Fourth Quarter and Full Year 2016

Wix.com

Shareholder Update

Our focused investment in product, as well as our efficient user acquisition and branding strategies continue to have meaningful positive impacts on our overall business growth and financial results. Q4 was no exception as we **achieved record quarterly financial performance while, once again, exceeding the high end of our financial guidance for all key metrics.**

Our Q4 2016 performance was highlighted by accelerating collections growth to 46% and revenue growth to 48% year over year, record conversion of registered users to premium subscriptions, record collections per new annual subscription in the US, and greater adoption of our vertical solutions. We also achieved a major milestone by delivering our **first quarterly non-GAAP profit**. The inflection to non-GAAP profitability was stronger than expected, highlighting the flexibility and scalability of our low, fixed-cost model.

The fourth quarter capped what was a truly exceptional year for Wix in 2016:

- Collections grew 42% over the prior year – faster growth than in 2015; GAAP revenue grew 43% year over year
- Net premium subscriptions increased by nearly 698,000 to 2.5 million, 39% over the prior year
- Collections per new annual subscription in the US increased 16% year over year to $153
- Registered users increased 20 million to 97.4 million
- Free cash flow increased 149% year over year to $36.2 million – we generated more free cash flow in Q4 2016 than in all of 2015
- Released many new products and updates to our Wix OS platform, including Wix ADI, the mobile Wix App, and several vertical solutions including market leading portfolio features for photographers

Fourth Quarter Financial Highlights

Collections

$97.7 Million (+46% y/y)

GAAP Revenue

$84.2 Million (+48% y/y)

Free Cash Flow

$18.7 Million (+122% y/y)

Registered Users

97 Million (+26% y/y)

Premium Subscriptions

2.5 Million (+39% y/y)

Full Year 2016 Financial Highlights

Collections

$342.1 Million (+42% y/y)

GAAP Revenue

$290.1 Million (+43% y/y)

Free Cash Flow

$36.2 Million (+149% y/y)

Our consistent outperformance confirms that leveraging our software investments and utilizing technology to execute our marketing strategy leads to strong financial returns.

We have a robust product development pipeline planned for 2017 and plan to introduce a new product to our user and developer communities that significantly expands the capabilities of our platform and further strengthens our technology leadership.

Fourth Quarter Highlights

Q4 outperformance highlighted by acceleration of top line growth, exceeding top end of guidance: Our business continues to perform better than expected as we set a new record for quarterly revenue and collections and exceeded the high end of our prior guidance. Revenue grew 48% year over year in Q4 vs. 41% last quarter; collections growth accelerated to 46% from 42% in Q3.

Sharp profit inflection and cash flow generation: Operating losses turned to operating profits during the quarter as we delivered our first quarterly profit ever. Non-GAAP operating income was $3.9 million in Q4 compared to a loss of $1.2 million in Q3 and our outlook for breakeven. We generated positive free cash flow of $18.7 million in the quarter. Our ability to deliver high growth, profitability, and positive cash flow AT SCALE is unique amongst our peers and is a direct result of our product innovation and marketing execution. Adjusted EBITDA was positive for the seventh consecutive quarter, at a record $17.9 million and was also above the high end of our guidance.

Continued improvement in key performance metrics: Our focus on product and technology, as well as our effective marketing and branding, drove further improvement in our key performance metrics:

Fourth Quarter Financial Performance

	Actual Results	Prior Guidance
GAAP Revenue	$84.2 million	$81-82 million
Collections	$97.7 million	$93-94 million
Adj. EBITDA	$17.9 million	$14-15 million

- Registered Users increased 5.0 million during the quarter, bringing our total user base to 97.4 million as of the end of Q4

- Premium Subscriptions increased 39% year over year to 2.5 million. We added 171,000 net premium subscriptions during the quarter

- Conversion of new registered users to paid subscriptions during the quarter improved once again during Q4 and reached a new all-time high. The continued improvement in conversion is a result of ongoing enhancements to Wix ADI, our editor platform, and the improved functionality of our Wix OS

- Collections per new annual subscription in the US increased for the fourth consecutive quarter to $153, and we exited 2016 with collections per new subscription $21 higher than at the end of 2015. This increase was mainly due to a higher mix of subscriptions for higher-tiered packages and those with a vertical application, as well as increasing App Market purchases

Added more new vertical application subscriptions during Q4 than in any quarter to date: The percent of new subscriptions with a vertical application attached continues to increase, highlighted by 15% of our net subscriptions in Q4 coming from e-commerce subscriptions. Growth of e-commerce and other transaction-enabled subscriptions continues to exceed our overall subscriptions growth, underscoring our broad reach with all many types of small businesses. We ended Q4 with 332,000 e-commerce subscriptions.

Positive trends continue with Wix ADI: We have made enhancements to Wix ADI since it launched and remain very excited by the trends we are seeing and its positive impact on our conversion and vertical application adoption.

Strong growth and profitability outlook for 2017: We grew our top line in 2016 faster than in 2015 and we remain very optimistic about our ability to continue delivering strong growth, higher profitability and increased cash flow in 2017.

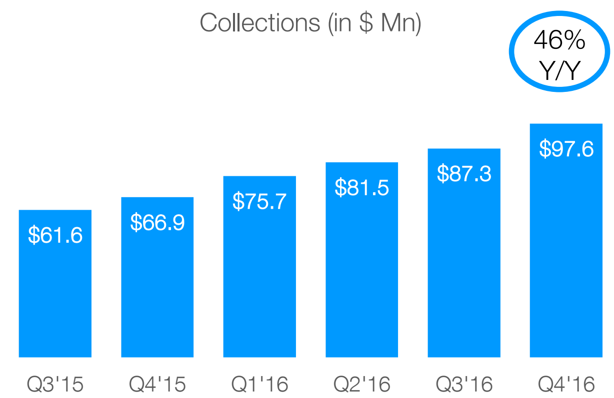
Financial Performance

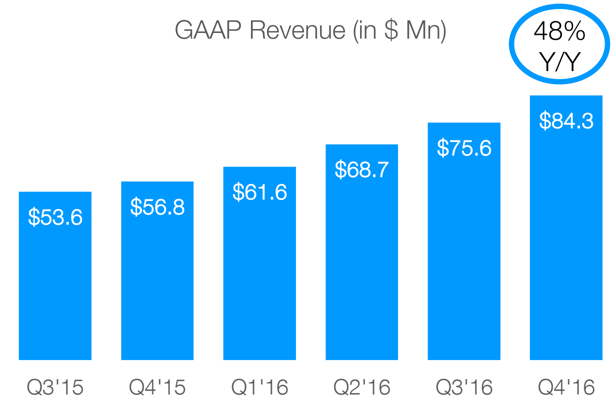
Collections were $97.6 million in Q4, above the high end of our guidance range of $93-94 million. Growth in quarterly collections accelerated to 46% year over year from 42% year over year last quarter. **The $10 million sequential increase in collections during Q4 was our highest such increase ever,** and we increased at nearly twice the rate as last quarter ($5.8 million) and Q4 last year ($5.3 million). Collections for the full year 2016 were $342.1 million, an increase of 42% over the prior year. This growth was well above our original expectations for the year.

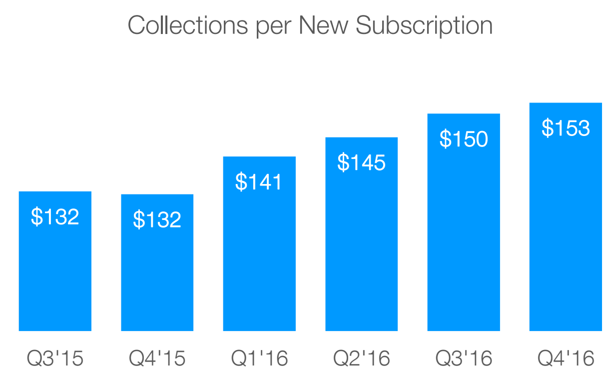
GAAP revenue was up 48% year over year to $84.3 million and also exceeded the high end of our prior guidance of $81-82 million. Revenue growth accelerated from 41% year over year last quarter. For the full year 2016, GAAP revenue was $290.1 million, an increase of 43% over the prior year.

Our top line growth accelerated in both the quarter and full year 2016. This outstanding top line performance was a result of continued improvements in conversion of registered users to premium subscriptions, strong renewal activity, and higher collections per new annual subscription in the US.

We continue to see a greater preference by new users for subscriptions with a vertical application attached, in particular Wix Bookings and Wix Stores. In fact, we saw more new subscriptions for vertical solutions in Q4 than any prior period. As a result, collections per new annual subscription in the US increased for the fourth consecutive quarter – growing 16% year over year to $153 from $132 at the end of 2015.







Source: Data based on New Annual Subscriptions; US Only

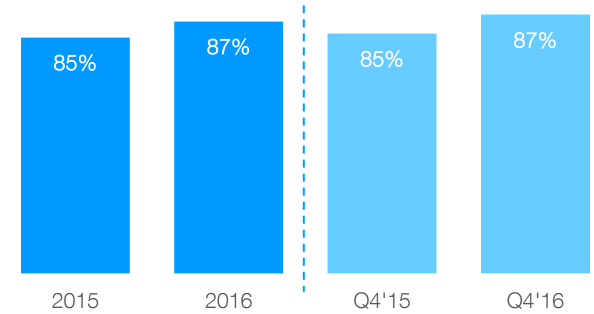
We also continue to see increased activity in our App Market with app purchases in the quarter up 51% year over year. These strong trends demonstrate the tremendous value the new products and services we introduced earlier in 2016 present to small businesses and highlight our ability to build and offer businesses increasing functionality.

Our gross margin on a non-GAAP basis was 85% of revenue in Q4 compared to 84% last year and was 87% of collections, compared to 85% in Q4 last year. For the full year 2016, non-GAAP gross margin was 85% of revenue and 87% of collections, compared to 83% and 85%, respectively. **We continue to deliver strong gross margins** by leveraging our relationships with third-party providers to effectively manage our hosting costs and scale benefits. Our non-GAAP gross margin remains consistent with the long-term target we shared at our analyst day in Q2'16.

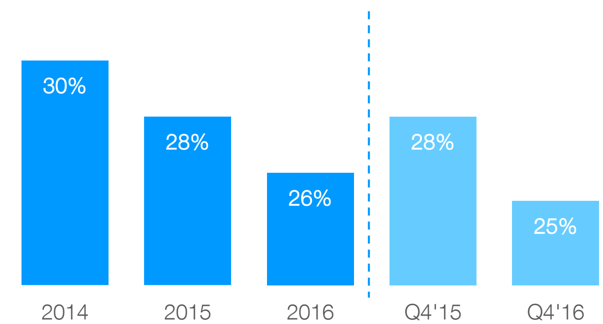
R&D expense in the quarter on a non-GAAP basis increased to $24.0 million compared to $18.9 million in Q4 last year due to higher headcount to further enhance our platform with new products and vertical solutions. R&D expense fell to 25% of collections in Q4 compared to 28% of collections in Q4 last year as **we continue to generate incremental leverage on our technology investments on a year over year basis.** R&D fell to 26% of collections in 2016 from 28% in 2015, and we continue to track very well against our long-term target of 18-20%.

Non-GAAP S&M expense during the quarter was $38.8 million, or 40% of collections, compared to $29.4 million, or 44% of collections, last year. By continuing to optimize our channel and geographic mix, we are able to continue growing our marketing investment year over year and remain within our TROI (Time to Return on Investment) range of 7-9 months. **Our ability to increase our global marketing efforts while remaining within our TROI target range is a significant achievement and a testament to the**

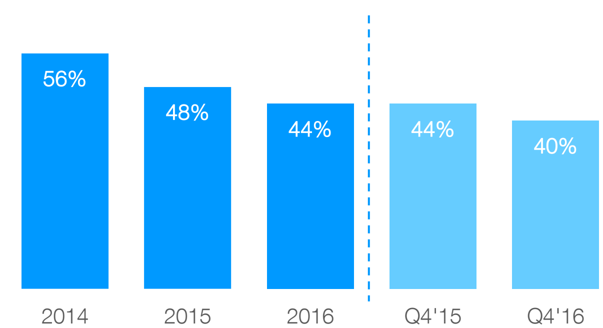
Non-GAAP Gross Margin as a % Collections



Non-GAAP R&D as a % Collections



Non-GAAP S&M as a % Collections



increasing efficiency of our direct response advertising, increased brand awareness and the continued improvement in our product.

Non-GAAP S&M expense was $151.8 million in 2016, or 44% of collections, compared to $116.7 million in 2015, or 48% of collections. S&M expense grew 30% year over year, but our efficiency improved as we generated positive incremental margin on the additional investment and ended within our previously provided guidance range. We continue to effectively leverage technology to execute our marketing strategy and are progressing very well towards our long-term target of S&M at 30% of collections.

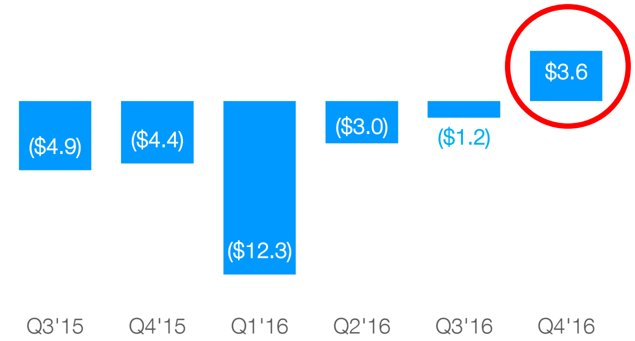
Non-GAAP G&A expense was $5.3 million in Q4 compared to $3.7 million last year. For 2016, non-GAAP G&A increased to $19.8 million from $14.5 million in 2015 due to increased headcount and other costs related to the growth of the company.

Q4 was a milestone for the company as we generated our first profit with non-GAAP operating income of $3.6 million compared to a loss of $4.4 million last year. The stronger than expected inflection to non-GAAP operating profitability versus our prior outlook to be approximately breakeven during the quarter highlights the incredible flexibility and scalability of our low, fixed-cost model.

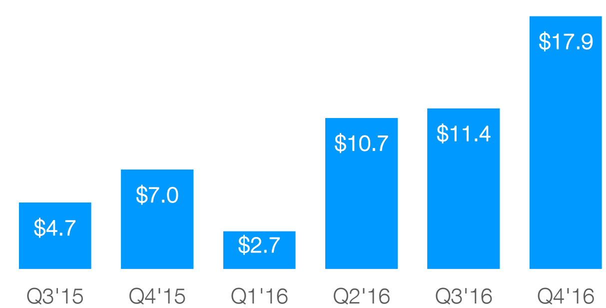
Adjusted EBITDA was $17.9 million, up from $7.0 million in the same quarter a year ago and well above our prior record of $11.4 million set in Q3 2016. Q4 was our **highest ever sequential increase in Adjusted EBITDA.**

As a percent of collections, our Adjusted EBITDA margin was 18% in Q4 compared to 13% last quarter. Our performance this quarter once again exceeded the high end of our guidance range as it has in each quarter since we became a public company. For the full year 2016, Adjusted EBITDA was up 189% year over year to $42.6 million compared to $14.7 million in the year ago quarter. As a reminder, this is the last time we will refer to Adjusted EBITDA as a non-GAAP metric.

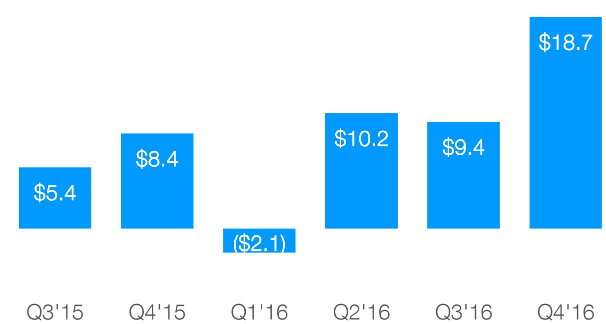
Non-GAAP Operting Loss (in $ Mn)



Adjusted EBITDA (in $ Mn)



Free Cash Flow (in $ Mn)



Free cash flow during the quarter grew to $18.7 million from $8.4 million in Q4 2015, an increase of 122%. We generated $36.2 million in free cash flow in 2016 compared to $14.5 million in 2015, and our cash balance at the end of the year was $172 million. We ended the fourth quarter with 1,361 employees.

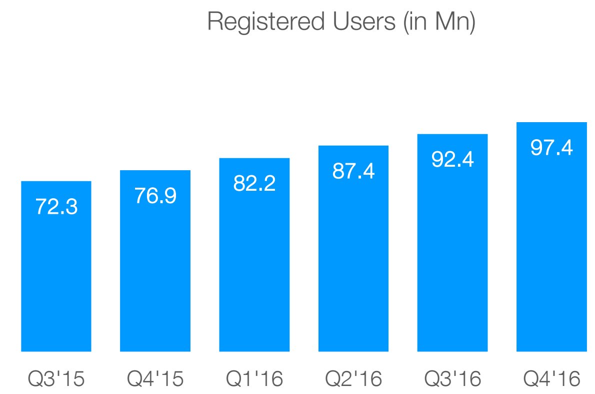
Registered Users and Premium Subscriptions

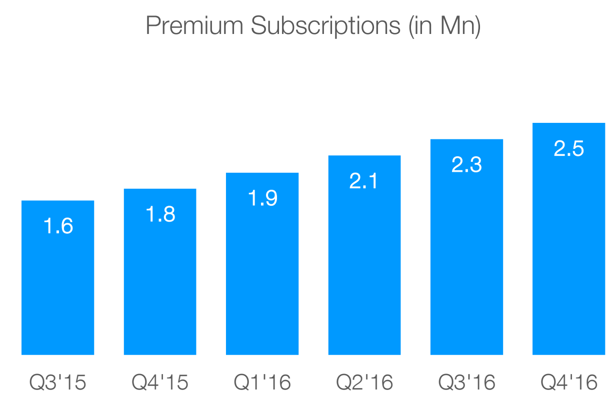
Our freemium business model and outstanding product experience remain critical selling points for users coming to Wix, and we continue to grow our audience with the addition of user cohorts that will generate significant value over time. **We expect our existing user cohorts to produce over $1.8 billion in value over the next six years without any further investment in marketing.**

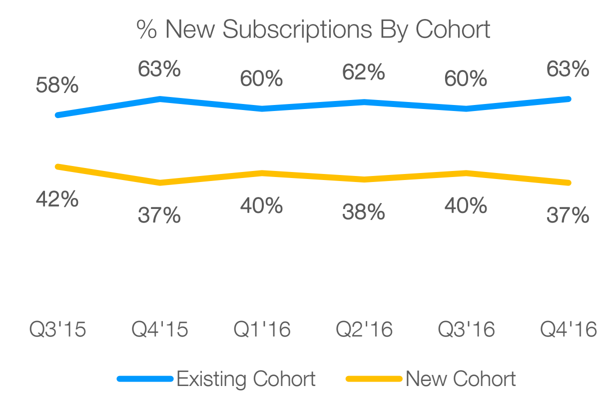
In Q4, we added another five million new registered users, bringing our total registered user base to 97 million as of the end of the quarter. We are excited to share we have since eclipsed 100 million users in 2017.

Our performance in Q4 marks the fourth consecutive quarter we have grown our user base by five million and highlights the tremendous growth opportunity we see ahead in 2017 and beyond. Our ability to consistently grow our user base at such a healthy pace is the direct result of the large and global addressable market, execution of our direct marketing strategy and the rapidly growing awareness of our brand.

Our cohorts continue to demonstrate negative churn. We added 171,000 net premium subscriptions in Q4, compared to 125,000 in Q4 last year, and total subscriptions at the end of the quarter were up 39% year over year to 2.5 million. Conversion of new and existing registered users into premium subscriptions reached an all-time high in Q4 due to positive experiences with Wix ADI, our vertical solutions, and enhancements made to our core editor.







In Q4, 63% of our new subscriptions came from users who joined in prior quarters. These new subscriptions consist of users that had already registered with Wix, were using our product, and required no significant additional marketing dollars to convert. Our opportunity to convert a large cohort of existing users is unique to our freemium business model amongst our peers.

We continue to benefit from optimization of our acquisition funnel, which has enabled us to successfully capture incremental monthly subscriptions over the past three quarters, including Q4. As our promotional activity normalized in Q4 compared to Q3, the mix of new annual subscriptions was closer to historic levels. During Q4, 72% of new subscriptions purchased were for periods of one year or longer with the remaining 28% being monthly subscriptions. As of the end of Q4, 83% of our subscriptions are annual subscriptions or longer.

#DisruptiveWorld Super Bowl LI Campaign

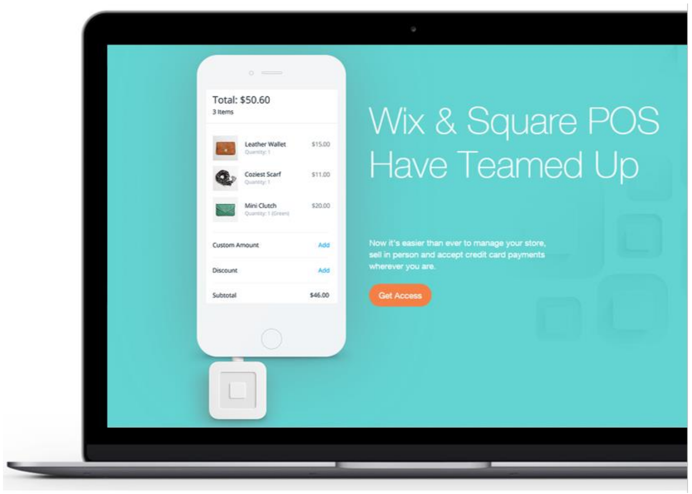
We launched our #DisruptiveWorld Super Bowl LI campaign in mid-January. The campaign was launched live on Facebook Live and YouTube Live in what we believe was an industry first for a Super Bowl campaign. The campaign message was focused on the Wix user and how we act as enablers for their businesses in an often disruptive world. Our 30-second spot marked our third time running a Super Bowl ad. The extended campaign included video, email marketing, digital advertising, social media activations, contests and multi-channel engagement opportunities. The campaign was hugely successful in targeting our audience, new and potential users and in increasing brand awareness. **According to Visible Measures, Wix was the most viewed campaign prior to the Super Bowl.**

Product Updates

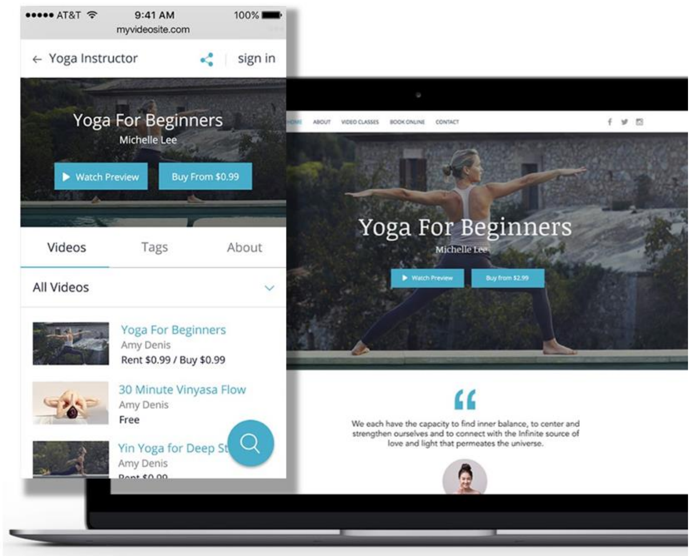
Software and technology is our core, and our ability to continuously innovate our products based on the regular feedback we solicit from our user and developer communities is one of our greatest strengths. We are constantly developing and testing new products that expand the capabilities of our platform and strengthen our technology leadership.

Below are some of the product enhancements and introductions we have made since we reported our Q3 results in November:

Wix ADI: We continue to see very strong engagement from new users to our platform with Wix ADI and remain excited about the potential of this product to drive further improvement in our key performance and financial metrics. Wix ADI is driving several positive trends including an impact on our overall conversion, increased vertical application adoption, and shorter time to site creation. It remains early in the life cycle of this product, and we will continue to improve and enhance Wix ADI throughout 2017.



Square integration: We launched a partnership with Square to give Wix merchants and entrepreneurs in North America a new way to transact. The Square integration improves payment processing and allows both online and in-person payments via a mobile device based point of sale (POS). In addition, a new user can create a stunning Wix Store and, with a few clicks, manage both store operations as well as synch online and offline merchandise via the Wix App with the ability to accept payments online or in-person with Square.



Wix Video: Wix Video enables users to showcase, promote, and sell videos online without a commission. The product was developed with filmmakers, educators, fitness instructors, and musicians in mind. Users can easily sell subscriptions and on-demand access videos with tools to manage libraries and channels, as well as tools to measure video performance.

Acquisition of flok: Wix acquired flok, a customer loyalty and engagement platform to strengthen our CRM product and technology. flok's solutions are designed to increase customer value, generate organic referrals and boost small and medium businesses' online presence and reputation. The move supports Wix's strategic plan to further increase its portfolio of business technology solutions to give small and medium businesses easy ways to engage and reward their customers.

Business Outlook

As we look ahead, we will continue to drive growth through:

- Developing innovative technologies that allow users to more easily create a stunning online presence and manage and grow their business. We believe there is still a large number of businesses worldwide that have a need for these solutions.

- Acquiring premium subscriptions efficiently while growing our brand globally. Our strategy has proven very successful to date, and we intend to continue.

In 2017, our initiatives in the following areas will enable us to deliver on these growth drivers:

- **Deeper product capabilities:** We will invest in product development to offer deeper functionality across our existing and new vertical solutions. We will also invest in horizontal services that enable our products to integrate more seamlessly. These efforts further position us as a platform on which users can manage and grow their business and not just a build a website.

- **Mobile capabilities:** We see an opportunity to drive even stronger user engagement on mobile. We will invest in providing a more feature rich mobile website experience and further enhance the Wix App with more features and functionality.

- **Community outreach:** We will empower and grow our incredible community of passionate Wix users to growing our brand globally in local markets.

With the investments we have made to date and the investments still to come, we are better positioned for growth than at any time in our history. In light of our investments, our proven business model and our disciplined financial management will enable us to deliver stronger profit margins and higher free cash flow.

We exited 2016 on a very strong trajectory and are very excited about our momentum going into 2017. Our investments in these areas are reflected in our outlook and expectations below. Note, our outlook contains forward looking statements that are based on current expectations and assumptions.

For 2017, we expect the following:

- Revenue in the range of $409 to $411 million, an increase of 41% to 42% year over year
- Collections in the range of $452 to $458 million, representing annual growth of 32% to 34%
- Free Cash Flow of $71 to $72 million. As a percent of collections, free cash flow is expected to be 16% in 2017 compared to 11% in 2016. We will no longer report adjusted EBITDA beginning in Q1 2017. We will provide guidance for free cash flow and other cash flow items for the full year and may update our full year guidance each quarter as necessary. We believe evaluating our business based on our ability to generate top line growth and free cash flow is most appropriate
- Non-GAAP gross margin of approximately 87% of collections
- Non-GAAP S&M expense to be approximately 40% to 41% of collections, and total non-GAAP operating expenses to be approximately 70% to 71% of collections for the full year
- Annual stock-based compensation expense of approximately $39 million for the full year, capex of roughly $6 million, acquisition-related costs of roughly $2 million, and depreciation expense of approximately 1% of collections
- We expect our basic share count will be approximately 48 to 49 million shares outstanding at year end and our fully diluted share count will be roughly 57 to 58 million shares outstanding

2017 Non-GAAP Financial Outlook

	2016A	2017E	Q1'17E
GAAP Revenue	$290	$409-411	$89-90
% Y/Y	*43%*	*41-42%*	*45-46%*
Collections	$342	$452-458	$107-109
% Y/Y	*42%*	*32-34%*	*41-44%*
Gross Margin (% collections)	87%	~87%	
S&M (% collections)	44%	40-41%	~46%
OpEx (% collections)	76%	70-71%	
Depreciation (% collections)	1%	~1%	
Adjusted EBITDA	$43	$79-80[1]	
% Collections	*12%*	*17%*	
Less: CapEx	$4	~$6-7	
Less: Acq. Related Costs	$3	~$2	
Free Cash Flow	$36	$71-72	
% Collections	*11%*	*16%*	
SBC Expense	$28	~$39-40	
Basic Shares O/S	44mn	48-49mn	
Fully Diluted Shares O/S		57-58mn	

(In $ millions)

[1] Going forward after this earnings release, we will no longer report Adjusted EBITDA as a key metric. Going forward, we will report and provide annual guidance for Free Cash Flow only. The Adjusted EBITDA figure provided here will be done so for the last time and is by reference only in order to aid investors in the transition between our use of Adjusted EBITDA and Free Cash Flow

For the first quarter of 2017, we expect the following:

- Revenue in the range of $89 to $90 million, representing 45% to 46% annual growth

- Collections of $107 to $109 million, representing 41% to 44% year over year growth

- S&M as a percent of collections at approximately 46%, down from 52% in Q1 2016. We expect S&M expense as a percent of collections to be highest in Q1, as it has been historically, due to the timing of our branding initiatives, including our Super Bowl campaign.

Conference Call and Webcast Information

Wix.com will host a conference call at 8:30 a.m. ET on Wednesday, February 15, 2017 to answer questions about the financial and operational performance of the business during the fourth quarter 2016. 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, supplemental data sheet and supporting slides to its Investor Relations website at https://investors.wix.com/results.cfm. 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 866-393-4306 (US/Canada), 734-385-2616 (International) or 1-809-315-362 (Israel) at least ten minutes prior to the start time of the call. A telephonic replay of the call will be available through February 22, 2017 at 11:59 p.m. ET by dialing 855-859-2056 (US/Canada) or 404-537-3406 (International) and providing Conference ID: 60437734.

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/.

Forward-Looking Statements

This Shareholder Update 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 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.

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. Beginning with our Q1 2017 earnings release, we do not intend to report or provide guidance for Adjusted EBITDA going forward. Adjusted EBITDA for 2016 and 2015 in this earnings release have been presented on the same basis.

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 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.