February 20th • February 20th •

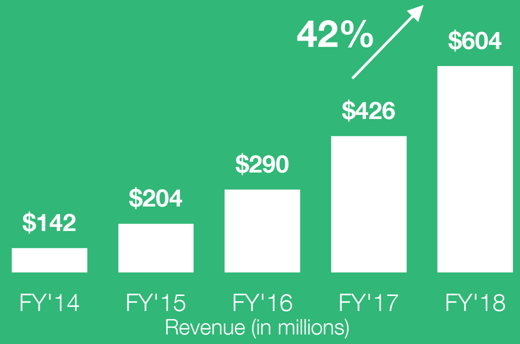
2019

SHAREHOLDER UPDATE

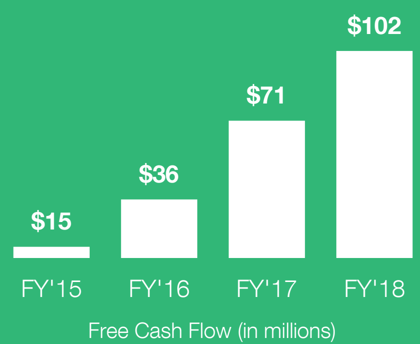
Fourth Quarter
and Full Year 2018

WiX.com

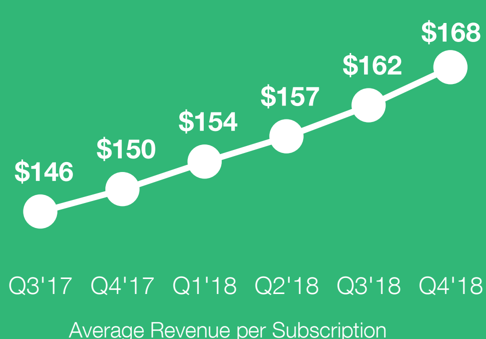
Q4 and FY'18 Earnings



Strong top line growth ending a highly successful year



Expanding profitability and improving marketing efficiency



Improving monetization through ARPS and new products

Expanding into new markets and growth opportunities

Ascend BY WiX
WiX Answers
WiX Payments
WiX Code

Product monetization a key focus in 2019

A Look Back at 2018

Strong top line results crowned a highly successful year…

- Revenue in Q4 was $164M, up 39% y/y. Revenue in 2018 was $604M, up 42% y/y, **marking the 5th consecutive year since our IPO of revenue growth exceeding 40%**
- Collections in Q4 were $176M, up 33% y/y. Collections in 2018 were $658M, up 36% y/y
- Currency was volatile throughout the year – had FX rates remained constant from the time we provided initial guidance for the year in February 2018, **collections would have been ~$10M higher**, or $669M, up 38% y/y

…while we continued to expand profitability and improve marketing efficiency

- Free cash flow in 2018 was $102M, up 44% y/y
- **Non-GAAP operating income nearly doubled** y/y in Q4 to $19M or 11% of revenue – the highest margin ever
- We achieved **400bps of leverage in marketing and ~100bps of leverage in R&D expenses in 2018**

Increasing monetization has driven ARPS up 12% y/y

- Influenced by 1) increased share of vertical applications among subscriptions, 2) increased purchases of third party higher priced applications (TPAs), including G-Suite and 3) mix of higher priced subscriptions as a result of repackaging and increased prices

New market and growth opportunities are opening up, driven by Wix Code

- Building out a team and products to increase engagement with and advise design Agencies
- Deeper engagement with Wix Expert community through the new Wix Arena, new products and business management tools

Product development momentum from 2018 continues with growth and monetization beyond website building in 2019

- Higher Average Revenue per Subscription (ARPS), influenced by higher priced premium packages and increased purchases of vertical applications and TPAs, including G-Suite

Q4 Results vs. Guidance

GAAP Revenue
Actual Results
$164 million
Prior Guidance
$161-162 million

Collections
Actual Results
$176 million
Prior Guidance
$176-178 million

FY'18 Results vs. Guidance

GAAP Revenue
Actual Results
$604 million
Prior Guidance (updated Nov 2018)
$601-602 million

Collections
Actual Results
$658 million
Prior Guidance (updated Nov 2018)
$658-660 million

Free Cash Flow
Actual Results
$102 million
Prior Guidance
$101-103 million

- Introduction of **Wix Payments** and **Ascend by Wix**, which help Wix users grow and manage their businesses within the Wix ecosystem
- Expansion of complementary solutions like **Wix Answers** and **Wix Logo Maker**
- **Wix Turbo**, which delivers higher performance, making Wix sites faster than ever as well as mobile site upgrades

The Evolution of Our Business

Our success to date has been a result of strategic investments in product development and marketing, and these investments have positioned us with the broadest, best-in-class product platform and a strong global brand.

We now look forward to the next step in our evolution – delivering more value to users by entering new markets and offering more products to enable users to build their dreams online. As we look ahead to 2019, we plan to continue making strategic investments into what we believe will drive the long-term success of our business.

Our Product Evolution
We have advanced our product in a significant way over the last several years. **Improvements to existing products and the release of new products have all vastly increased the value we are able to offer to our users.** Most notably:

- The introduction of Wix Artificial Design Intelligence, or **Wix ADI,** enables our users to leverage artificial intelligence to combine content creation and web design, producing stunning websites in minutes. This product not only widens our audience to users with limited technical skills but also enables all users to create a more customized starting point for website creation
- At the other end of the spectrum, we launched **Wix Code**, which allows advanced users to develop their own web applications and build highly functional, content rich websites in a serverless environment. Wix Code also empowers more intermediate users to incorporate customized coding and more complex features into their websites
- We offer several **vertical applications** such as **Wix Stores, Wix Bookings and Wix Events,** among others, that enable users to easily build and manage transactional aspects of a business online, similar to an ERP system
- We most recently introduced **Ascend by Wix** to deliver our users even more value with a suite of integrated tools to

We now look forward to the next step in our evolution – delivering more value to users by entering new markets and offering more products to enable users to build their dreams online

- manage and grow a business online. Ascend by Wix also extends our brand beyond website building
- Several recent product introductions such as **Wix Payments, Wix Logo Maker** and **Wix Answers** provide further functionality beyond website building, bringing more value to our users

In 2019, we plan to continue investing in the development of these products and in bringing them to market, improving value for our users and driving our top line growth.

Our Market Evolution
This product evolution shows the additional focus on our Do-It-Yourself, or DIY, user base, but also allows us to expand into new markets. With the introduction and ongoing development of Wix Code, we will further expand our marketing to professionals.

In 2019, we plan to invest in building a sales and account management team to meet the service needs of experts and agencies. In addition, we will step up our investment in marketing activities to highlight the benefits of Wix to these types of professionals.

Our Brand Evolution
Our brand has also strengthened on a global basis over this time period. Data from Google shows that Wix.com is the highest searched brand name in the website builder category. We have also established partnerships with some of the most recognizable sports brands in the world and just completed our fifth consecutive Super Bowl advertising campaign.

Evolving How We Measure our Success
This evolution of our product, our target markets and our brand has led us to look at our business differently. We are no longer solely a DIY website builder where our success is largely dependent on our ability to acquire registered users and convert them to subscriptions. **With a significantly more valuable product offering and brand, and an expansion into the professional market, we will focus more on the monetization of our subscriptions.**

Evidence of this evolution occurred last year as we re-packaged our subscription offerings, increased prices and removed our lowest priced package to reflect the additional value we now provide. This change came at the expense of an increase in the number of net new subscriptions, which we anticipated. This change did produce an overall increase in the value of our user cohorts, as users are paying more per subscription.

With a significantly more valuable product offering and brand, and an expansion into the professional market, we will focus more on the monetization of our subscriptions

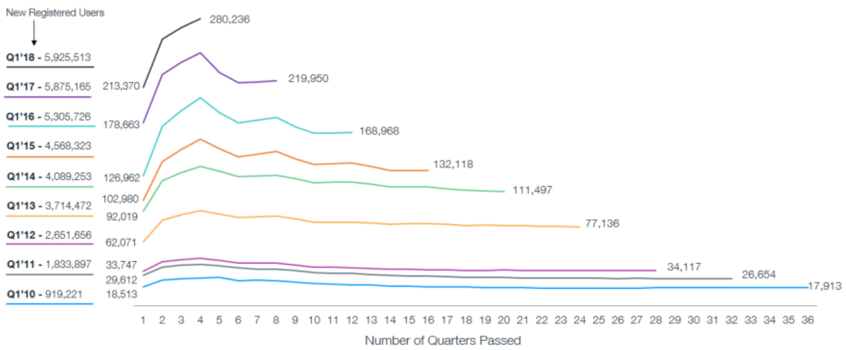
Our success is clear, and we believe that with our new product portfolio and go-to-market execution, we will be able to increase the monetization of subscriptions, increasing the overall lifetime value of our user cohorts and continuing to drive profitable, top line growth for years to come.

New Disclosure to Measure Success

Please refer to the "Notes" section at the end of this document in regards to the charts shown in this section.

Our primary focus has consistently been to increase the conversion of registered users to premium subscriptions. The enduring increases in conversion we have produced over the last decade have been a significant driver of our growth.

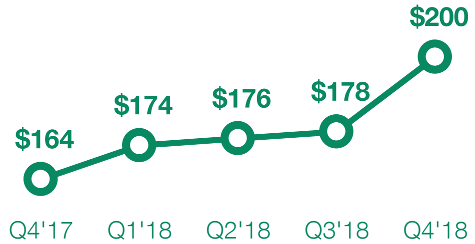
Our top line growth has been further supported by the consistent behavior of our user cohorts. As users purchase multiple premium subscriptions on Wix over their lifetime, the behavior of ongoing conversion and retention create stability in our financial model. To illustrate these strengths, we have shown this cohort chart since our IPO in 2013:



We will continue to drive increases in conversion, and we expect that our user cohorts will continue to show the same stability they have exhibited over the last decade.

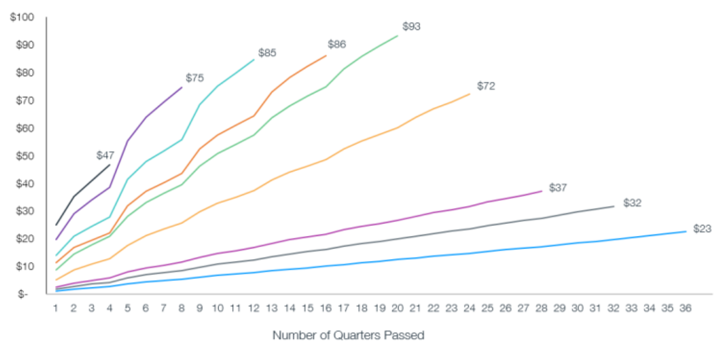
With our new product portfolio and go-to-market execution, we will be able to increase the monetization of subscriptions, increasing the overall lifetime value of our user cohorts and continuing to drive profitable, top line growth for years to come

The strengthening and evolution of our product and brand in the last year created new monetization opportunities and drove us to increase prices as we deliver higher value to users. Our users have accepted these changes, as illustrated by the following chart, which shows average collections per annual, full-priced subscription package in the U.S.:



As we are early in this evolution, we believe this chart is indicative of the future growth in collections per subscription that will become a more meaningful driver of our overall growth.

To show the combined benefit of continuous increasing conversion in our user cohorts, the stability of these user cohorts AND the acceleration in collections per subscription, we will now share the following chart:



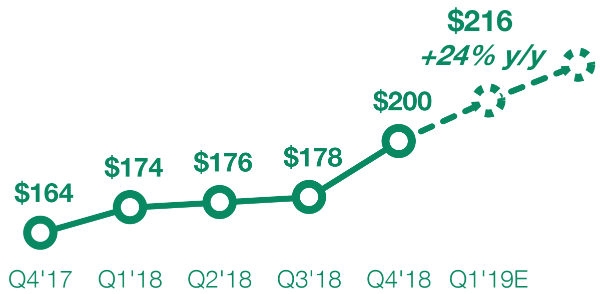
This chart is the way that we now measure the success of our business, and we will provide it on a quarterly basis going forward. **We believe this chart is the best way to understand our business model, highlighting all of the drivers from which we plan to generate growth for years to come.**

What to Expect in 2019

We expect growth in the coming years to be more significantly driven by collections per subscription than in the past. **Aided by this focusing on increasing value, we expect to generate 24-26% growth in collections in 2019.** This outlook for 2019 collections does not fully include the new products we expect to bring to market during the year nor does it include new markets into which we plan to expand.

We believe this chart is the best way to understand our business model, highlighting all of the drivers from which we plan to generate growth for years to come

Results already indicate the benefit of our increased focus toward maximizing value of our user cohorts. So far, in Q1 2019, the average collections per annual, full-priced subscription package in the U.S. is up approximately 24% y/y:



We expect this effort to come at the sacrifice of adding new subscriptions. **For 2019, we expect net subscription additions will be approximately 550K. We believe the increased value of new cohorts, driven primarily by growth in the average collections per subscription that we have already observed, will be a larger contributor to collections growth than in years past.**

We are extremely proud of our significant achievements in product development and brand strength, and we are excited to take the next step with our product platform and brand and grow our business even further.

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Financial Performance

Please refer to the "Notes" section at the end of this document in regards to the presentation of these financial results.

Revenue in Q4 was $164.2M, up 39% y/y, exceeding the high end of our guidance range of $161-162M. Revenue in FY 2018 was $603.7M, up 42% y/y. Under ASC 605, FY'18 revenue would have been $596.8M, an increase of 40% y/y. Full year 2018 revenue growth of 42% marks the **fifth consecutive year since our IPO of 40%+ y/y growth.**

Collections in Q4 were $176.1M, up 33% y/y. Declining FX rates were a slight headwind to collections in the quarter since our Q4 guidance was issued on November 13.

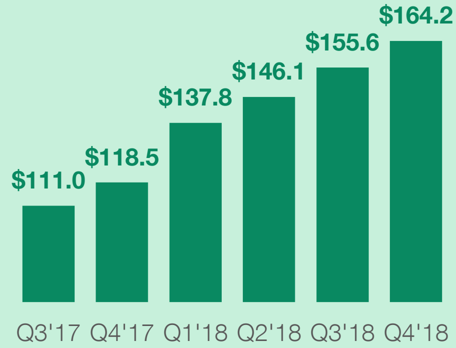
Collections in FY 2018 were $658.4M, up 36% y/y. FX rates were volatile throughout 2018. Approximately 30% of our collections is non-U.S. Dollar currencies, mostly the Euro, British Pound and Brazilian Real. Had FX rates remained constant from the time we provided our initial 2018 guidance in February 2018, our full year collections would have been approximately $10 million higher, or $669M, an increase of 38% over last year.

ARPS increased to $168 in Q4, an increase of 3% from $162 in Q3 2018 and a 12% increase from Q4 2017.

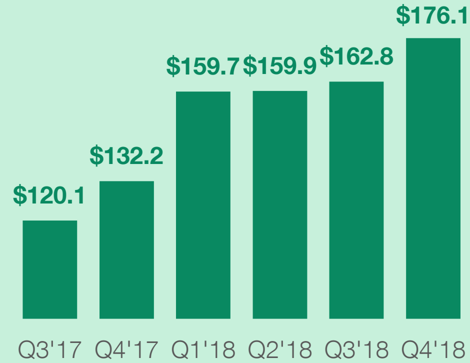
The increase in ARPS is the result of our success in increasing the monetization of our user cohorts. Several factors are driving this success:

- Increasing purchases of higher prices subscriptions for vertical applications
- More purchases of TPAs, including G-Suite
- Optimization of our package selection page in the checkout to help users distinguish between websites and business packages
- Removal of our lowest priced subscription package n in the U.S. to better align pricing with our brand vision
- Increased pricing of some vintages of renewed subscriptions to better align prices to the improved product experience on Wix

Revenue (in millions)



Collections (in millions)



Average Revenue per Subscription (ARPS)

We believe all of these changes, as well as new products such as Wix Payments, Ascend by Wix, Wix Code, Wix Logo Maker and Wix Answers, will **contribute to ARPS being a more significant driver of our top line growth in the coming quarters.**

Non-GAAP gross margin was 80% of revenue in Q4, and in FY 2018, non-GAAP gross margin was 80% of revenue. Under ASC 605, full year 2018 non-GAAP gross margin as a percent of revenue would also have been 80%.

We continue to optimize our infrastructure and support to meet the growing needs of our users. Our scale, efficient resource management and strong relationships with multiple providers allow us to achieve optimal gross margins.

In 2019, we anticipate that GM% will decline slightly for the following reasons:

- We launched Wix Payments in the U.S. in Q1 and plan to introduce it in Europe before the end of Q1. Revenue from Wix Payments will be recognized on a gross basis, and the costs that we pay to our payment providers will be recognized in cost of revenue
- We expect growth in sales of TPAs, including G-suite, which have a lower gross margin

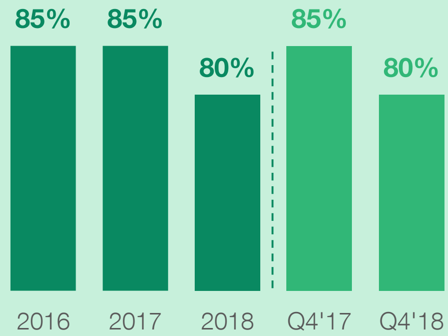
Non-GAAP R&D expense was $43.2M in Q4 compared to $38.6M in Q3 and $34.0M in Q4 2017. As a percent of collections, non-GAAP R&D expense was 25% in Q4, compared to 24% in Q3 and 26% in Q4 2017.

In FY 2018, non-GAAP R&D expense was $156.4M, or 24% of collections, an **improvement of over 100 bps from FY 2017.**

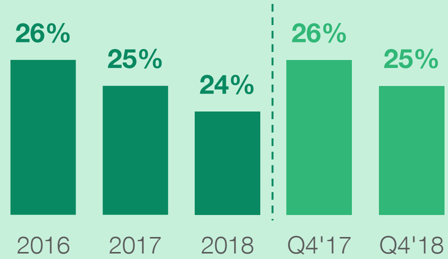
Our disciplined approach to strategic investments in R&D has led us to deliver groundbreaking products while still achieving positive returns and leverage in our model. New product developments in recent years, such as Wix Code and Wix ADI, have been primary drivers of this leverage, as they have allowed us to build new products on top of existing technology. Additionally, we have continued to hire R&D talent in more cost efficient locations.

This discipline around R&D investment has fueled the growth of our business, and this success has driven our decision to make additional investments in 2019. As we continue to make

Non-GAAP Gross Margin



Non-GAAP R&D as a % of Collections



Our disciplined approach to strategic investments in R&D has led us to deliver groundbreaking products while still achieving positive returns and leverage in our model

strategic investments in R&D to deliver better tools to our users, we expect that we will continue to see positive returns in the coming years.

Non-GAAP S&M expense was $57.8M in Q4 compared to $59.2M in Q3 and $47.3M in Q4 2017. As a percent of collections, S&M expense was 33% in Q4 compared to 36% in Q3 2018 and 36% in Q4 2017.

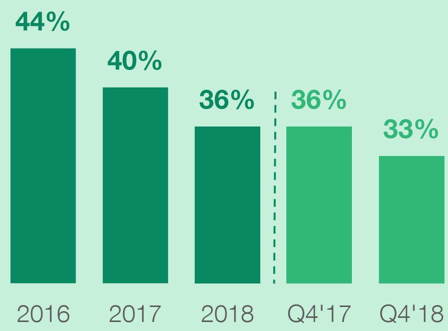
In FY 2018, non-GAAP S&M expense was $237.6M, or 36% of collections, **an improvement of more than 400 bps over 2017 and in line with our guidance**.

Marketing investment grew more than 20% y/y, yet we continue to gain leverage and maintain a Time to Return on Marketing Investment (TROI) of 7-9 months, indicating that our cost of acquiring new premium subscriptions remains steady relative to the amount of collections per new premium subscription. We are able to maintain this TROI due to product improvements driving better conversion and higher ARPS, advertising that is more efficient and the strengthening of our brand.

We plan to expand into new market opportunities in 2019, most notably the professional website designer and developer markets. To do so, we will invest in our go-to-market execution in 2019, which includes hiring sales and account management teams and increasing advertising to these markets.

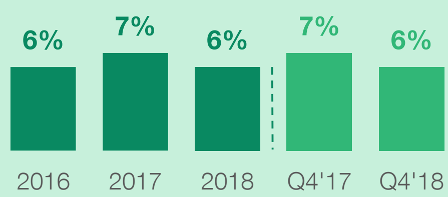
Non-GAAP G&A expense was $11.2M in Q4 compared to $9.8M in Q3 and $9.5M in Q4 2017. Consistent with prior years, G&A expenses have increased in parallel with the growth of our overall business. Non-GAAP G&A expense was 6% of collections in Q4, the same as in Q3 and down slightly from 7% in Q4 2017.

Non-GAAP S&M as a % of Collections



Marketing investment grew more than 20% y/y, yet we continue to gain leverage and maintain a Time to Return on Marketing Investment (TROI) of 7-9 months

Non-GAAP G&A as a % of Collections



Non-GAAP operating income in Q4 was $18.8M, or 11% of revenue, an all-time high and an increase of 94% y/y compared to Q4 2017. **In FY 2018, non-GAAP operating income was $47.2M, an increase of over 400% versus the previous year.**

Free cash flow in Q4 was $32.7M, compared to $23.7M in Q3 and $19.6M in Q4 2017, an increase of 67% y/y. The increase was primarily driven by a record $36.1M in net cash provided by operating activities. **In 2018, we increased free cash flow by 44% y/y, reflecting the leverage we continue to realize in our business model.**

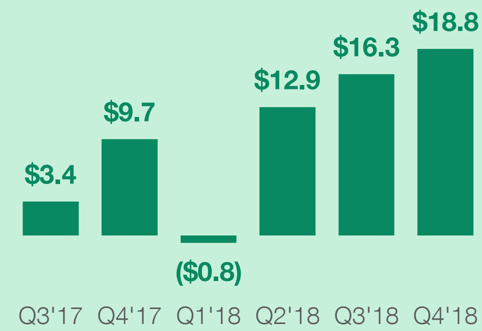
Capital expenditures were $3.4M in Q4, compared to $3.9M in Q3 and $5.4M in Q4 2017. For the full year 2018, capital expenditures were $14.1M, driven mainly by leasehold improvements and equipment to support our growing headcount.

We ended 2018 with $752.0M in cash on the balance sheet and $339.0M in long-term debt. The cash and debt balance reflects $384.8 million in net proceeds from the convertible notes we issued in June 2018. As required by GAAP, a portion of the convertible note was booked in equity.

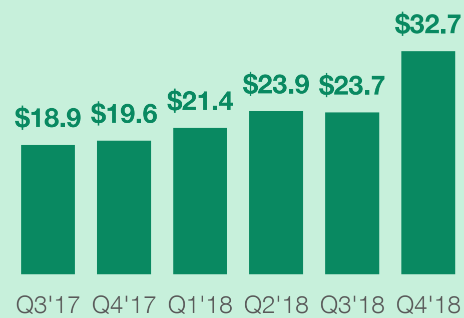
Our total employee headcount was 2,487 as of the end of 2018.

At the end of 2018, our basic weighted average share count was approximately 48.0 million and our weighted average fully diluted share count was approximately 57.8 million, which includes the impact from the cashless net exercise of options that began in Q1 2018.

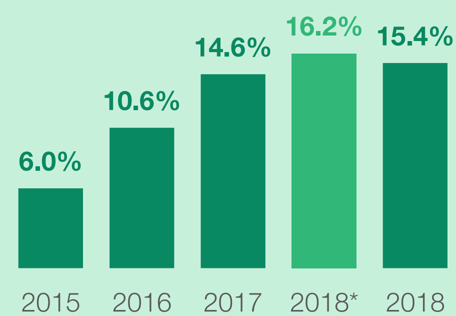
Non-GAAP Operating Income (Loss) (in millions)



Free Cash Flow (in millions)



Free Cash Flow as a % of Collections



**2018 Collections incl Google on a net basis*

User Cohort Performance

The top line growth of our business is primarily driven by the improving performance of user cohorts, which we acquire through our strategic investment in marketing activities. Three primary factors drive successful performance of these cohorts:

- Growth in the number of users
- Conversion of registered users to premium subscriptions
- Increasing monetization per subscription, which we illustrate through ARPS

While we closely monitor each of these factors, it is not our objective to maximize each one individually. **Our primary measure of success and efficiency of our investment in marketing is the Time to Return on Marketing Investment, or TROI.** We aim to return 100% of our direct marketing investment dollars through collections generated from user cohorts within a 7-9 month period. **How we return this marketing investment may be driven by growth of registered users, conversion or renewal of premium subscriptions or ARPS. Above all, maximizing overall collections from each user cohort to reach our TROI goal is our focus.**

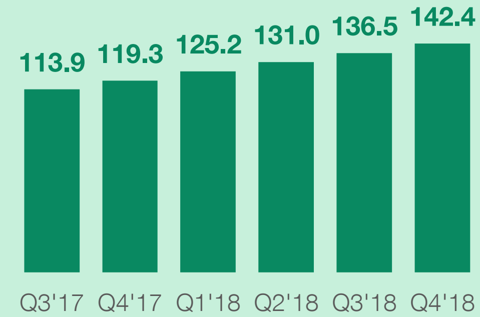
User Cohort Performance Update

In the fourth quarter, we added 5.9 million registered users, bringing total registered users to over 142 million, a 19% increase over last year. Registered users include users that registered through early stage products, such as Wix Logo Maker.

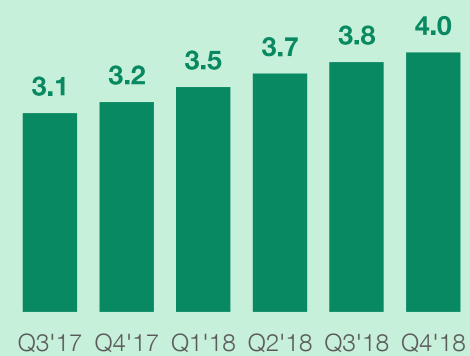
Our user cohorts continued to exhibit consistent behavior through the fourth quarter of 2018:

- Existing user cohorts, in aggregate, continue to produce more collections on a year over year basis, before adding the collections we generate from the newest user cohort
- With the addition of our newest user cohort in Q4 2018, **we now expect future collections of all existing cohorts to be $5.1 billion over the next 8 years**, based on current cohort behavior. We have increased

Total Registered Users (in millions, at the end of the period)



Total Premium Subscriptions (in millions)



this figure by 38%, or roughly $1.4 billion, in the last year

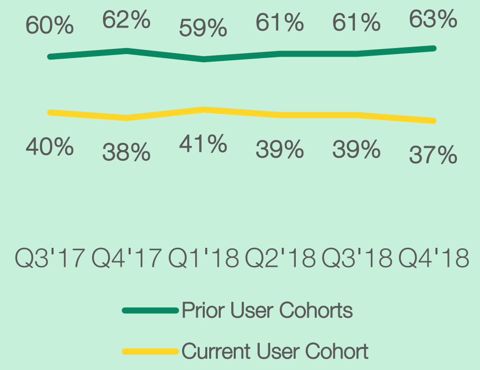
- Based on the historical behavior of our user cohorts, we approximate that for each 100K new premium subscriptions, we will generate over $165 million over eight years, at an 80% gross margin and with minimal marketing investment

Total premium subscriptions at the end of the fourth quarter were 4.0 million, or 24% higher than the fourth quarter of 2017. **We added 147K net premium subscriptions in the fourth quarter.** The slower growth y/y in net premium subscription additions was in-line with our expectations, based on the evolution of our strategy to acquire higher value users, as explained in the sections above. Higher ARPS allowed us to achieve our TROI goals with fewer new subscriptions. The fourth quarter was also the first quarter in which our lowest priced subscription package was removed in the U.S.

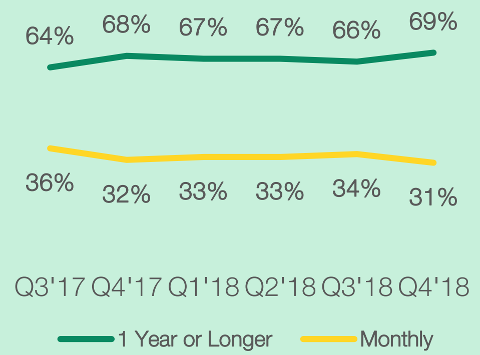
By focusing on higher ARPS to achieve our TROI goals, we are able to generate more value per user cohort. As shown in the Cumulative Collections from Q1 User Cohorts in our Q4 and FY 2018 Earnings Slides, the value of the Q1'18 user cohort was 21% higher than the value of the Q1'17 user cohort after 4 quarters.

During the quarter, 69% of gross subscriptions were annual or longer in term while 31% were monthly. As of the end of the fourth quarter, 83% of all subscriptions were annual or longer in term. The new cohort generated 37% of gross subscriptions in the quarter while existing cohorts comprised 63% of gross subscriptions.

% Gross New Subscriptions by Cohort



% Gross New Subscriptions by Package Duration



Product Updates

Wix is committed to delivering a best-in class product experience that provides all current and potential users with the tools they need to create without limits. **In 2018, we rolled out a record-breaking number of products, and in 2019, our focus will be expanding our markets and delivering these products to more of our users than ever before.**

Experts & Agencies

In the last few years, we have expanded our product portfolio to offer solutions for users of any type and skill level to build and manage their websites and businesses online. From Wix ADI to Wix Code, we offer tools that cover a wide spectrum of users and use cases.

The introduction and continued improvements to Wix Code allow us to enter the professional market with a product that provides a first-rate experience and improves efficiency for its potential users.

Wix Experts

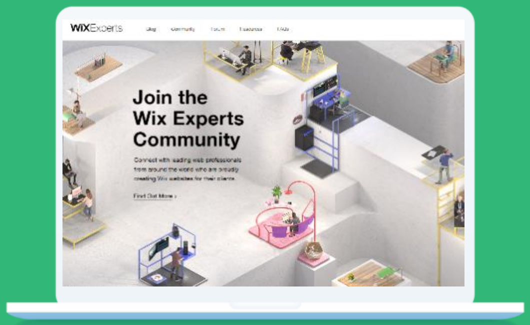
Independent or freelance designers and small agencies that build websites for others have been a part of the Wix ecosystem for many years. These Experts often use a wide variety of our products, and we are always looking for ways to enable them to be successful on our platform.

With Wix Code as well as the enhancements to the **Wix Arena**, we have an even stronger offering to increase our share of this market. We also have introduced additional products and business management tools for these experts, such as the **Wix Experts Dashboard,** further enabling this community to build their businesses using Wix.

Agencies

We are in the process of building a team that will focus on engaging with and advising design agencies, which are typically larger businesses that employ large teams to build sites and applications. To meet the needs of this type of client, we are hiring an account sales and management team. We believe this go to market strategy will allow us to showcase the

Experts & Agencies



Wix ADI

Templates

Wix Editor

Business-ready components

Wix Code

improved workflow and efficiency the full Wix platform can deliver to these agencies.

These efforts have already begun and we are seeing early success.

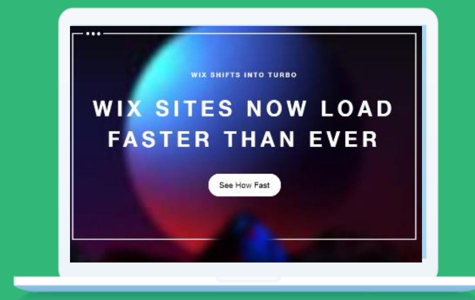
Wix Turbo

This quarter, we are rolling out Wix Turbo, a platform-wide performance boost that improves speeds across Wix websites. With Wix Turbo, Wix sites are faster than ever.

As we have introduced more complex and sophisticated products, the functionality of our platform has risen and so have our standards for performance. Wix users will start to see videos and images loading faster than ever before. We have also introduced a set of features to enhance a visitor's experience with Wix sites on mobile devices.

Wix Turbo is an ongoing project, as we will continue to improve performance and functionality in the coming quarters.

Wix Turbo

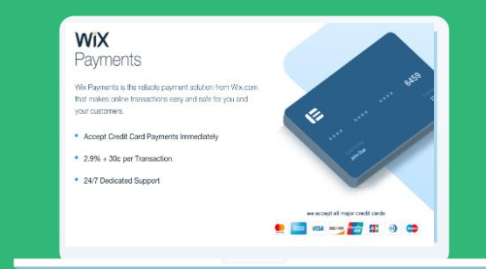


Wix Payments

Last quarter, we announced Wix Payments, a comprehensive payments platform to help users manage and grow their business. Wix Payments allows users to set up, accept and track payments through the entire financial flow - from sale to payout - in one place without the need to integrate third party payment providers.

Wix Payments is made for any type of business taking payments online including e-commerce retailers, service providers, restaurants, hotels, musicians, photographers and many more. We believe that the combination of Wix Payments with verticals on Wix Code increases our opportunity, as professionals can incorporate our payments product into more robust sites with higher gross merchandise value (GMV). Wix Payments users benefit from managing their entire business, from orders to payments, on one platform, including reviewing transaction and payout details in the Wix Payments Dashboard. Wix Payments users are charged a rate similar to the industry standard.

Wix Payments



Wix Payments is currently available in Brazil and the U.S. and is in the process of being rolled out across major markets in Europe. We expect to roll out Wix Payments in additional markets throughout the year.

Ascend by Wix

In December, we launched Ascend by Wix, a suite of approximately 20 products that allows businesses to easily connect with and manage their customer base, as well as promote and grow their brand and business online. **Ascend by Wix is now open to 100% of users in all languages.**

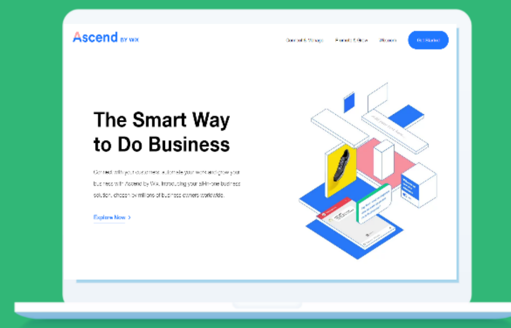
All current and new users can access Ascend through their dashboard, by adding Ascend tools within the Editor, through the auto-installed Chat app within ADI and through other places throughout the Wix funnel. We continue to optimize the exposure of Ascend to both new and existing users and are pleased with the results so far.

Wix Answers

Early last year, we launched Wix Answers, a powerful online customer support platform that lets businesses help their customers across multiple channels. We recently signed an agreement with MyHeritage, which will be utilizing the Wix Answers Knowledge Base, ticketing system and call center tools. This is one of the first enterprise class clients to use the full Wix Answers product.

With this success and continued positive feedback from clients using Wix Answers, we are the in the process of hiring a team to expand the reach of this product.

Ascend by Wix



Wix Answers

MyHeritage

Business Outlook

Overview of Outlook

Our initial outlook for 2019 reflects the continued strength of our business driven by offering the broadest, best-in-class product platform to millions of users to build websites.

In determining our guidance for the year, we have incorporated the following:

- Historical data on the performance of our user cohorts, including increases in conversion and ACPS to date, and adoption of TPAs including G-Suite
- Wix Payments forecast based on historical data
- Preliminary data on Ascend, which we continue to optimize
- Wix Logo Maker, based on historical data

We have not included sales to agencies, higher priced packages sold to the professional market, additional optimization of Ascend, conversion improvements and Wix Answers.

Given the introduction of several new products and expansion into new markets, our collections, revenue and free cash flow may be more heavily weighted in the second half of the year as compared to previous years.

Our guidance also includes additional investment in our business to execute on our goals of driving continued top line growth. In 2019, we plan to invest an additional $15-20 million in the following areas:

- Increasing advertising activities in the professional market
- Building an account sales and marketing team to address the needs of agencies
- Increasing our Customer Support headcount to drive growth in subscription conversion and monetization

The resulting top line growth from this incremental investment is largely not included in our revenue and collections guidance for 2019.

Q1’19 Guidance

GAAP Revenue

$172-173 million

25-26% y/y growth

Collections

$196-197 million

23% y/y growth

FY’19 Guidance

GAAP revenue

$755-761 million

25-26% y/y growth

Collections

$817-827 million

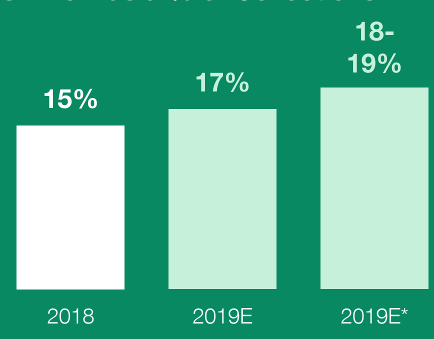
24-26% y/y growth

Free cash flow

$135-140 million

33-38% y/y growth

Cash Flow as a % of Collections



**2019E excluding $15-20 million of incremental investment; based on the midpoint of 2019 collections guidance*

Outlook Summary
For Q1 2019, we expect the following:

- Revenue of $172-173 million, reflecting y/y growth of 25-26%
- Collections of $196-197 million, a y/y increase of 23%

For FY 2019, we expect the following:

- Revenue of $755-761 million, reflecting y/y growth of 25-26%
- Collections of $817-827 million, reflecting y/y growth of 24-26%
- Free cash flow of $135-140 million, reflecting y/y growth of 33-38%

At the high end of these guidance ranges, free cash flow would be 17% of collections, a ~150 bps improvement over 2018. Excluding the additional $15-20 million investment we plan for 2019, free cash flow guidance would be $150-155 million, or 48-53% y/y growth and 18-19% of the high end of collections guidance, a ~300-350 bps improvement over 2018.

Note that our guidance assumes FX rates remain constant as of the date of guidance.

Additional Guidance
We are providing the following additional guidance for FY 2019:

- **Non-GAAP gross margin:** we expect non-GAAP gross margin of approximately 78% of revenue in 2019. This reflects the expected impact from Wix Payments, revenue from which will be recognized on a gross basis, and growth in the sale of TPAs, including G-Suite

- **Non-GAAP selling and marketing expense:** we expect S&M expense on a non-GAAP basis to be approximately 36% of collections. This level supports the incremental investment in our go-to-market strategies for expanding into the professional market. Excluding the additional $15-20 million investment we plan, we expect non-GAAP S&M expense would be approximately 34% of collections

Additional 2019 Guidance

Non-GAAP gross margin
~78% of revenue
for FY 2019

Non-GAAP selling and marketing expense
~36% of collections
for FY 2019

Total Non-GAAP operating expenses
~65% of collections
for FY 2019

Non-GAAP tax expenses
~$5-6 million
for FY 2019

Capital expenditures
~$21-22 million
for FY 2019

- **Non-GAAP operating expense:** we expect total non-GAAP operating expenses to be roughly 65% of collections. Excluding the additional $15-20 million investment we plan, we expect non-GAAP operating expenses would be approximately 63% of collections

- **Non-GAAP tax expenses:** we expect total non-GAAP tax expenses to be $5-6 million

- **Capital expenditures:** we anticipate capital expenditures of approximately $21-22 million, primarily driven by leasehold improvements and equipment purchases as our employee base grows

- **Depreciation:** we expect depreciation to be approximately $12 million

- **Share based compensation expense:** we expect SBC expense to be roughly $102-104 million

- **Share count:** we estimate we will have approximately 52-53 million basic shares outstanding at the end of full year 2019
    - Please note that basic weighted average shares outstanding is equal to fully diluted weighted shares outstanding to calculate fully diluted EPS as long as there is a GAAP net loss, which we anticipate will be the case for 2019

  We estimate that we will have approximately 61-62 million fully diluted shares outstanding at year-end, including the impact from the cashless net exercise.

  Assuming the full impact of the cashless net exercise program in 2019, fully diluted shares outstanding would be approximately 1.8 million lower at year-end.

	FYE 2019
Basic Shares Outstanding	52-54 million
Fully Diluted Shares Outstanding	61-62 million
Est. impact of cashless net exercise	(1.8 million)
Fully Diluted Shares Outstanding, incl. cashless net exercise	59-60 million

Additional 2019 Guidance

Depreciation
~$12 million
for FY 2019

Share based compensation expenses
~$102-104 million
for FY 2019

Basic shares outstanding
~52-54 million
at FYE 2019

Fully diluted shares outstanding
~61-62 million
at FYE 2019

Notes and Modeling Clarifications

- *Revenue recognition:* throughout 2019, we plan to report revenue as a single line item. Revenue derived from Wix Payments will be recognized on a gross basis.
- *Premium subscriptions:* we will continue to report premium subscriptions as we have in the past – each subscription represents a single website package purchased by a registered user. A registered user may purchase more than one premium subscription. Users that have purchased an Ascend by Wix subscription are not double-counted. We also do not include users who make a one-time purchase of a logo from the Wix Logo Maker. Wix Answers subscriptions that are purchased are also not counted as a separate premium subscription. We also do not include Flok or DeviantArt users in our user or subscription numbers.
- *ARPS*: We calculate ARPS as total revenue over the last four quarters divided by the average number of premium subscriptions (as defined in the Modeling Clarifications above) over the same period
- *Free Cash Flow*: We view free cash flow as the best metric by which to measure the profitability of our business, due to the large amount of deferred revenue we recognize in a given period
- *Average Collections per New Subscription in the US* includes collections only from new yearly subscriptions purchased in the US and paid in USD, excluding collections from subscriptions purchased on sale days or using coupons. We show this data to illustrate the early signs of a trend that we believe will continue, however this represents a small portion of our total business
- The financial results for Q4 and FY 2018 are presented in this document under ASC 606 as well as ASC 605 for comparability purposes. Q4 and FY 2017 financial results are presented under ASC 605. A reconciliation of the fourth quarter 2018 results under ASC 606 and ASC 605 appears in our press release
- The financial results are also presented in this document, unless noted, using the change in accounting related to our revised agreement with Google, which we previously announced. Beginning in Q1 2018, we changed our method of accounting for revenue and collections from net (agent) to gross (principal). As previously stated, this impact is an approximately $30 million benefit to FY 2018 revenue. This impact also has resulted in a year-over-year decrease in our GAAP and non-GAAP gross margins

Conference Call and Webcast Information

Wix will host a conference call at 8:30 a.m. ET on Wednesday, February 20, 2019 to answer questions about the financial and operational performance of the business for the fourth quarter and full year ended December 31, 2018. The conference call will include a brief statement by management and will focus on answering questions about our results during the quarter. To enhance the Q&A portion of this call, the Company has posted a shareholder update and supporting slides to its Investor Relations website at https://investors.wix.com/. These materials provide shareholders and analysts with additional detail for analyzing results in advance of the quarterly conference call.

To participate on the live call, analysts and investors should dial +1-877-270-2148 (US/ Canada), +1-412-902-6510 (International) or 1-809-212-373 (Israel) at least ten minutes prior to the start time of the call and reference Conference ID WIX. A telephonic replay of the call will be available through February 27, 2019 at 11:59 p.m. ET by dialing +1-877-344-7529 and providing Conference ID 10128095.

Wix will also offer a live and archived webcast of the conference call, accessible from the "Investor Relations" section of the Company's website at https://investors.wix.com/.

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), non-GAAP net income (loss), non-GAAP net income (loss) per share, non-GAAP research and development, non-GAAP selling and marketing, non-GAAP general and administrative and free cash flow (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 expenses and amortization, divided by revenue. Non-GAAP operating income (loss) represents operating income (loss) calculated in accordance with GAAP as adjusted for the impact of share-based compensation expense, amortization, and acquisition-related expenses. Non-GAAP net income (loss) represents net loss calculated in accordance with GAAP as adjusted for the impact of share-based compensation expense, amortization, amortization of debt discount and debt issuance costs and acquisition-related expenses. 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. Non-GAAP research and development represents research and development expenses calculated in accordance with GAAP as adjusted for the impact of share-based compensation expense, acquisition-related expenses and amortization. Non-GAAP selling and marketing represents selling and marketing expenses calculated in accordance with GAAP as adjusted for the impact of share-based compensation expense, acquisition-related expenses and amortization. Non-GAAP general and administrative represents general and administrative expenses calculated in accordance with GAAP as adjusted for the impact of share-based compensation expense and acquisition-related expenses. 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 "Reconciliation of GAAP to Non-GAAP Financial Measures" below. The accompanying tables have more details on the GAAP financial measures that are most directly comparable to non-GAAP financial measures and the related reconciliations between these financial measures. The Company has not reconciled its free cash flow guidance to net cash provided by operating activities because net cash provided by operating activities is not accessible on a forward-looking basis. Items that impact net cash provided by operating activities are out of the Company's control and/or cannot be reasonably predicted. Accordingly, a reconciliation to net cash provided by operating activities is not available without unreasonable effort.

Forward-Looking Statements

This document contains forward-looking statements, within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 that involve risks and uncertainties. Such forward-looking statements may include projections regarding our future performance 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 document, 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 create new and higher monetization opportunities from our premium subscriptions; our ability to enter into new markets and attract new customer segments; our ability to maintain and enhance our brand and reputation; our prediction of the future collections generated by our user cohorts; our share repurchases made pursuant to our share repurchase plan; our ability to manage the growth of our infrastructure effectively; our ability to effectively execute our initiatives to scale and improve our user support function; the success of our sales efforts; customer acceptance and satisfaction of new products and other challenges inherent in new product development; changes to technologies used in our solutions; or changes 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.

Reconciliation of GAAP to non-GAAP measures

in 000s	2016				2017				2018			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Revenue	$61,586	$68,730	$75,611	$84,176	$92,538	$103,522	$111,031	$118,545	$137,775	$146,132	$155,600	$164,197
Change in deferred revenue	$14,108	$12,723	$11,659	$13,476	$22,008	$13,599	$9,088	$13,658	$21,880	$13,763	$7,177	$11,861
Collections	$75,694	$81,453	$87,270	$97,652	$114,546	$117,121	$120,119	$132,203	$159,655	$159,895	$162,777	$176,058

in 000s	2016				2017				2018			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
GAAP Gross Profit	$51,079	$57,712	$64,587	$71,438	$77,675	$85,497	$92,204	$100,869	$108,731	$115,695	$122,623	$129,708
Share Based Compensation	$428	$475	$466	$429	$506	$695	$783	$946	$1,079	$1,087	$1,102	$1,150
Amortization	$0	$0	$0	$0	$0	$1,040	$757	($1,292)	$142	$142	$142	$142
Acquisition Related Expenses	$0	$0	$0	$0	$28	$0	$0	$0	$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	$116,924	$123,867	$131,000
Non-GAAP Gross Margin %	*84%*	*85%*	*86%*	*85%*	*85%*	*84%*	*84%*	*85%*	*80%*	*80%*	*80%*	*80%*

in 000s	2016				2017				2018			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Research and development (GAAP)	$24,472	$25,483	$26,536	$28,877	$32,669	$36,749	$40,252	$43,965	$46,502	$48,492	$49,360	$54,558
Share Based Compensation	$3,111	$3,558	$3,718	$4,156	$4,726	$6,586	$7,190	$7,725	$8,485	$9,470	$10,372	$11,090
Amortization	$137	$136	$138	$136	$136	$138	$136	$136	$137	$136	$137	$136
Aquisition related expenses	$1,183	$397	$514	$614	$1,713	$860	$889	$2,107	$1,095	$1,084	$261	$125
Non-GAAP research and development	$20,041	$21,392	$22,166	$23,971	$26,094	$29,165	$32,037	$33,997	$36,785	$37,802	$38,590	$43,207
% of collections	*26%*	*26%*	*25%*	*25%*	*23%*	*25%*	*27%*	*26%*	*23%*	*24%*	*24%*	*25%*
Selling and marketing (GAAP)	$40,454	$36,026	$40,010	$40,022	$54,329	$48,016	$51,184	$50,906	$67,011	$58,855	$62,247	$61,065
Share Based Compensation	$981	$1,122	$1,237	$1,213	$1,419	$1,778	$1,826	$1,562	$2,042	$2,352	$2,597	$2,779
Amortization	$50	$50	$50	$50	$50	$62	$55	$1,535	$309	$453	$454	$454
Aquisition related expenses	$0	$0	$0	$0	$611	$0	$0	$496	$237	($138)	$0	$0
Non-GAAP selling and marketing	$39,423	$34,854	$38,723	$38,759	$52,249	$46,176	$49,303	$47,313	$64,423	$56,188	$59,196	$57,832
% of collections	*52%*	*43%*	*44%*	*40%*	*46%*	*39%*	*41%*	*36%*	*40%*	*35%*	*36%*	*33%*
General and administrative (GAAP)	$5,921	$6,693	$7,073	$7,281	$11,148	$11,295	$12,222	$13,521	$13,670	$14,855	$14,514	$16,258
Share Based Compensation	$1,617	$1,772	$1,743	$2,022	$2,331	$2,920	$3,236	$3,471	$4,068	$4,860	$4,689	$5,108
Acquisition related expenses	$0	$0	$0	$0	$1,413	$0	$0	$540	$96	$0	$0	$0
Non-GAAP general and administrative	$4,304	$4,921	$5,330	$5,259	$7,404	$8,375	$8,986	$9,510	$9,506	$9,995	$9,825	$11,150
% of collections	*6%*	*6%*	*6%*	*5%*	*6%*	*7%*	*7%*	*7%*	*6%*	*6%*	*6%*	*6%*

in 000s	2016				2017				2018			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
GAAP Operating Loss	($19,768)	($10,490)	($9,032)	($4,742)	($20,471)	($10,563)	($11,454)	($7,523)	($18,452)	($6,507)	($3,498)	($2,173)
Share Based Compensation	$6,137	$6,927	$7,164	$7,820	$8,982	$11,979	$13,035	$13,704	$15,674	$17,769	$18,760	$20,127
Amortization	$187	$186	$188	$186	$186	$1,240	$948	$379	$588	$731	$733	$732
Acquisition Related Expenses	$1,183	$397	$514	$614	$3,765	$860	$889	$3,143	$1,428	$946	$261	$125
Non-GAAP Operating Income (Loss)	($12,261)	($2,980)	($1,166)	$3,878	($7,538)	$3,516	$3,418	$9,703	($762)	$12,939	$16,256	$18,811

in 000s	2016				2017				2018			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
GAAP Net Loss	($19,912)	($11,420)	($9,643)	($5,921)	($20,885)	($14,264)	($14,519)	($6,605)	($19,811)	($5,640)	($5,916)	($5,753)
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	$19,446	$24,719	$26,523
Non-GAAP Net Income (Loss)	($12,230)	($3,713)	($1,569)	$2,957	($7,952)	($185)	$353	$7,235	($2,121)	$13,806	$18,803	$20,770

in 000s	2016				2017				2018			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net cash provided by operating activities	($925)	$11,314	$10,470	$19,714	$16,397	$19,651	$22,063	$24,941	$24,779	$27,268	$27,607	$36,055
Capital expenditures, net	($1,209)	($1,129)	($1,046)	($1,031)	($1,616)	($2,239)	($3,128)	($5,386)	($3,358)	($3,411)	($3,916)	($3,391)
Free Cash Flow	($2,134)	$10,185	$9,424	$18,683	$14,781	$17,412	$18,935	$19,555	$21,421	$23,857	$23,691	$32,664

in 000s	Full Year 2014	2015	2016	2017	2018
Revenue	$141,841	$203,518	$290,103	$425,636	$603,704
Change in deferred revenue	$29,414	$38,169	$51,966	$58,353	$54,681
Collections	$171,255	$241,687	$342,069	$483,989	$658,385

in 000s	Full Year 2014	2015	2016	2017	2018
Net cash provided by operating activities	($803)	$20,876	$40,573	$83,052	$115,709
Capital expenditures, net	($5,619)	($6,342)	($4,415)	($12,369)	($14,076)
Free Cash Flow	($6,422)	$14,534	$36,158	$70,683	$101,633

in 000s	2017 Q4	2018 Q4	Full Year 2016	2017	2018
Revenues	$118,545	$164,197	$290,103	$425,636	$603,704
Collections	$132,203	$176,058	$342,069	$483,989	$658,385
Non-GAAP Gross Profit	$100,523	$131,000	$246,614	$359,708	$481,743
Gross Margin %	*85%*	*80%*	*85%*	*85%*	*80%*
Non-GAAP R&D expenses	$33,997	$43,207	$87,570	$121,293	$156,384
% of revenues	*29%*	*26%*	*30%*	*28%*	*26%*
% of collections	*26%*	*25%*	*26%*	*25%*	*24%*
Non-GAAP S&M expenses	$47,313	$57,832	$151,759	$195,041	$237,639
% of revenues	*40%*	*35%*	*52%*	*46%*	*39%*
% of collections	*36%*	*33%*	*44%*	*40%*	*36%*
Non-GAAP G&A Expenses	$9,510	$11,150	$19,814	$34,275	$40,476
% of revenues	*8%*	*7%*	*7%*	*8%*	*7%*
% of collections	*7%*	*6%*	*6%*	*7%*	*6%*
Non-GAAP Operating Income (Loss)	$9,703	$18,811	($12,529)	$9,099	$47,244
% of revenues	*8%*	*11%*	*(4%)*	*2%*	*8%*
% of collections	*7%*	*11%*	*(4%)*	*2%*	*7%*
Non-GAAP Net Income (Loss)	$7,235	$20,770	($14,555)	($549)	$51,258