

SHAREHOLDER UPDATE

FIRST QUARTER 2018



Q1 Operating Metrics



New Registered Users Added

5.9 M

Net Premium Subscriptions Added

231 K

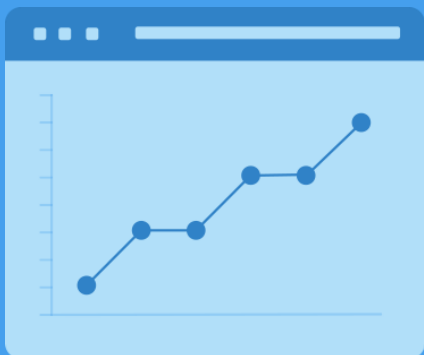
Total Registered Users

125 M (+21% y/y)

Total Premium Subscriptions

3.5 M (+29% y/y)

Q1 Financial Metrics



GAAP Revenue

\$137.8 M (+49% y/y)

Collections

\$159.7 M (+39% y/y)

Net Cash Provided by Operating Activities

\$24.8 M (+51% y/y)

Free Cash Flow

\$21.4 M (+45% y/y)

Earnings Highlights

- **Strong start to the year with revenue and collections both exceeding expectations**
- **Newest user cohort is the largest ever – expected to generate over \$370 million in collections over the next eight years based on current cohort behavior**
- **Record FCF demonstrates positive returns from investments**
- **Strong momentum in product innovation**

First Quarter Highlights

Strong start to the year with all key metrics once again exceeding high end of expectations

- The continued improvements across products, marketing execution and increasing strength in our brand drove strong financial results in Q1
- Revenue in Q1 was \$137.8M, up 49% y/y and ahead of the top end of guidance
- Collections in Q1 were \$159.7M, up 39% y/y and above our expectations
- Improvements to existing products and new product development continue to be the primary drivers of conversion and retention exceeding expectations. Improved marketing execution and continued strength of our brand also contributed to the outperformance this quarter

Record conversion drove strong user cohort performance

- Conversion of registered users to premium subscriptions continued to increase through Q1 driven by continued product development and outstanding execution of our data-driven marketing strategy
- **The Q1 2018 user cohort is off to a stronger start than any prior cohort and is expected to generate approximately \$370 million in collections over the next eight years based on current cohort data**
- **Over the last three years, we have increased the users in our Q1 user cohorts by 30% while increasing the premium subscriptions in the first quarter by 107%**
- Our prior cohorts continue to behave in a predictable, stable way
- Retention was again very strong and improving, demonstrating that users are higher quality, are staying longer and that they are finding value in the product

Free cash flow of \$21.4 million is the highest ever in a quarter

- Y/Y growth in FCF was 45%, reflecting leverage in our business model, specifically over investments in marketing and R&D

Q1 Results vs. Guidance

GAAP Revenue

Actual Results

\$137.8 million

Prior Guidance

\$135-136 million

Collections

Actual Results

\$159.7 million

Prior Guidance

\$157-158 million

Free Cash Flow

Actual Results

\$21.4 million

Strong momentum in product innovation continues

- **Wix Code is gaining traction and is showing strong early results.**
Existing users and as well as experts and professionals are utilizing key features of Wix Code to build more sophisticated web applications on Wix
- We continue to develop and improve Wix Code, gaining useful feedback that is helping shape our roadmap
- **Wix ADI continues to be a positive contributor to overall conversion improvements, and we are experiencing early success in non-English speaking markets where we have introduced the product**
- We introduced several new products this quarter, including Wix Answers, demonstrating our strength in product innovation

Increasing 2018 outlook to reflect continued confidence in growth and free cash flow generation

- Revenue outlook for 2018 increased to \$594-597 million from its previous range of \$591-595 million
- Collections outlook for 2018 increased to \$651-657 million from its previous range of \$645-653 million
- We have also increased our outlook for 2018 free cash flow to a range of \$100-102 million, an increase from the previous range of \$98-100 million

Financial Performance

The following financial results for Q1 2018 are presented under ASC 606 as well as ASC 605 for comparability purposes. First quarter of 2017 financial results are presented under ASC 605. A reconciliation of the first quarter 2018 results under ASC 606 and ASC 605, as well as a reconciliation of other non-GAAP measures discussed in this document, are presented in the tables of our Q1 2018 earnings press release.

The following results are also presented, unless noted, using the change in accounting we announced last quarter related to our revised agreement with Google. Beginning in Q1 2018, we changed our method of accounting for revenue and collections from net (agent) to gross (principal). Throughout this document, we refer to this change as the “Google agreement accounting change”.

Revenue in Q1 was \$137.8M, up 49% y/y, exceeding the high end of our guidance range of \$135-136M. Under ASC 605, Q1 revenue would have been \$134.6 million, an increase of 45% y/y

Revenue as reported in the first quarter includes a \$7.3 million benefit due to the Google agreement accounting change

Collections in Q1 were \$159.7M, up 39% y/y, and exceeded the high end of our guidance range of \$157-158M.

- **Higher than expected conversion and renewal rates as well as marketing execution and brand strength were the primary drivers of the outperformance of collections and revenue this quarter**
- Collections also include a \$7.3 million benefit related to Google agreement accounting change
- Changes in currency rates positively impacted collections in Q1 by approximately \$4 million as the Euro and British Pound strengthened on a y/y basis relative to the US Dollar

Revenue (in millions)



Collections (in millions)



Average revenue per subscription (ARPS), calculated as total revenue over the last four quarters divided by the average number of subscriptions over the same period, continues to increase driven by adoption of vertical applications, third party applications including G-Suite and an improved mix of higher priced subscription packages.

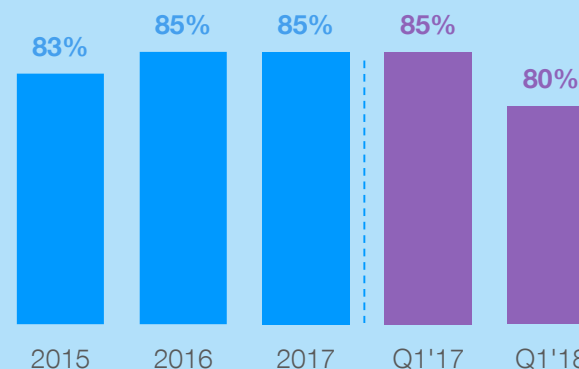
Average Collections per New Subscription in the US rose sequentially in Q1. Note that we will no longer provide this metric given the changes to our Google partnership agreement and additional monetization models we are introducing, including Wix Answers, which will make this metric more difficult to compare to historical periods. We believe that ARPS is the best measurement of our monetization per subscription going forward.

Non-GAAP gross margin was 80% of revenue in Q1. Under ASC 605, first quarter 2018 non-GAAP gross margin as a percent of revenue would have also been 80%. **Gross margin is not comparable to prior periods due to the Google agreement accounting change beginning in Q1 2018.** We continue to benefit from scale, efficient resource management and the use of multiple providers to meet the growing bandwidth and storage needs of our users.

Non-GAAP R&D expense was \$36.8M in Q1 compared to \$34.0M in Q4 2017 and \$26.1M in Q1 2017. As a percent of collections, R&D expense fell to 23% in Q1 2018, an improvement compared to Q4 when it was 26% and equal to Q1 2017 when it was also 23%.

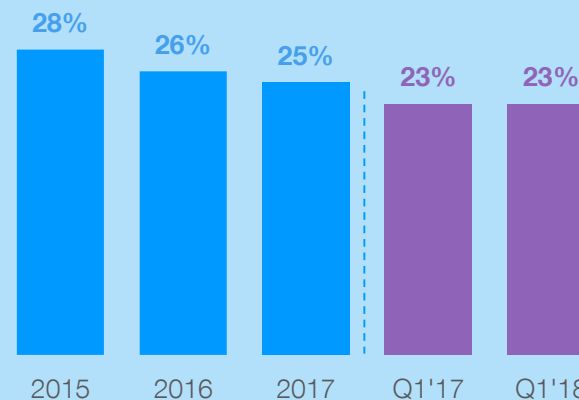
The incremental margin on R&D expenses is a reflection of our ability to drive positive returns through investment in product development and innovation. We have proven that investment in R&D fuels future growth in our business. Positive returns have clearly been observed through the success of several products, such as our vertical applications and Wix ADI, and we continue to invest in new products to drive growth, most notably Wix Code.

Non-GAAP Gross Margin



Note: Beginning in Q1 2018, gross margin % includes the impact of the Google agreement accounting change. This change, in which we recognize revenue from the sale of the G-Suite application, increases revenue and cost of revenue by the same amount, decreasing gross margin

Non-GAAP R&D as a % of Collections

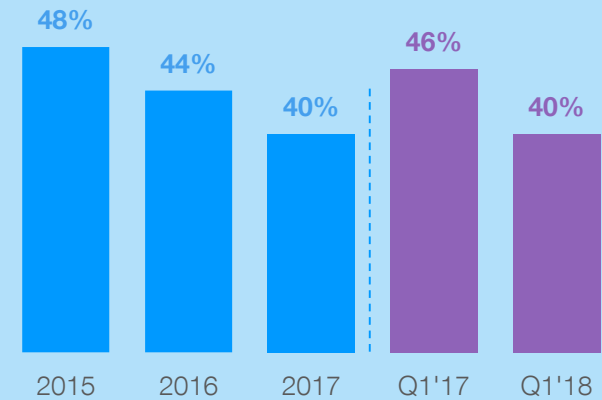


Non-GAAP S&M expense was \$64.4M in Q1 compared to \$47.3M in Q4 2017 and \$52.2M in Q1 2017. As a percent of collections, S&M expense was 40% in Q1 compared to 36% in Q4 2017 and 46% in Q1 2017. **We beat our previous guidance of S&M as 41% of collections in Q1 2018 due to higher than expected collections.** S&M spend is generally a higher percent of collections in Q1 compared to other quarters due to the seasonal increase in advertising and brand investment. Q1 typically also includes expenses related to our Super Bowl campaigns.

We continue to increase marketing spend while maintaining our time to return on investment, or TROI, at 7-9 months due to product improvements that drove better conversion, more efficient advertising and the strengthening of our brand.

Non-GAAP G&A expense was \$9.5M in Q1 compared to \$9.5M in Q4 2017 and \$7.4M in Q1 2017. G&A expense increased on a year-over-year basis due to increasing headcount and overhead expenses related to the growth of our overall business. G&A expense was 6% of collections in Q1 2018, down from 7% in Q4 2017 and steady with the 6% in Q1 2017.

Non-GAAP S&M as a % of Collections



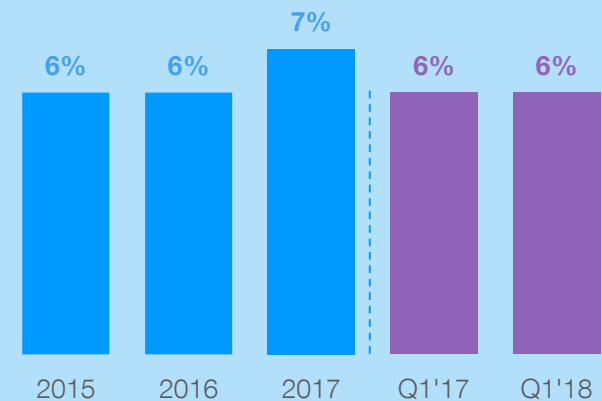
TROI:

Time to Return On (Marketing) Investment

The time it takes to collect dollars from new premium subscriptions acquired in a cohort to equal dollars spent on direct marketing costs in the same cohort

We aim for 100% TROI in 7-9 months

Non-GAAP G&A as a % of Collections



Non-GAAP operating loss was \$(0.8)M, compared to operating income of \$9.7M in Q4 2017 and operating loss of \$(7.5)M in Q1 2017.

Free cash flow rose to \$21.4M, compared to \$19.6M in Q4 2017 and \$14.8M in Q1 2017, an increase of 45% y/y. We mentioned last quarter that we anticipated FCF to be sequentially flat or down compared to Q4 2017 due to increased marketing expenses; however, in Q1 2018 we benefitted from increasing leverage in the model, primarily over our R&D investments. **Free cash flow has continued to grow at a higher rate than collections due to the leverage we continue to realize over the investments in our business.**

We view free cash flow as the best metric by which to measure the profitability of our business, as opposed to operating income or net income, due to the large amount of deferred revenue we recognize in a given period. Because income statement-based profitability measures are derived from revenue, they fail to account for all of the cash we collect in a period, much of which is due to the sale of annual and longer term subscriptions that are amortized in revenue over their term. Furthermore, in quarters where we exceed our expectations for collections, we increase marketing expense in the latter weeks of the quarter in order to remain within our TROI, further decreasing income statement profitability.

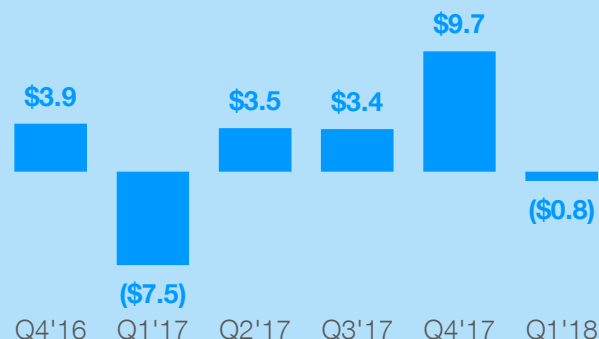
Free cash flow fully captures all of the cash that we collect in a period through the sale of annual and longer-term subscriptions, which account for roughly 65-70% of our quarterly gross subscription additions. This properly aligns the timing of cash we collect with our marketing expenses.

We ended Q1 2018 with \$297M in cash on the balance sheet and \$1.2M in long-term debt.

Our total employee headcount stood at 2,103 as of the end of the first quarter.

At the end of Q1 2018, our basic share count was approximately 47 million and our fully diluted share count was approximately 58 million.

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



Free Cash Flow (in millions)



Registered Users and Premium Subscriptions

We continue to create new user cohorts that we expect to generate a significant amount of collections over a long period. **Every 100,000 new subscriptions is expected to create over \$165 million in collections over the next eight years**, at an 80% gross margin and without the need for significant marketing investment, based on current cohort behavior.

Our existing user cohorts also continue to exhibit net negative churn. New subscriptions are added to existing user cohorts at greater numbers than cancellations. The net addition of these subscriptions occurs even before we invest in marketing to create a new user cohort. This behavior is a key benefit of our freemium business model and a testament to our strong product offering and user satisfaction.

This strength of our model means that our existing user cohorts are expected to generate over \$4.2 billion in collections over the next eight years, based on current cohort behavior.

In Q1, we added 5.9 million registered users, bringing our total to 125 million. **Our mix of new registered user additions has improved over the last year as a result of our decision to focus marketing dollars on markets with higher conversion. In Q1 2018, new registered user additions grew nearly 10% y/y in select English-speaking markets.** We made our decision to focus on these markets based on our growing brand strength and presence of Wix ADI, and we are confident in our ability to increase users globally. This result is an illustration of our ability to allocate our marketing to the most efficient markets in order to achieve our TROI goal.

This quarter we also added a record 231,000 net premium subscriptions, compared to 170,000 in Q4 2017 and 208,000 in Q1 2017. We continue to generate improvements in conversion of users to premium subscriptions.

Total Registered Users (in millions)



+10%

Q1 2018 Y/Y increase in new registered user additions from select English-speaking markets

Total Premium Subscriptions (in millions)



Our Q1 2018 user cohort generated over 213,000 net premium subscriptions in its first quarter, the highest ever for a user cohort.

Over the last three years, new registered users in our Q1 user cohorts have increased by 30% while our first period subscriptions have increased by over 107%. Wix ADI, our vertical applications and other improvements to our products contributed meaningfully to this growth, a reflection of our ability to drive subscription growth through investment in product development.

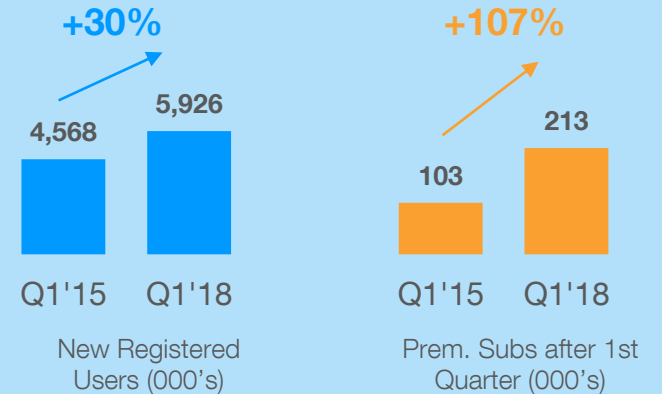
Based on the historical behavior of our user cohorts, we approximate that for each 100,000 new premium subscriptions, we will generate over \$165 million over eight years, at an 80% gross margin and with minimal marketing investment. This estimation is based on our modeling of the collections a cohort will generate over the next eight years. Our previous estimates used a six-year period, but we have increased our estimate to eight years given the consistent performance of our oldest cohort from Q1 2010. **Using this model, our Q1 2018 user cohort is expected to generate over \$370 million in collections over its first eight years based on current cohort behavior.**

These consistent improvements in conversion and retention demonstrate the continued advancement of our product offering, efficiency of our marketing investment and strengthening of our brand.

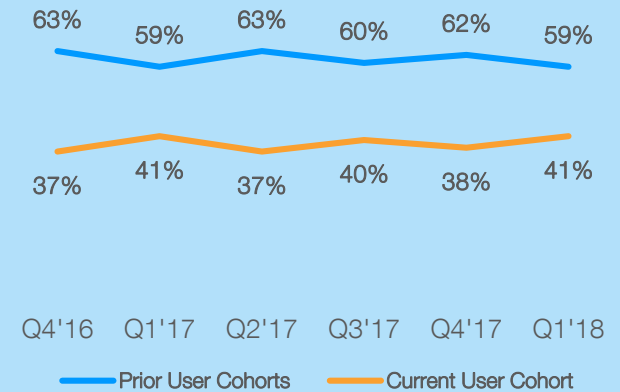
In Q1, 59% of gross subscription additions came from prior user cohorts, while 41% came from the Q1 2018 (current) user cohort. This ratio is consistent with prior Q1 periods. Please note that it is incorrect to apply these percentages to net subscription additions by cohort.

In Q1, 67% of gross subscription additions were packages with a term of one year or longer, while 33% were monthly.

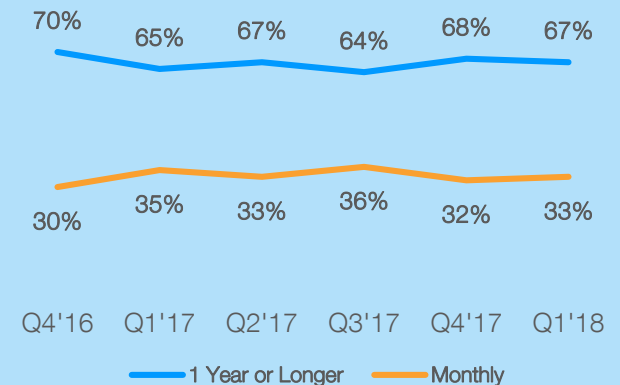
Increasing users and conversion driving growth



% Gross New Subscriptions by Cohort



% Gross New Subscriptions by Package Duration



Product Updates

Our vision remains to allow anyone to create anything online, regardless of the user's need or skill level. We execute this vision by developing innovative technology and products that are intuitive to use and give creative freedom to the user.

Our offering is anchored by the Wix Editor and bolstered by two products we have introduced and launched in the last two years, Wix Artificial Design Intelligence (ADI) and Wix Code. With this product platform, we are able to address the needs of any user, from the novice to the expert, and give them the ability to create any type of online presence.

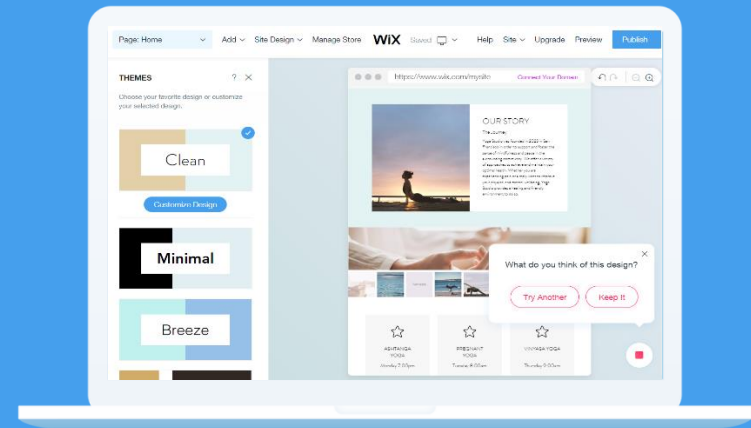
Wix ADI

Wix ADI allows a user to create a website tailored to their specific business – with its own content – in minutes. Users can publish a website created by ADI, or further modify it in the Wix Editor before publishing. **The combination of Wix ADI and the Wix Editor provides a powerful offering that we believe is unrivaled in the market today.**

Since the addition of Wix ADI to our platform in August 2016, conversion of users to premium subscriptions on Wix has increased meaningfully. Wix converted a larger number of users at a higher rate in its Q1 2018 cohort than in any previous Q1 cohort. We are already observing benefits to conversion in non-English speaking markets as well.

This performance proves the positive return of the incremental R&D investment in 2015 and 2016 related to ADI.

Wix ADI



Strong Traction for Wix Code

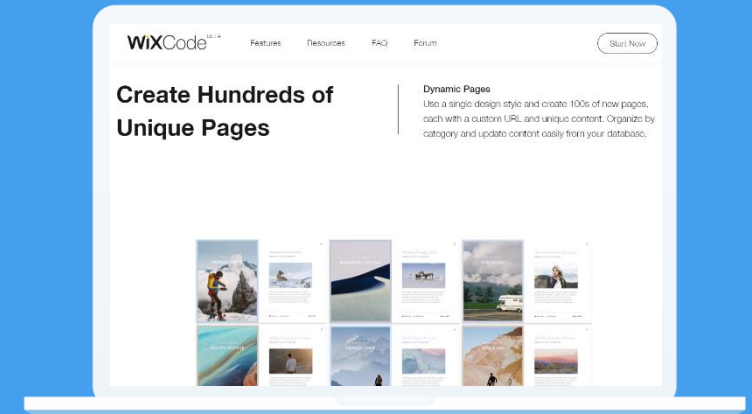
We continue to invest in Wix Code, a groundbreaking technology and product platform that enables designers and developers to create highly functional and robust websites and web applications. **Professionals who are using Wix Code are impressed with its ease of use and how it improves their efficiency by saving time and resources in creating advanced websites and applications.**

Wix Code has begun to drive improvements in overall conversion; however, its contribution to collections is immaterial at this point. We are very encouraged by these early signs of conversion from Wix Code, giving us confidence in the future of this product.

The numbers of users and sites built with Wix Code continue to increase and are ahead of our expectations. Sites built with Wix Code are generating significantly more traffic than sites built on Wix in the past. This indicates the needs professionals and experts have for a solution such as Wix Code. Existing users are a strong source of our Wix Code users today, but we are also attracting many new, more advanced users by increasing our marketing and branding activity into channels relevant for this audience.

Through the Wix Code Forum, we are building a strong community of users who share ideas and provide guidance to others. Thousands of users are contributing to the Forum, and we are gaining very useful feedback that is helping shape our roadmap for continued development. Some examples of recent improvements include enhancing the developer experience, increasing data management capabilities and improving overall performance. We continue to improve the capabilities of Wix Code, release new features, increase functionality and give users more power to create advanced websites and applications.

Wix Code



Wix Code users are utilizing the key features, such as databases, data binding, repeaters and dynamic pages to build an impressive and wide variety of sites. Examples of recently published Wix Code sites include:

- A job board that uses dynamic pages and category pages to list postings, as well as our new upload file feature to submit CVs
- A book-share directory that combines our Members Area feature with JavaScript code, allowing allows users to search and filter for specific books. This is a great example of a user that took an app that we had built and combined it with their own customizations
- An e-commerce site that used JavaScript to build a custom order form for customers to design their own version of the product offering
- A travel blog that uses a database, category pages and dynamic pages to organize a large quantity of content

We continue to believe that this product expands our addressable market significantly, but we do not expect meaningful incremental collections from Wix Code until late in 2018.

Wix Answers

In Q1 2018, we rolled out Wix Answers, a powerful online customer support platform that lets businesses help their customers across multiple channels. As more businesses move online, there is a growing need to provide online support to customers.

Wix Answers is the platform that currently serves as the support infrastructure for our over 127 million users. Wix Answers can be customized to any size business with an intuitive set-up and offers a fully-fledged knowledge base, ticketing system and call center. Wix Answers also offers integration with other platforms, actionable insights and an embeddable widget that can be used with any website. This product is available to current Wix users as a customer support solution and is also available to be purchased on a subscription basis by users externally.

Wix Answers



We believe that Wix Answers is a great example of the strength of Wix R&D, as a product developed in-house for our own use that is now shared and monetized externally. Rolling out Wix Answers did not require additional investment, and we do not expect meaningful incremental collections from it in 2018.

DeviantArt

We continue to update the DeviantArt platform and plan to re-launch it in 2018. We remain on track with our original plans. As stated previously, **we do not anticipate further investment in DeviantArt beyond what we outlined in our previous earnings calls and we do not expect it to generate incremental collections in 2018.**

Valuing Our Users' Privacy

At Wix, we care about our users' privacy and are committed to helping our users manage their data. We have developed several tools and knowledge base articles to help our users manage their data and help their customers manage their data as well. These tools will be available to our users globally and will also meet the guidelines of EU General Data Protection Regulation (GDPR) that will take effect May 25, 2018.

Our tools allow users to request or delete all personal data from the Wix platform. We have also built a dedicated feature for our users to handle their users' requests to acquire or delete data. In addition, we have created a dedicated support section on Wix Answers to help our users prepare to meet the GDPR guidelines. As part of this effort, we will update our Privacy Policy and Terms of Use.

We will continue to ensure that our users have all of the tools necessary to protect their data and their end users' data.

Business Outlook

The following guidance for Q2 2018 and the updated guidance for full year 2018 are based on ASC 606 and include the benefit from the Google agreement accounting change. This guidance can be compared to 2017 figures that were presented under ASC 606 with our Q4 2017 earnings release.

Our guidance reflects the strong start to our year and our continued confidence in the strength of our business. We believe we will continue to experience strong growth in revenue and collections while increasing free cash flow margins. Our methodology used in determining our guidance remains the same as we outlined last quarter.

For Q2 2018, we expect the following:

- **Revenue of \$144-145 million, reflecting y/y growth of 39-40%**
 - Excluding a \$8 million benefit from the Google agreement accounting change, the range would be \$136-137 million or 31-32% y/y growth
- **Collections of \$158-159 million, a y/y increase of 35-36%**
 - Excluding a \$8 million benefit from the Google agreement accounting change, the range would be \$150-151 million or 28-29% y/y growth

Our Q2 2018 guidance reflects anticipated headwinds to collections growth due to the 2018 World Cup, as we mentioned last quarter.

Q2'18 Guidance

GAAP Revenue

\$144-145 million

39-40% y/y growth

Collections

\$158-159 million

35-36% y/y growth

We are increasing our FY 2018 guidance as follows:

- **Revenue of \$594-597 million, reflecting y/y growth of 40% and higher than our prior guidance of \$591-595 million**
 - Excluding the \$30 million benefit from the Google agreement accounting change, the range would be \$564 - \$567 million or 33% y/y growth
- **Collections of \$651-657 million, a y/y increase of 35-36% and higher than our prior guidance of \$645-653 million**
 - Excluding the \$30 million benefit from the Google agreement accounting change, the range would be \$621 - \$627 million or 28-30% y/y growth
- **Free cash flow of \$100-102 million, reflecting y/y growth of 41-44% and higher than our prior guidance of \$98-100 million**

Increased FY 2018 Guidance

GAAP revenue

\$594-597 million

40% y/y growth

Prior Guidance: \$591-595 million

Collections

\$651-657 million

35-36% y/y growth

Prior Guidance: \$645-653 million

Free cash flow

\$100-102 million

41-44% y/y growth

Prior Guidance: \$98-100 million

We re-affirm the additional FY 2018 guidance that we provided previously, unless noted. All guidance is based on ASC 606 and the Google agreement accounting change.

- **Non-GAAP gross margin:** we expect non-GAAP gross margin of approximately 80% of revenue, which is lower than 2017 due to the impact of the Google agreement accounting change. This is in line with previous guidance
- **Non-GAAP Sales and Marketing Expenses:** S&M expense on a non-GAAP basis of 35-36% of collections for the full year 2018, in line with previous guidance
- **Non-GAAP Operating Expenses:** total non-GAAP operating expenses are expected to be 66-67% of collections for FY 2018, in line with previous guidance
- **FX rates:** Our guidance for revenue, collections, operating expenses and free cash flow assume current FX rates throughout the period
 - We have taken advantage of the strengthening US Dollar against the New Israeli Shekel and put in place hedges through December 2018. These hedges give us downside protection on our free cash flow

Additional 2018 Guidance

Non-GAAP gross margin

80% of revenue

for FY 2018

Non-GAAP sales & marketing expense

35-36% of collections

for FY 2018

Total Non-GAAP operating expenses

66-67% of collections

for FY 2018

Additional 2018 Guidance

Financial and other expenses

~\$6 million

for FY 2018

Tax expenses

~\$6 million

for FY 2018

Share based compensation expenses

~\$66-67 million

for FY 2018

Based shares outstanding

49-50 million

at FYE 2018

Fully diluted shares outstanding

59-61 million

at FYE 2018

- **Financial and other expenses:** approximately \$6 million for the full year 2018. These expenses are primarily driven by changes in currency and do not represent financing costs; therefore, please note this figure should only be used for modeling purposes and does not represent a forecast
- **Tax expenses:** approximately \$6 million for the full year 2018, in line with prior guidance
- **Capital expenditures:** we anticipate capital expenditures of \$12-13 million, primarily driven by leasehold improvements and equipment as our employee base grows. This outlook is consistent with the prior outlook
- **Depreciation:** approximately \$8 million for FY 2018
- **Share based compensation expense:** we now anticipate SBC expense to be approximately \$66-67 million for the full year 2018. This increase is due to the increase in our share price over the last quarter. The expense may fluctuate during the year due further changes in our share price
- **Share count:** we estimate we will have approximately 49 million basic shares outstanding at the end of full year 2018
 - 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

Outlook Summary

Non-GAAP, \$ in thousands, except per share data

	ASC 606 FY 2018E Prior Guidance	ASC 606 FY 2018E Updated Guidance	ASC 606 Q2'18E Initial Guidance
Collections	\$ 645,000 - \$ 653,000	\$ 651,000 - \$ 657,000	\$ 158,000 - \$ 159,000
y/y%	33% - 35%	35% - 36%	35% - 36%
Revenue	\$ 591,000 - \$ 595,000	\$ 594,000 - \$ 597,000	\$ 144,000 - \$ 145,000
y/y%	39% - 40%	40% - 40%	39% - 40%
Gross margin (% revenue)	~80%	~80%	
S&M % of collections	35% - 36%	35% - 36%	
Total opex % of collections	66% - 67%	66% - 67%	
Financial / other expense (income) , net	~6,000	~6,000	
Tax expense	~6,000	~6,000	
FCF	\$ 98,000 - \$ 100,000	\$ 100,000 - \$ 102,000	
Capital expenditures	~12,000 - 13,000	~12,000 - 13,000	
Depreciation	~8,000	~8,000	
SBC Expense	~62,000 - 63,000	~66,000 - 67,000	
Cash acquisition related costs	~5,000	~5,000	
Basic shares outstanding	~49 - 50 million	~49 - 50 million	
Fully diluted shares outstanding	~59 - 61 million	~59 - 61 million	

Conference Call and Webcast Information

Wix will host a conference call at 8:30 a.m. ET on Wednesday, May 9, 2018 to answer questions about the financial and operational performance of the business during the first quarter of 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/results>. 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 and reference Conference ID 8696559. A telephonic replay of the call will be available through May 13, 2018 at 11:59 p.m. ET by dialing 855-859-2056 (US/Canada) or 404-537-3406 (International) and providing Conference ID 8696559.

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/>.

Non-GAAP Financial Measures

To supplement its consolidated financial statements, which are prepared and presented in accordance with U.S. GAAP, Wix uses the following non-GAAP financial measures: collections, non-GAAP gross margin, non-GAAP operating income (loss), free cash flow, non-GAAP net income (loss) and non-GAAP net income (loss) per share (collectively the "Non-GAAP financial measures"). Collections represents the total cash collected by us from our customers in a given period and is calculated by adding the change in deferred revenues for a particular period to revenues for the same period. Non-GAAP gross margin represents gross profit calculated in accordance with GAAP as adjusted for the impact of share-based compensation expense, acquisition-related costs and amortization, divided by revenue. Non-GAAP operating income (loss) represents operating income (loss) calculated in accordance with GAAP as adjusted for the impact of share-based compensation expense, amortization, and acquisition-related costs. Non-GAAP net income (loss) represents net loss calculated in accordance with GAAP as adjusted for the impact of share-based compensation expense, amortization, tax benefit related to exercise of options and acquisition-related costs. Non-GAAP net income (loss) per share represents non-GAAP net income (loss) divided by the weighted average number of shares used in computing GAAP loss per share. Free cash flow represents net cash provided by (used in) operating activities less capital expenditures.

The presentation of this financial information is not intended to be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP. The Company uses these non-GAAP financial measures for financial and operational decision making and as a means to evaluate period-to-period comparisons. The Company believes that these measures provide useful information about operating results, enhance the overall understanding of past financial performance and future prospects, and allow for greater transparency with respect to key metrics used by management in its financial and operational decision making.

For more information on the non-GAAP financial measures, please see the "Reconciliation of GAAP to Non-GAAP Financial Measures" table in this press release. This accompanying table has more details on the GAAP financial measures that are most directly comparable to non-GAAP financial measures and the related reconciliations between these financial measures. The Company has not reconciled its guidance as to free cash flow to cash flow from operations because it does not provide guidance for cash flow from operations. As items that impact cash flow from operations are out of the Company's control and/or cannot be reasonably predicted, the Company is unable to provide such guidance. Accordingly, a reconciliation to cash flow from operations is not available without unreasonable effort.

Forward-Looking Statements

This press release contains forward-looking statements, within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 that involve risks and uncertainties. Such forward-looking statements may include projections regarding our future performance, including, but not limited to revenue, collections and free cash flow, the availability, merchantability or functionality of certain new products or features and their anticipated product demand and customer satisfaction, and may be identified by words like "anticipate," "assume," "believe," "continue," "could," "estimate," "expect," "intend," "may," "plan," "potential," "predict," "project," "outlook," "future," "will," "seek" and similar terms or phrases. The forward-looking statements contained in this press release, including the full year guidance, are based on management's current expectations, which are subject to uncertainty, risks and changes in circumstances that are difficult to predict and many of which are outside of our control. Important factors that could cause our actual results to differ materially from those indicated in the forward-looking statements include, among others, our ability to grow our user base and premium subscriptions; our ability to maintain and enhance our brand and reputation; our prediction of the future collections generated by our user cohorts; 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; customer acceptance of new products and other challenges inherent in new product development, changes to technologies used in our solutions or in global, national, regional or local economic, business, competitive, market, regulatory and other factors discussed under the heading "Risk Factors" in the Company's 2017 annual report on Form 20-F filed with the Securities and Exchange Commission on March 29, 2018. Any forward-looking statement made by us in this press release speaks only as of the date hereof. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future developments or otherwise.

Reconciliation of GAAP to non-GAAP measures

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

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

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

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

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