WiX.com

Q2 2016 Shareholder Update

July 27, 2016

The great momentum we experienced at the start of the year accelerated through the second quarter. We exceeded expectations on all key performance metrics once again and generated record additions in net premium subscriptions, record collections and revenue and record free cash flow. We also accelerated our top line growth to above 40% year over year.

$81.5 Million	$68.7 Million	$10.2 Million	87 Million	2.1 Million
Collections	GAAP Revenue	Free Cash Flow	Registered Users	Premium Subscriptions

Second Quarter Highlights

Strong growth in all performance metrics. During Q2, we continued to benefit from a combination of positive factors that we discussed last quarter and highlighted at our Analyst and Investor Day in June:

- Registered user growth of 5.1 million, our second straight quarter exceeding 5 million, bringing our total to 87.4 million at the end of the quarter, an increase of 29% over last year. Our direct and brand marketing investment continues to increase in efficiency.

- Continued improvement in the conversion of registered users to premium subscriptions with a second straight record quarter, adding 183,000 net premium subscriptions, up 39% compared to the net additions in the second quarter of last year. Our users are finding increasing value in our product platform, and our cohorts continue to generate significant value stemming from the ongoing conversion of existing registered users and the negative churn in our cohorts.

- Strong retention of premium subscriptions. User loyalty remains strong.

- Increased collections per new subscriptions. Ongoing adoption of our vertical packages continues.

Accelerated top line growth to 42% year over year. In the second quarter, collections were up 42% year over year to a record $81.5 million, and revenue was $68.7 million, an increase of

41% over last year. The acceleration in year over year growth for collections and revenue is indicative of the strong underlying momentum in our business as products we have released in the past year continue to generate strong positive returns.

Generated record profitability and free cash flow. We generated adjusted EBITDA of $10.7 million in the second quarter, a year over year increase of 205% and a sequential increase of 301%. Free cash flow was $10.2 million, the highest quarterly result in our history. Both illustrate the continued strength of our business model and are even more impressive given the increase in our top line growth rate.

Outperformed expectations in 10 of the last 11 quarters. We exceeded the top end of our guidance range for collections and adjusted EBITDA continuing a consistent trend of delivering better than expected financial results since we became a public company.

Strong momentum into 2H of 2016 – raising guidance on all financial metrics. Our first half financial performance has exceeded our expectations going into the year, and we enter the back half of the year with increasing momentum. As a result, we are increasing our full year outlook by a larger margin than in any quarter to date.

In summary, we are continuing to grow our brand and improve our product offering and are executing on our vision of making it easy for anyone to create, manage and grow a business online.

2016 Analyst and Investor Day

We held our second annual Analyst and Investor Day in New York in June. We were extremely pleased with the response from our analysts and shareholders and would like to thank everyone that was able to join us.

Our goal for this event was to highlight the most compelling aspects of our business:

> **Technology innovation is our core competency.** With the introduction of Wix ADI, we again proved that we are leading our industry with technology and innovation. Developing new products that enable business owners to easily create, manage and growth their businesses online is our highest priority, and we continue to demonstrate technology leadership in our industry.
>
> **Wix is far more than a website building company – we are becoming an OS for SMBs online.** We have built a complete software platform for SMBs, organizations and professionals to create, manage and grow online. We offer the easiest DIY way to create a website, a full product set to manage communications, marketing and workflow, and we

provide a complete suite of the back-end technology that is required to operate online – no other company offers the breadth of product and user experience as we do.

We have a world-class marketing organization. Our marketing team continues to deploy capital globally and continues to increase its efficiency of each marginal dollar invested. Our team manages its marketing budget across multiple direct response and branding channels all over the world, and evidence shows the Wix brand is becoming increasingly well-known.

Our user cohorts contain an incredible amount of financial value without any further investment in marketing. We expect our existing user cohorts to generate approximately $1.5 billion in value over the next six years. Further, every 100,000 new net premium subscriptions is expected to generate approximately $120 million in collections over the next six years at an 85% gross margin… without any additional marketing investment.

Our user cohorts contain negative churn. Our freemium business model combined with an outstanding product experience and high value we provide our subscribers creates cohorts that exhibit negative churn.

This quarter's performance builds upon these key themes and further validates the strength of our technology platform, our marketing team and the value in our cohorts.

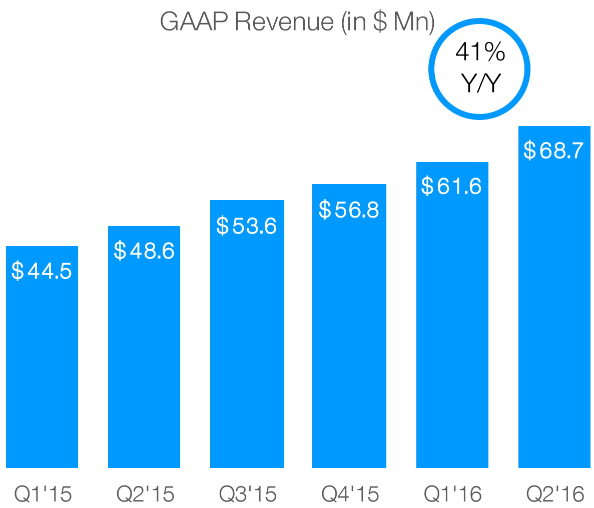
Financial Performance

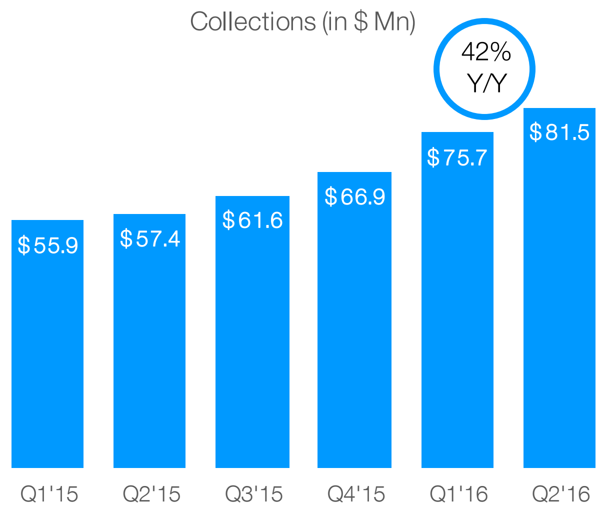
- *Collections and revenue returns to above 40% year over year growth*
- *Continued leverage in marketing expense, down to 43% of collections*
- *Improvement in R&D leverage on a year over year basis*
- *Record free cash flow of $10.2 million*

Collections were $81.5 million in Q2, representing 42% year over year growth. **Collections were once again above the high end of our guidance range** of $77-78 million and exceeded our prior record for collections set just last quarter. Collections on a year over year constant currency basis were $82.4 million, a year over year increase of 44%.

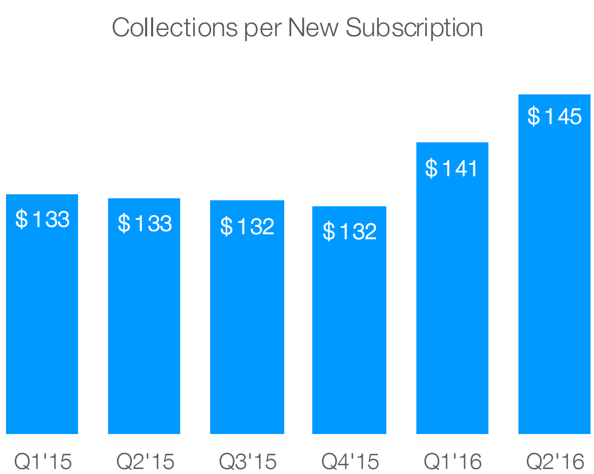
GAAP revenue was $68.7 million, representing 41% year over year growth, and also exceeded our prior guidance. GAAP revenue on a year over year constant currency basis was $69.7 million, a year over year increase of 43%.

Our top line outperformance this quarter was driven primarily by a continued increase in the conversion of registered users to premium subscriptions, strong user cohort retention and continued increases in collections per new premium subscription.





Collections per new subscriptions continue to trend higher on a year over year basis due to greater adoption of our vertical applications, including Wix Bookings and Wix Stores, as well increased purchasing activity in our App Market.



Source: Data based on New Annual Subscriptions; US Only

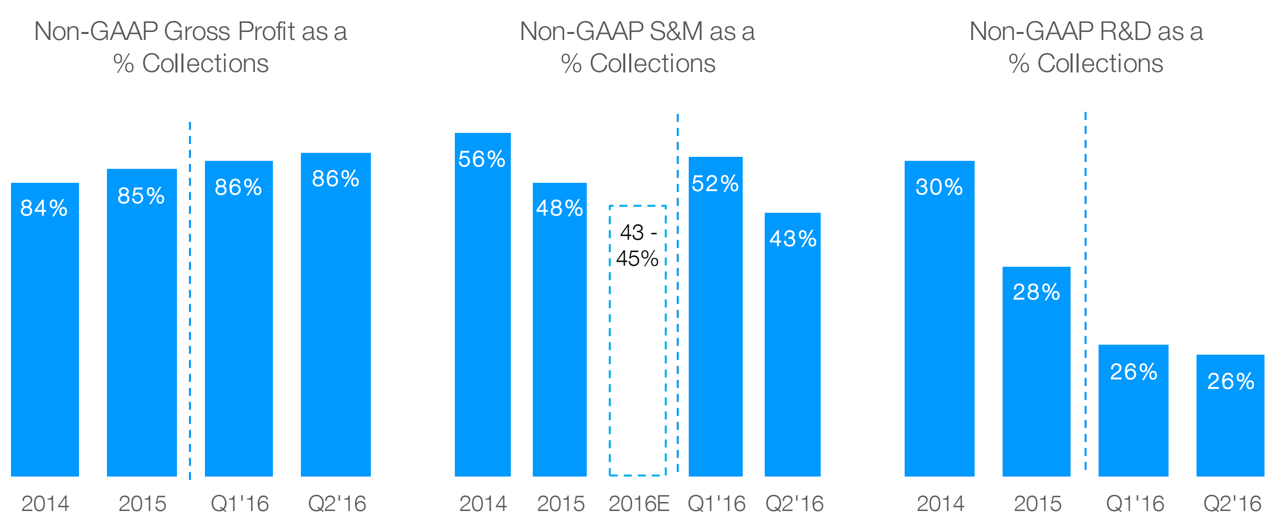
While the British Pound significantly declined relative to the Dollar late in the quarter, emerging market currencies such as the Brazilian Real strengthened, offsetting these declines. The UK accounts for approximately 10% of our collections, so we do not expect a material impact on our overall business from the decline in the GBP. **Our global diversification helps insulate us from geographic or currency-specific fluctuations.** We continued to execute our hedging strategy throughout the first half of the year, which will further protect us from currency fluctuations on a cash basis, including the recent declines in GBP.

Our **gross margin on a non-GAAP basis expanded to 86% of collections** from 84% in the same quarter last year, consistent with the long-term target we shared at our analyst day in June.

Non-GAAP marketing expense in Q2 was $34.9 million, or 43% of collections, an improvement over Q2 2015 at 48% of collections. The improved conversion of registered users to premium subscriptions, a higher amount of collections per new subscription and our improving brand recognition enabled us to generate more collections per incremental dollar of marketing investment. Our performance was consistent with our expectation to realize incremental margin benefits on a year over year basis throughout the fiscal year. We will incur production and media costs for the global deployment of Wix ADI in Q3. Including this launch, we still expect marketing to be in the range of 43% to 45% of collections for the full year 2016.

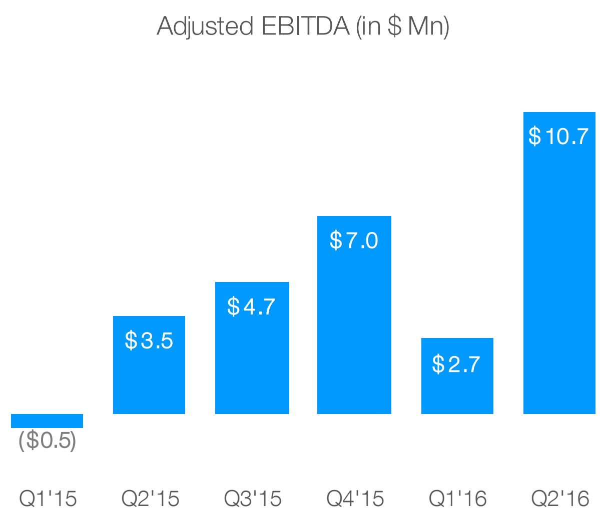
We continue to increase our marketing investment to drive growth and brand awareness while remaining within our TROI target range. As a reminder, TROI (time to return on marketing investment) is how we measure the effectiveness of our acquisition spend, and we target TROI of 7 to 9 months. Our ability to expand our marketing efforts globally while remaining within our TROI target range is a testament to the increasing efficiency of our direct response advertising efforts, the benefit we are receiving from increased brand awareness and the continued improvement in our product platform.

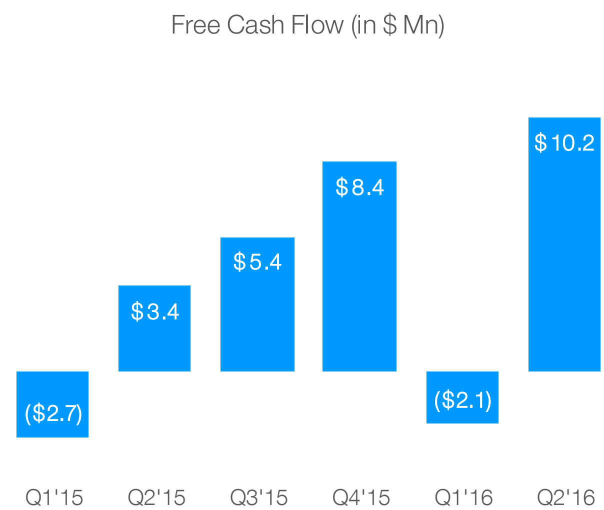
R&D expense in the quarter on a non-GAAP basis was $21.4 million, or 26% of collections, compared to 28% in Q2 last year and the same 26% as last quarter. We generated positive incremental leverage on our R&D expense on a year over year basis as our top-line growth exceeded our growth in R&D. The second quarter also includes R&D investment to launch our two new products this year, including Wix ADI, demonstrating the leverage we continue to generate.



We delivered record adjusted EBITDA of $10.7 million, which exceeded the top end of our guidance range of $6.5 to 7.5 million. This result was an improvement from last year when we generated $3.5 million in Q2 2015. **For the first half of 2016, we generated over $13 million in adjusted EBITDA – an increase of nearly 4.5 times the amount in the first half of 2015.** As we grow our top line, we continue to generate an incrementally higher amount of cash and profits.

Free cash flow during the quarter grew to $10.2 million from $3.4 million in Q2 2015, an increase of 200% over last year. Our cash balance at the end of Q2 was $130 million, and our total employees at quarter end were 1,242.

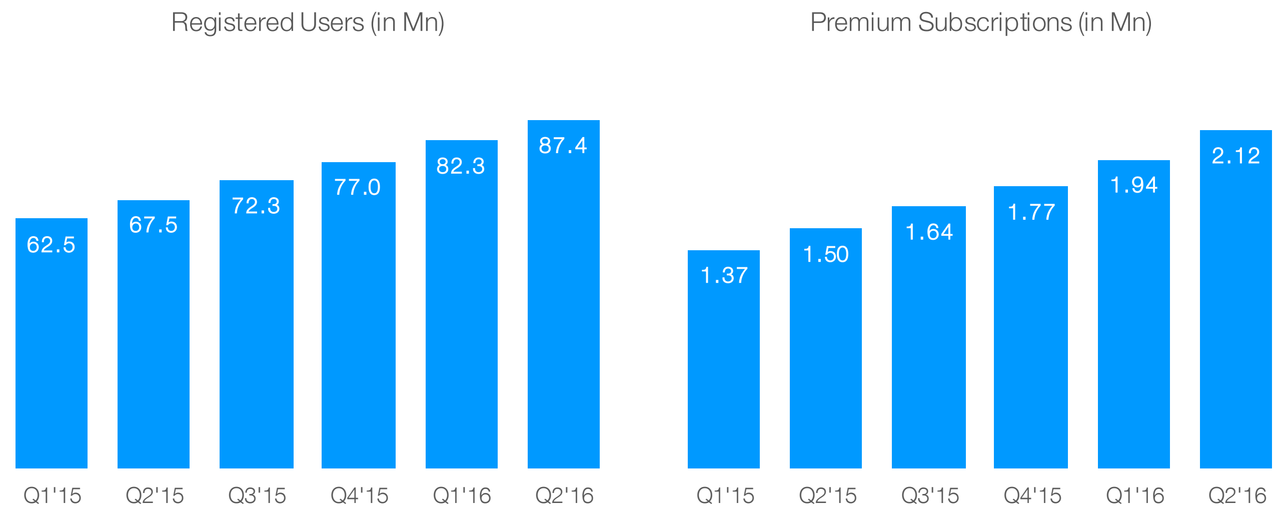




Registered Users and Premium Subscriptions

- *Second quarter of more than 5 million new registered users*
- *Added a record 183,000 net premium subscriptions*
- *Continued improvements in conversion of existing users and new users to premium subscriptions, driving increasing value in the business*

We added 5.1 million registered users during the quarter bringing our total registered user base to over 87.4 million. This was the **second consecutive quarter we have added over 5 million registered users**, a result of the growing awareness of our brand and the execution of our world class direct marketing efforts.

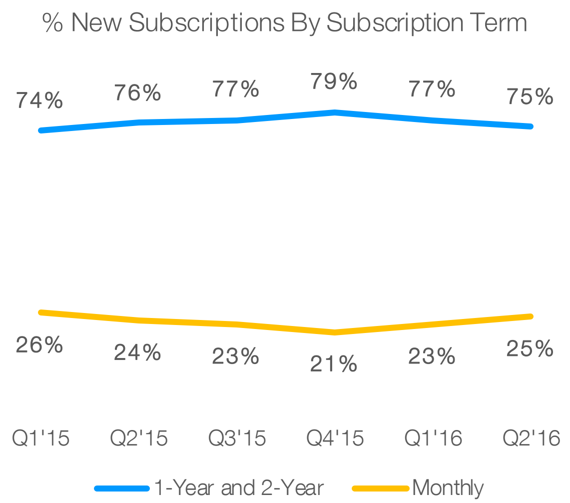


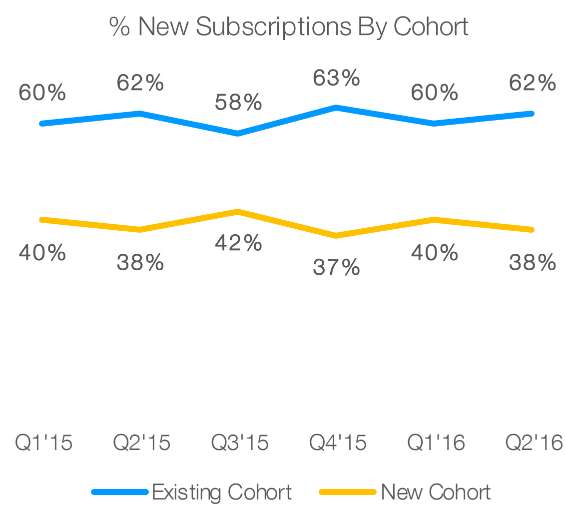
We converted new and existing registered users into premium subscriptions at a higher degree than ever before. **We added 183,000 net premium subscriptions**, bringing our total premium subscriptions to over 2.1 million at the end of the quarter. This was our largest quarterly increase in net subscriptions ever and exceeded the prior record of 170,000 set just last quarter. You can see this improvement in conversion in the cohort chart on page 8 of our earnings slides.

We have spoken before about how **the negative churn of our cohorts drives ongoing conversion of existing registered users**. Q2 was no exception. Of our new subscriptions this quarter, 62% came from registered users who signed up in prior quarters. These are users that had already registered with Wix and were using our product that we did not have to spend any additional marketing dollars on to convert. Users who registered for the first time this quarter accounted for 38% of new subscriptions in Q2.

We continue to see the majority of our new users prefer longer duration packages. To meet the demands of some users, in Q2 we began offering a two-year subscription plan. Two-year plans are offered at a slight discount to our annual packages, and we collect the full amount up front.

We continue to test the global response to this new subscription format, but the initial reaction has been positive. Of our new subscriptions in Q2, 75% were yearly or longer duration plans. Overall, 84% of our total subscriptions are annual or longer with the remainder being monthly.





We experienced a slight increase in the percentage of new monthly subscriptions to 25% in Q2, up from 23% in Q1. This increase was not at the expense of longer-term subscriptions as we improved conversion to premium subscriptions across our entire user base and were able to capture an incremental number of monthly subscriptions during the quarter.

Product Updates

Wix ADI slated for a Q3 global launch

We recently unveiled our most ground breaking product to date, Wix Artificial Design Intelligence, or Wix ADI. Wix ADI sets a new benchmark as the first AI solution for website design and content and significantly widens our technology offering and competitive advantage. Its debut captivated users and critics alike, and the initial response from key influential press has been overwhelmingly positive. *PCMag* said, “It’s just about the easiest way I’ve seen to get a business website off the ground.”

We continue to test Wix ADI with groups of new users and are enthusiastic with the initial results. We will have more to share with you in the coming months and remain on track for a full launch in Q3.

Wix Stores improvements driving growth

As of the end of Q2, we had over 290,000 e-commerce subscriptions. We continue to invest in Wix Stores, including:

- A new, easier and more effective store manager, which acts as the merchant's central hub for the setup of marketing campaigns, inventory management and shipping rules

- New and effective marketing tools such as Facebook campaigns, an enhanced coupon system and integration of Wix E-mail Marketing

- Expanded support for larger merchants including a mobile management app and enhanced sorting and filtering capabilities for buyers

Outlook

Raising annual guidance for all three financial measures reflecting continued momentum into the second half of the year

Turning to our outlook for Q3 and an update to our full year guidance. As a reminder, our forward-looking statements are based on current expectations and assumptions.

For the third quarter of 2016, we expect:

- Collections of $83 to $84 million. We do not expect year over year changes in FX rates to have an impact on Q3 collections.

- Revenue in the range of $72 to $73 million

- Adjusted EBITDA of $9 to $10 million

Our outperformance in Q2 is reflected in our revised 2016 full year guidance, for which we are raising all three financial metrics. For 2016, we now expect:

- Collections in the range of $327 to $330 million. Assuming FX rates remain the same from 2015 to 2016, our collections guidance would be approximately $2.5 million higher, or $329.5 to $332.5 million. Note that this $2.5 million impact is less than the $4 million we anticipated when we provided full year guidance a quarter ago as the Brazilian Real and Russian Ruble have strengthened against the Dollar over the last few months.

- Revenue in the range of $278 to $280 million

- Adjusted EBITDA in a range of $34 to $36 million

Change in Financial Metric Reporting

We are aware of recent changes to the SEC's reporting guidelines concerning non-GAAP financial metrics. As a result, we will implement a change to our reporting of non-GAAP metrics. Beginning with our earnings release in Q1 2017, we will no longer report adjusted EBITDA as a non-GAAP financial metric. Instead, we have commenced this quarter reporting non-GAAP operating income and free cash flow as key non-GAAP financial measures of our business. We believe this change will improve the transparency of our business and increase the comparability of our results with peers.

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, collections and revenue on a constant currency basis, adjusted EBITDA, non-GAAP operating loss, free cash flow, non-GAAP net loss and non-GAAP net 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. We adjust collections and revenue to measure them on a constant currency basis by assuming the same exchange rates as the prior period applied to the reported figures in the current period. Non-GAAP operating loss represents operating loss calculated in accordance with GAAP as adjusted for the impact of share-based compensation expense, amortization, and acquisition-related costs. Non-GAAP net loss represents net loss calculated in accordance with GAAP as adjusted for the impact of share-based compensation expense, amortization, and acquisition-related costs. Non-GAAP net loss per share represents non-GAAP net loss divided by the weighted average number of shares used in computing GAAP loss per share. Adjusted EBITDA is defined as cash flow from operations before changes in working capital, prepaid domain registration costs, interest, bank charges and other financial expenses (income), net unrealized losses (gains) on hedging transactions, other income (expenses), taxes on income, and other unusual or non-recurring expenses. Free cash flow is defined as 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 it provides 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 our press release and in our earnings slides. These 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 has not reconciled its guidance as to adjusted EBITDA 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 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 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; 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 2015 annual report on Form 20-F filed with the Securities and Exchange Commission on April 13, 2016. 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.