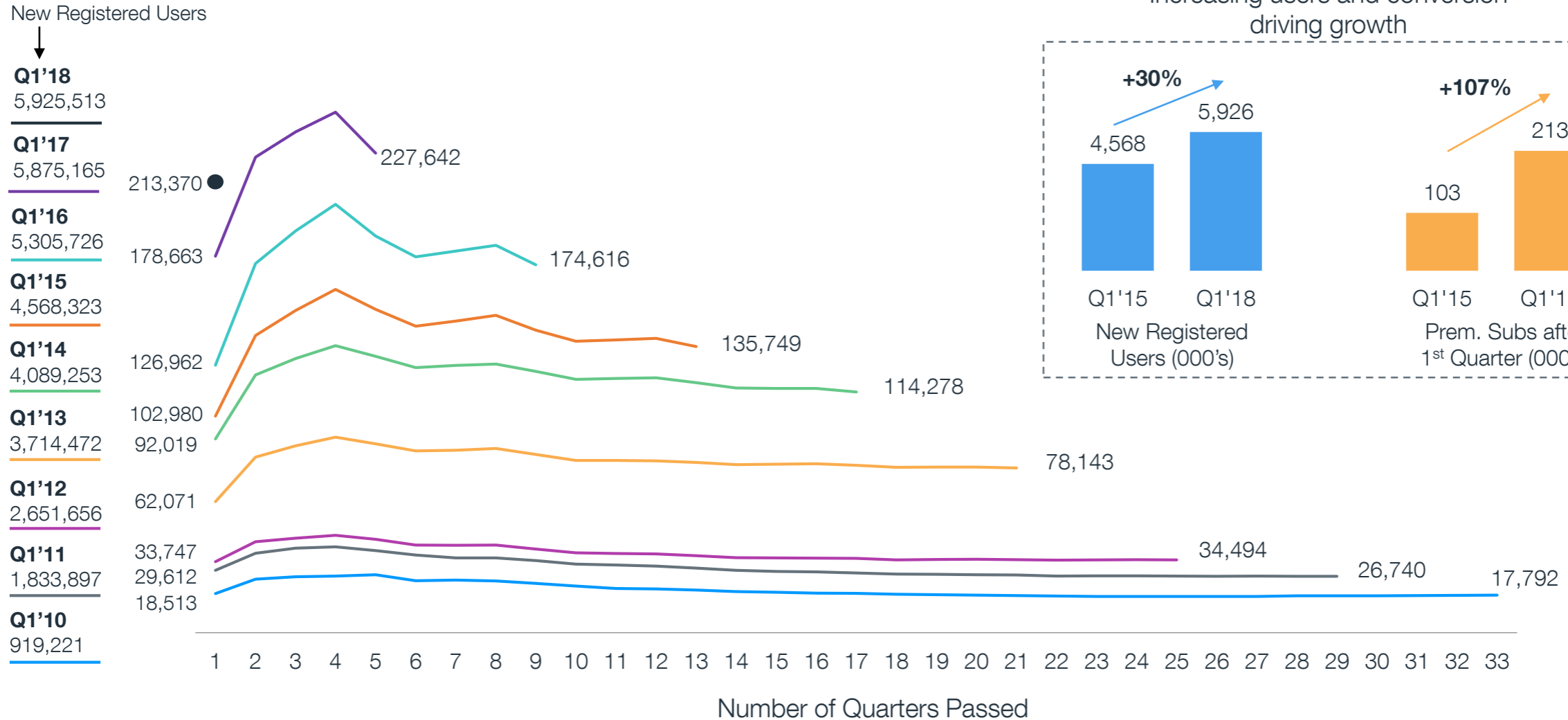


Note: ARPS is defined as total revenue over last four quarters / average subscriptions over last four quarters. Subscriptions does not include Flok or DeviantArt



# Consistent cohort behavior over the long term

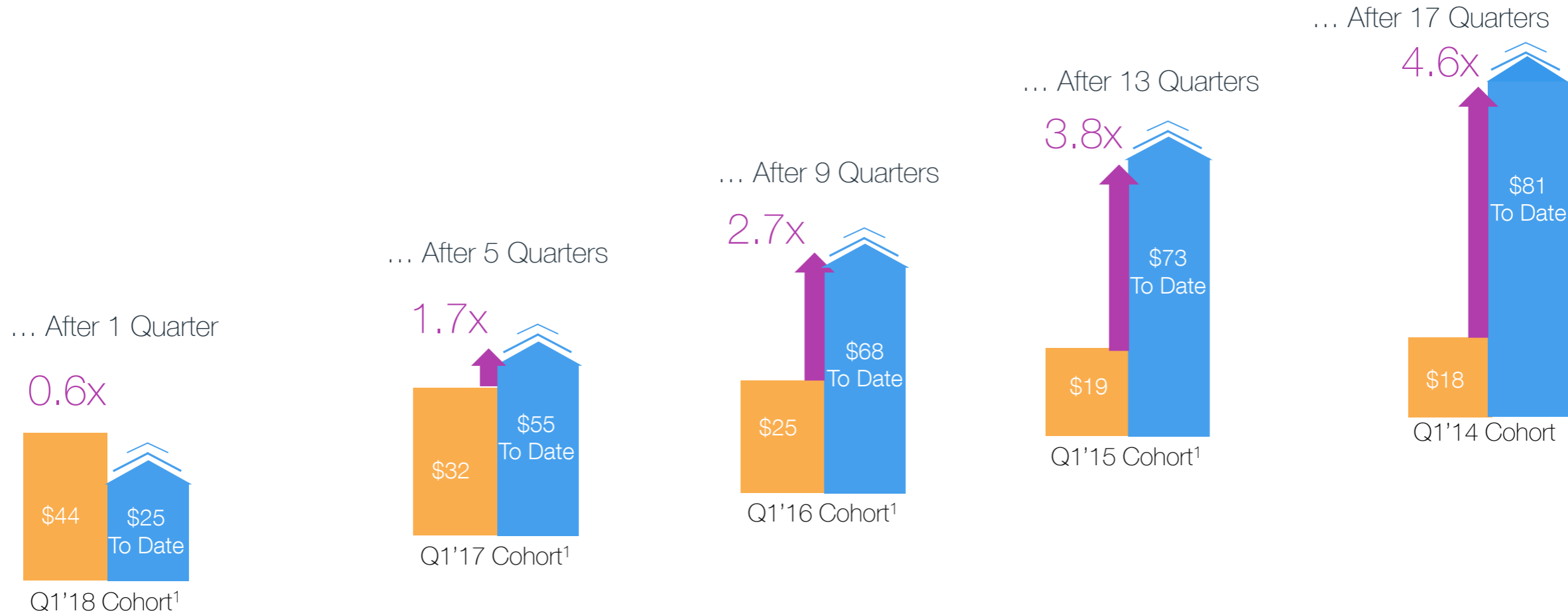
## Active Premium Subscriptions from Q1 User Cohorts



Note: Data as of March 31, 2018

# Efficient marketing based on 7-9 month TROI

One Time Marketing, Ongoing Collections



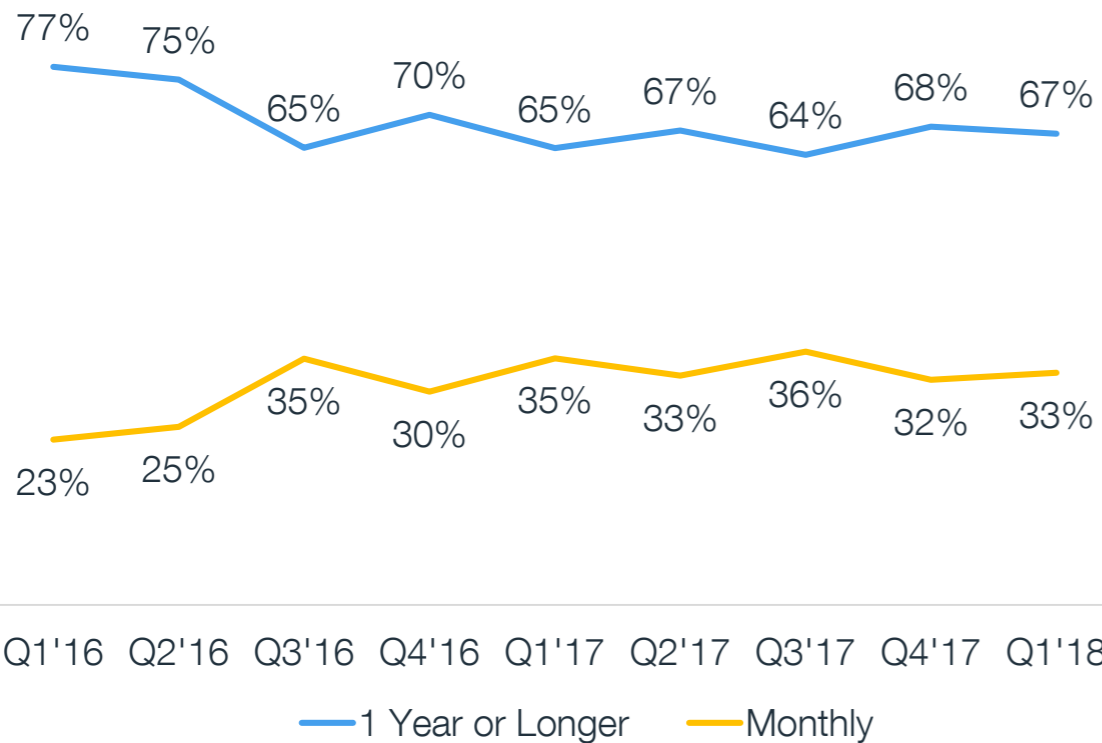
Marketing Cost (\$ million) Cohort Net Collections (\$ million)

Note: Data as of March 31, 2018; 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 marketing costs in the same cohort. We aim for 100% TROI in 7-9 months

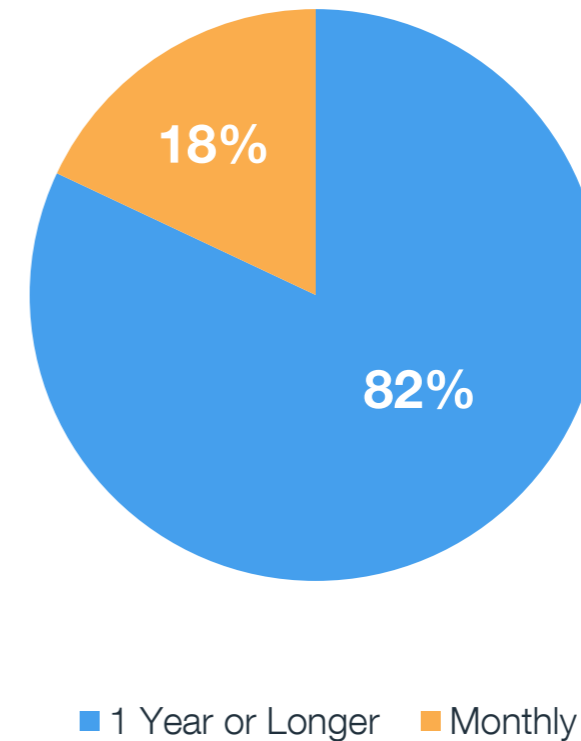
<sup>1</sup>Excludes ~\$6 million in Q1'15, ~\$7 million in Q1'16, ~\$9 million in Q1'17 and ~\$4 million in Q1'18 of brand marketing expenses

# Healthy mix of annual and monthly subscriptions

% of Gross New Subscriptions



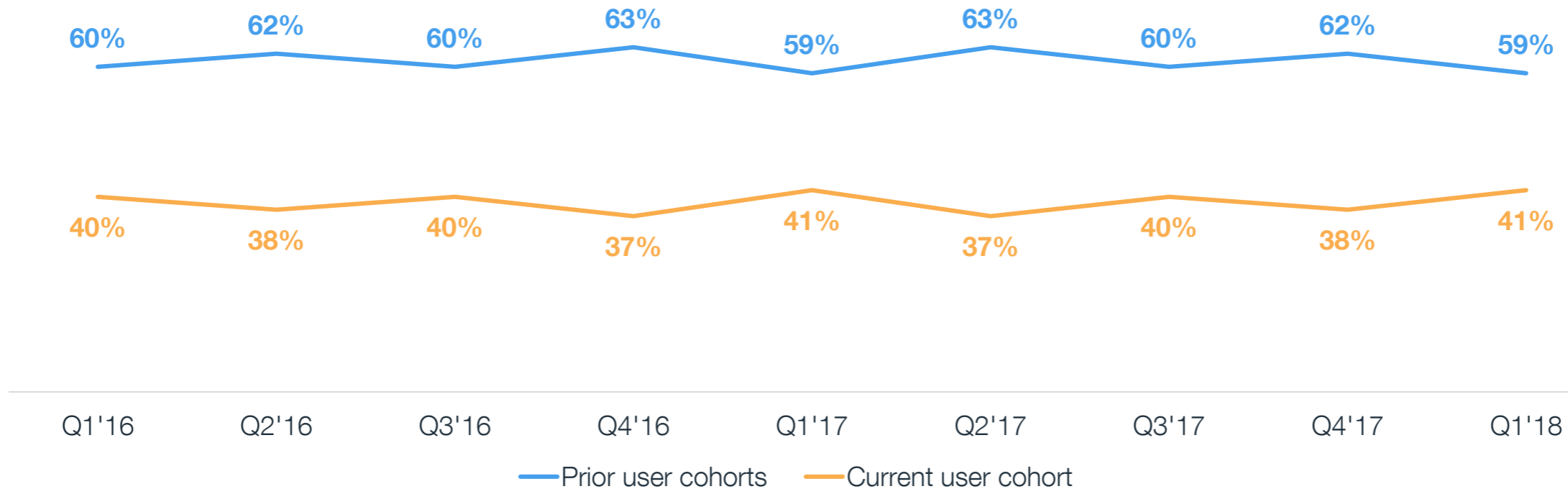
% of Total Subscriptions



Note: Data as of March 31, 2018

# Prior cohorts continue to convert

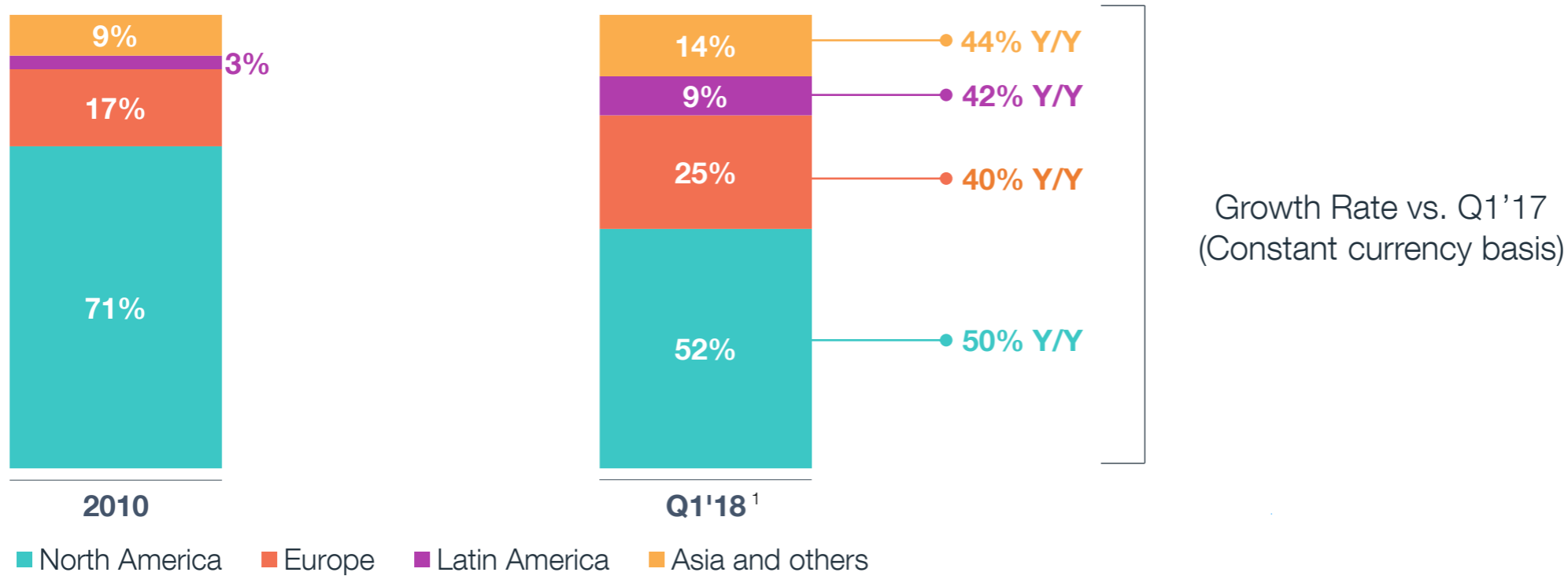
% of Gross New Subscriptions by Prior and Current User Cohorts



Note: Data as of March 31, 2018

# Increasing geographic penetration

FX-Neutral Revenue by Geography (% of total)



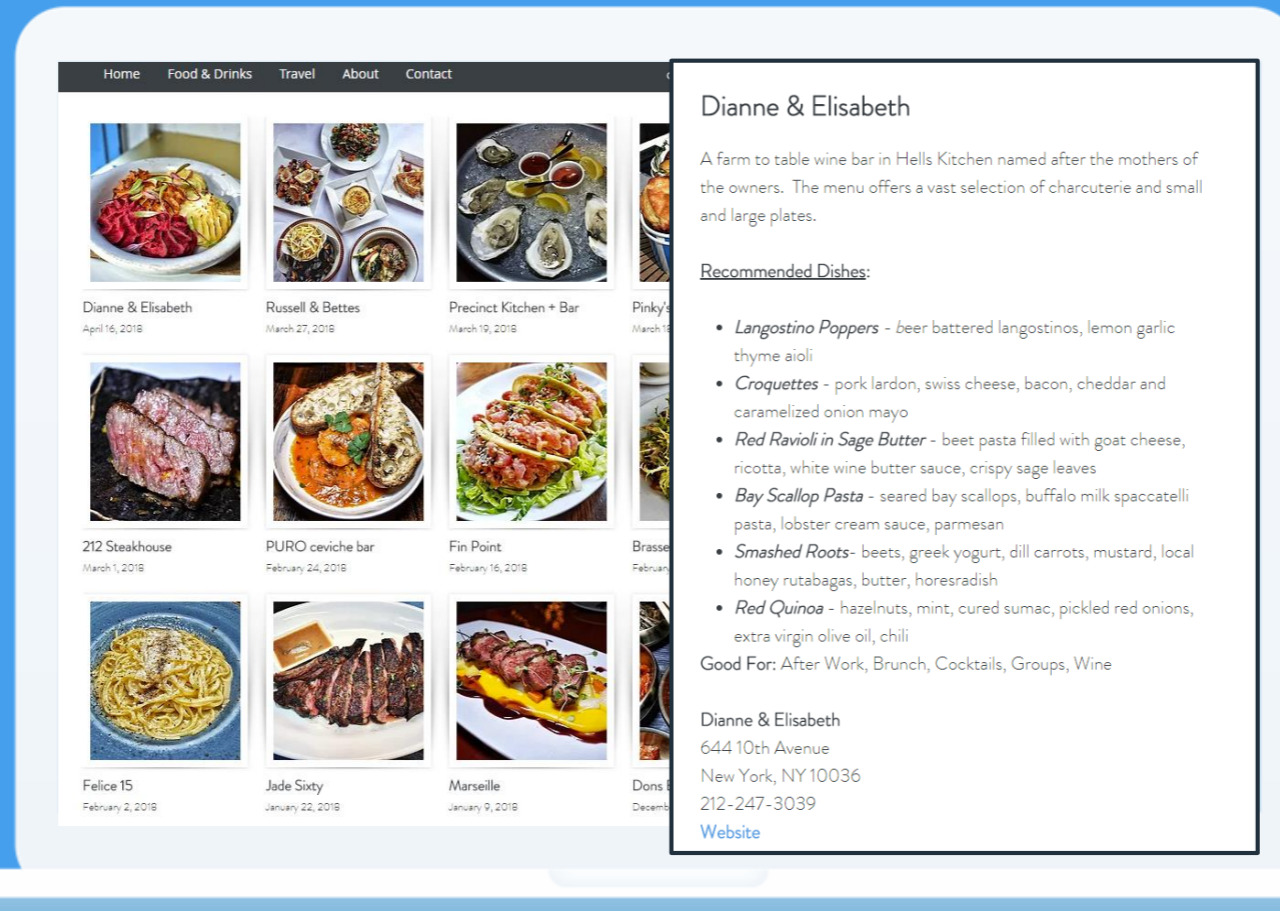
<sup>1</sup>Revenue by Geography and Y/Y change based on constant FX rates from Q1'17; 2018 revenue based on ASC 606

# Wix Code Site Examples

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# Book of Eats

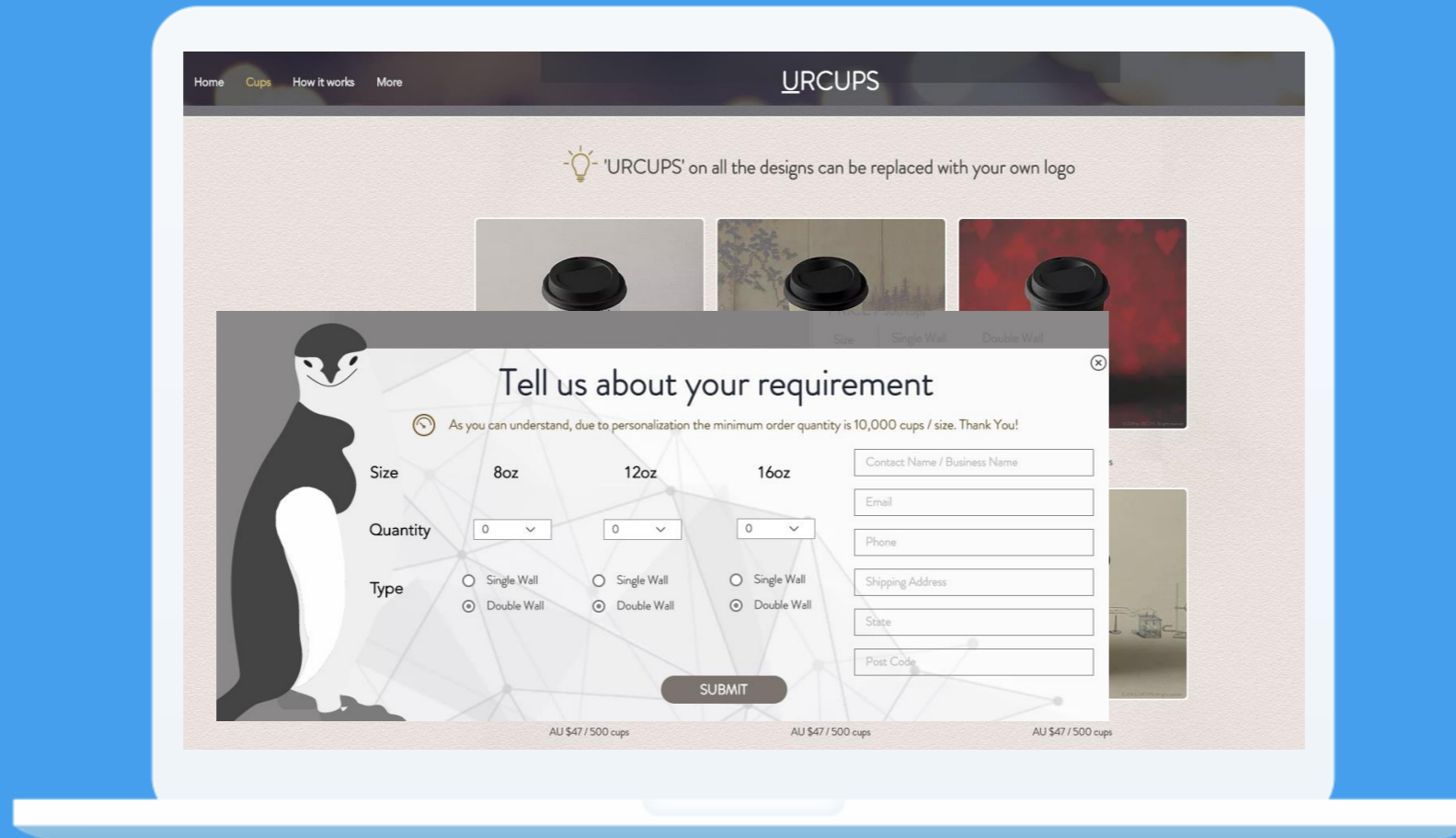
## Databases to display high volume of content



bookofeats.com

# Ur Cups

JavaScript to build custom order flow + email confirmation  
Dynamic pages to show design options

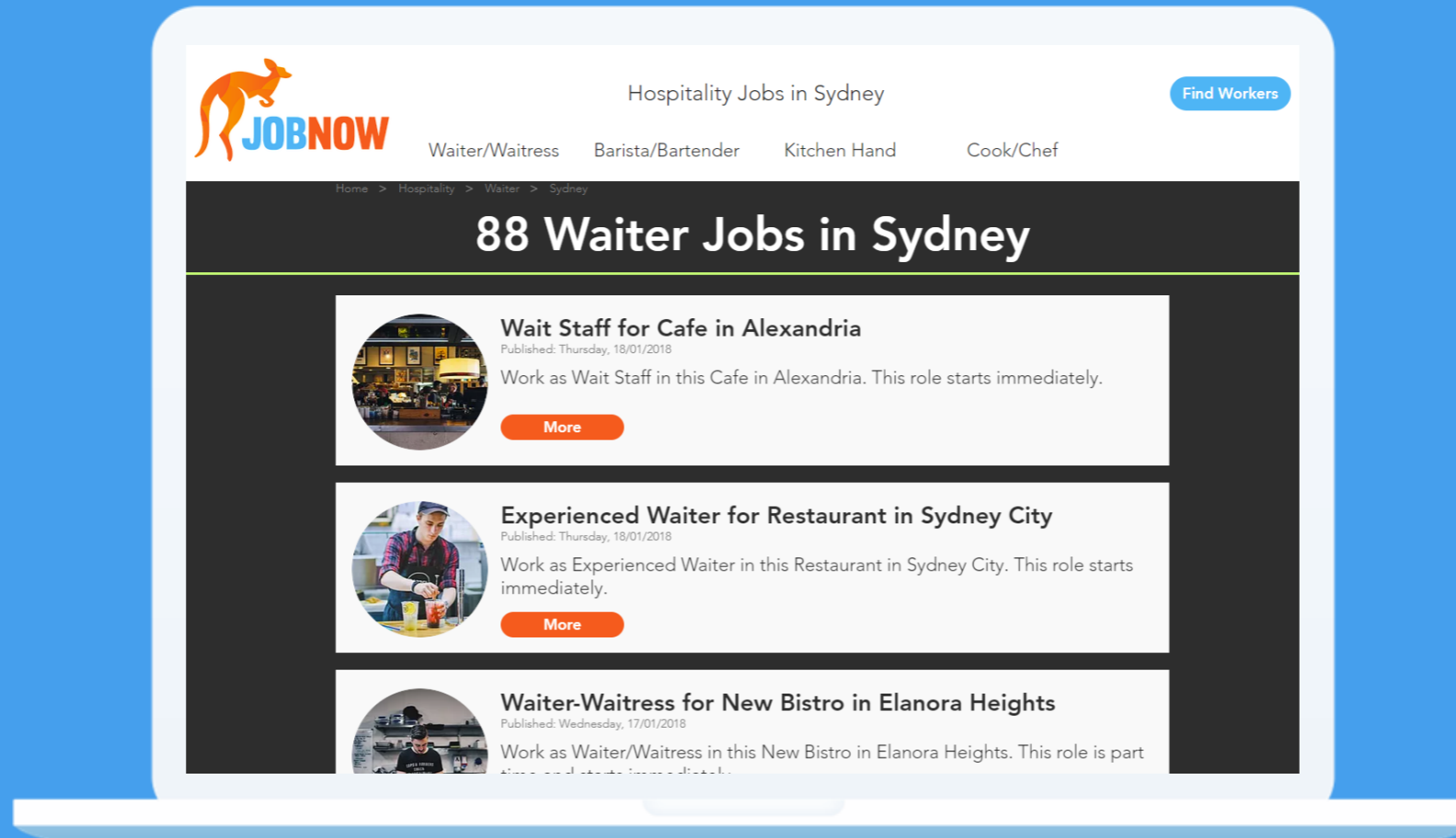


[urcups.com.au](http://urcups.com.au)



# Oz Job Now

## File upload, databases and repeaters



ozjobnow.com.au

# APPENDIX



# Non-GAAP Financial Results

| in 000s                          | 2017        | 2018        | Full Year   |            |
|----------------------------------|-------------|-------------|-------------|------------|
|                                  | Q1          | Q1          | 2016        | 2017       |
| Revenues                         | \$92,538    | \$137,775   | \$290,103   | \$425,636  |
| Collections                      | \$114,546   | \$159,655   | \$342,069   | \$483,989  |
| Non-GAAP Gross Profit            | \$78,209    | \$109,952   | \$246,614   | \$359,708  |
| <i>Gross Margin %</i>            | <i>85%</i>  | <i>80%</i>  | <i>85%</i>  | <i>85%</i> |
| Non-GAAP R&D expenses            | \$26,094    | \$36,785    | \$87,570    | \$121,293  |
| <i>% of revenues</i>             | <i>28%</i>  | <i>27%</i>  | <i>30%</i>  | <i>28%</i> |
| <i>% of collections</i>          | <i>23%</i>  | <i>23%</i>  | <i>26%</i>  | <i>25%</i> |
| Non-GAAP S&M expenses            | \$52,249    | \$64,423    | \$151,759   | \$195,041  |
| <i>% of revenues</i>             | <i>56%</i>  | <i>47%</i>  | <i>52%</i>  | <i>46%</i> |
| <i>% of collections</i>          | <i>46%</i>  | <i>40%</i>  | <i>44%</i>  | <i>40%</i> |
| Non-GAAP G&A Expenses            | \$7,404     | \$9,506     | \$19,814    | \$34,275   |
| <i>% of revenues</i>             | <i>8%</i>   | <i>7%</i>   | <i>7%</i>   | <i>8%</i>  |
| <i>% of collections</i>          | <i>6%</i>   | <i>6%</i>   | <i>6%</i>   | <i>7%</i>  |
| Non-GAAP Operating Income (Loss) | (\$7,538)   | (\$762)     | (\$12,529)  | \$9,099    |
| <i>% of revenues</i>             | <i>(8%)</i> | <i>(1%)</i> | <i>(4%)</i> | <i>2%</i>  |
| <i>% of collections</i>          | <i>(7%)</i> | <i>(0%)</i> | <i>(4%)</i> | <i>2%</i>  |
| Non-GAAP Net Income (Loss)       | (\$7,952)   | (\$2,121)   | (\$14,555)  | (\$549)    |

Note: non-GAAP items exclude the impact of share-based compensation expense, amortization of intangibles, withdrawn secondary expenses and acquisition-related expenses; Q1 2018 based on ASC 606

# Reconciliation of GAAP to Non-GAAP Measures

| in 000s                      | 2016     |          |          |          | 2017      |           |           |           | 2018      |
|------------------------------|----------|----------|----------|----------|-----------|-----------|-----------|-----------|-----------|
|                              | Q1       | Q2       | Q3       | Q4       | Q1        | Q2        | Q3        | Q4        | Q1        |
| Revenue                      | \$61,586 | \$68,730 | \$75,611 | \$84,176 | \$92,538  | \$103,522 | \$111,031 | \$118,545 | \$137,775 |
| Change in deferred revenue   | \$14,108 | \$12,723 | \$11,659 | \$13,476 | \$22,008  | \$13,599  | \$9,088   | \$13,658  | \$21,880  |
| Collections                  | \$75,694 | \$81,453 | \$87,270 | \$97,652 | \$114,546 | \$117,121 | \$120,119 | \$132,203 | \$159,655 |
| in 000s                      | 2016     |          |          |          | 2017      |           |           |           | 2018      |
|                              | Q1       | Q2       | Q3       | Q4       | Q1        | Q2        | Q3        | Q4        | Q1        |
| GAAP Gross Profit            | \$51,079 | \$57,712 | \$64,587 | \$71,438 | \$77,675  | \$85,497  | \$92,204  | \$100,869 | \$108,731 |
| Share Based Compensation     | \$428    | \$475    | \$466    | \$429    | \$506     | \$695     | \$783     | \$946     | \$1,079   |
| Amortization                 | \$0      | \$0      | \$0      | \$0      | \$0       | \$1,040   | \$757     | (\$1,292) | \$142     |
| Acquisition Related Expenses | \$0      | \$0      | \$0      | \$0      | \$28      | \$0       | \$0       | \$0       | \$0       |
| Non-GAAP Gross Profit        | \$51,507 | \$58,187 | \$65,053 | \$71,867 | \$78,209  | \$87,232  | \$93,744  | \$100,523 | \$109,952 |

Note: Q1 2018 based on ASC 606

# Reconciliation of GAAP to Non-GAAP Measures

| in 000s                                    | 2016            |                 |                 |                 | 2017            |                 |                 |                 | 2018            |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|  | Q1              | Q2              | Q3              | Q4              | Q1              | Q2              | Q3              | Q4              | Q1              |
| Research and development (GAAP)            | \$24,472        | \$25,483        | \$26,536        | \$28,877        | \$32,669        | \$36,749        | \$40,252        | \$43,965        | \$46,502        |
| Options compensation                       | \$3,111         | \$3,558         | \$3,718         | \$4,156         | \$4,726         | \$6,586         | \$7,190         | \$7,725         | \$8,485         |
| Amortization                               | \$137           | \$136           | \$138           | \$136           | \$136           | \$138           | \$136           | \$136           | \$137           |
| Aquisition related expenses                | \$1,183         | \$397           | \$514           | \$614           | \$1,713         | \$860           | \$889           | \$2,107         | \$1,095         |
| <b>Non-GAAP research and development</b>   | <b>\$20,041</b> | <b>\$21,392</b> | <b>\$22,166</b> | <b>\$23,970</b> | <b>\$26,094</b> | <b>\$29,165</b> | <b>\$32,037</b> | <b>\$33,997</b> | <b>\$36,785</b> |
| Selling and marketing (GAAP)               | \$40,454        | \$36,026        | \$40,010        | \$40,022        | \$54,329        | \$48,016        | \$51,184        | \$50,906        | \$67,011        |
| Options compensation                       | \$981           | \$1,122         | \$1,237         | \$1,213         | \$1,419         | \$1,778         | \$1,826         | \$1,562         | \$2,042         |
| Amortization                               | \$50            | \$50            | \$50            | \$50            | \$50            | \$62            | \$55            | \$1,535         | \$309           |
| Aquisition related expenses                | \$0             | \$0             | \$0             | \$0             | \$611           | \$0             | \$0             | \$496           | \$237           |
| <b>Non-GAAP selling and marketing</b>      | <b>\$39,423</b> | <b>\$34,854</b> | <b>\$38,723</b> | <b>\$38,759</b> | <b>\$52,249</b> | <b>\$46,176</b> | <b>\$49,303</b> | <b>\$47,313</b> | <b>\$64,423</b> |
| General and administrative (GAAP)          | \$5,921         | \$6,693         | \$7,073         | \$7,281         | \$11,148        | \$11,295        | \$12,222        | \$13,521        | \$13,670        |
| Options compensation                       | \$1,617         | \$1,772         | \$1,743         | \$2,022         | \$2,331         | \$2,920         | \$3,236         | \$3,471         | \$4,068         |
| Acquisition related expenses               | \$0             | \$0             | \$0             | \$0             | \$1,413         | \$0             | \$0             | \$540           | \$96            |
| <b>Non-GAAP general and administrative</b> | <b>\$4,304</b>  | <b>\$4,921</b>  | <b>\$5,330</b>  | <b>\$5,259</b>  | <b>\$7,404</b>  | <b>\$8,375</b>  | <b>\$8,986</b>  | <b>\$9,510</b>  | <b>\$9,506</b>  |

Note: Q1 2018 based on ASC 606

# Reconciliation of GAAP to Non-GAAP Measures

| in 000s                          | 2016       |            |           |           | 2017       |            |            |           | 2018       |
|----------------------------------|------------|------------|-----------|-----------|------------|------------|------------|-----------|------------|
|                                  | Q1         | Q2         | Q3        | Q4        | Q1         | Q2         | Q3         | Q4        | Q1         |
| GAAP Operating Loss              | (\$19,768) | (\$10,490) | (\$9,032) | (\$4,742) | (\$20,471) | (\$10,563) | (\$11,454) | (\$7,523) | (\$18,452) |
| Share Based Compensation         | \$6,137    | \$6,927    | \$7,164   | \$7,820   | \$8,982    | \$11,979   | \$13,035   | \$13,704  | \$15,674   |
| Amortization                     | \$187      | \$186      | \$188     | \$186     | \$186      | \$1,240    | \$948      | \$379     | \$588      |
| Acquisition Related Expenses     | \$1,183    | \$397      | \$514     | \$614     | \$3,765    | \$860      | \$889      | \$3,143   | \$1,428    |
| Non-GAAP Operating Income (Loss) | (\$12,261) | (\$2,980)  | (\$1,166) | \$3,878   | (\$7,538)  | \$3,516    | \$3,418    | \$9,703   | (\$762)    |

| in 000s   | 2016       |            |           |           | 2017       |            |            |           | 2018       |
|---|------------|------------|-----------|-----------|------------|------------|------------|-----------|------------|
|   | Q1         | Q2         | Q3        | Q4        | Q1         | Q2         | Q3         | Q4        | Q1         |
| GAAP Net Loss   | (\$19,912) | (\$11,420) | (\$9,643) | (\$5,921) | (\$20,885) | (\$14,264) | (\$14,519) | (\$6,605) | (\$19,811) |
| Share Based Compensation & Other Non-GAAP Adjustments | \$7,682    | \$7,707    | \$8,074   | \$8,878   | \$12,933   | \$14,079   | \$14,872   | \$13,840  | \$17,690   |
| Non-GAAP Net Income (Loss)                            | (\$12,230) | (\$3,713)  | (\$1,569) | \$2,957   | (\$7,952)  | (\$185)    | \$353      | \$7,235   | (\$2,121)  |

| in 000s                                   | 2016      |           |           |           | 2017      |           |           |           | 2018      |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|   | Q1        | Q2        | Q3        | Q4        | Q1        | Q2        | Q3        | Q4        | Q1        |
| Net cash provided by operating activities | (\$925)   | \$11,314  | \$10,470  | \$19,714  | \$16,397  | \$19,651  | \$22,063  | \$24,941  | \$24,779  |
| Capital expenditures, net                 | (\$1,209) | (\$1,129) | (\$1,046) | (\$1,031) | (\$1,616) | (\$2,239) | (\$3,128) | (\$5,386) | (\$3,358) |
| Free Cash Flow                            | (\$2,134) | \$10,185  | \$9,424   | \$18,683  | \$14,781  | \$17,412  | \$18,935  | \$19,555  | \$21,421  |