

Q3
2020

Interim Report

for the period from January 1
to September 30, 2020



New Work SE offers a wide range of brands, products and services for a better working life, thus continuing the success story of the former XING SE. Founded by Lars Hinrichs as the openBC professional network, the Company was renamed XING in 2006 and New Work in 2019. The Company's commitment to a better world of work is now also reflected in its name, which serves as the visible framework for all corporate activities.

The Company has been listed since 2006. New Work SE is headquartered in Hamburg and employs a total of 2,009 staff at several locations including Munich, Vienna and Porto. For more information, see
→ new-work.se and
→ nwx.new-work.se



Consolidated key figures

	Einheit	9M 2020	9M 2019	Q3 2020	Q3 2019	Q2 2020
Revenues	in € million	205.0	196.4	68.7	68.2	67.5
B2C segment	in € million	77.0	76.9	25.7	25.9	25.3
B2B E-Recruiting segment	in € million	114.9	101.8	38.6	36.5	37.9
B2B Marketing Solutions & Events segment	in € million	13.3	17.8	4.4	5.9	4.3
kununu International segment	in € million	0.1	0.3	0.0	0.1	0.0
EBITDA	in € million	61.9	63.9	23.7	24.2	22.3
EBITDA margin	in %	30	33	34	36	33
Pro forma EBITDA	in € million	67.5	63.0	26.4	24.2	22.3
Pro forma EBITDA margin	in %	33	32	39	36	33
Net profit/loss for the period	in € million	31.5	23.3 ¹	12.2	4.2	12.1
Pro forma consolidated net profit/loss for the period	in € million	32.2	26.6	13.8	9.6	9.4
Earnings per share (diluted)	in €	5.60	4.15 ¹	2.17	0.74	2.15
Pro forma earnings per share (diluted)	in €	5.74	4.74	2.46	1.71	1.68
Cash flow from operations	in € million	65.5	63.4	21.5	18.3	11.6
XING platform members	in million	18.5	16.8	18.5	16.8	18.1
InterNations members	in million	3.9	3.6	3.9	3.6	3.8
kununu Workplace Insights	in million	4.3	3.2	4.3	3.2	4.1
B2B E-Recruiting (subscription) – customers (D-A-CH)	in thousand	13.0	12.9	13.0	12.9	13.2
Employees	number	2,009	1,868	2,009	1,868	1,963

¹ Retrospectively restated due to changes in presenting the remeasurement of financial assets

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TO OUR SHAREHOLDERS

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Management Board letter

Dear Shareholders,

even with the third quarter now behind us, the coronavirus pandemic is still dominating everything – in the media, the economy and even in all of our private lives. Amid all the effects of the pandemic that can be felt by everybody, there is an increasingly strong and vocal debate being held about the changes seen in the labor market. Our core topic of “The future of work” is therefore met with an extra level of attention, which we are addressing with our content offerings and digital recruiting solutions. Nevertheless, in this current situation each individual and institution is being challenged to find their own way of dealing with what is going on – and we are no exception.

New Work SE is in a stable condition, which is good news in these unusual times. At €204.5 million, revenue (excluding M&A effects) was slightly above the previous year’s figure (9M 2019: €196.4 million). Pro forma EBITDA adjusted for non-recurring, non-operating extraordinary items was €67.5 million, approximately 7 percent up on the prior-year figure (€63.0 million). Pro forma consolidated net profit rose by around 21 percent to €32.2 million (9M 2019: €26.6 million).

Revenue in the B2C business was in line with the previous year’s level at €77.0 million. Despite a marked and continuing reluctance among companies to do new business as a result of the upheaval triggered by the coronavirus pandemic, the B2B E-Recruiting business unit grew its pro forma segment revenue (excluding M&A effects) by 12 percent to €114.3 million in the first nine months of this year (previous year: €101.8 million). The B2B Marketing Solutions & Events business is clearly feeling the effects of the pandemic, with its transactional business and in light of current contact restrictions that are understandably causing the entire events market to suffer. Revenue in this segment was 25 percent down on the prior-year figure at €13.3 million (9M 2019: €17.8 million).

Various non-financial key performance indicators showed an encouraging trend. XING, the leading professional network in German-speaking countries, continued to record strong growth in membership figures in the first nine months of this year. During this period, the number of XING members rose by around 1.7 million year-on-year to 18.5 million. Our subsidiary kununu, one of the biggest employer review platforms in Europe, recorded a 34 percent increase in “workplace insights” (consisting of company reviews as well as corporate culture and salary information), which means that 4.3 million insights are now available to visitors to the kununu platform.

As you can see, New Work SE remains stable even in a time of crisis. Although this is good news given the current conditions, it means that our business has also been significantly impacted by coronavirus, as we are a long way away from the growth rates we were recording prior to the outbreak of the pandemic. Nevertheless, we are confident about the future, as the long-term trends on which our business is built – digitalization, demography and a change in values – continue unabated and in some cases have even been strengthened by the pandemic. The world of work is currently undergoing an unimaginable shift, and everyone is weighing in on the debate about its future. It is fitting to note that the original philosophy of “New Work” was born in the midst of a crisis. We are also noticing significant interest in interaction and guidance, meaning and perspective. We are pleased that our brands and formats – from the XING editorial team’s new “Zukunft.machen” content to our “NWXnow” format – can give these debates a platform and a home, not only for our members and users but also for our corporate customers, for whom the issues of transformation and digitalization and the challenges of organizing work in the future are more pressing than ever.

All of this is making us optimistic about the long term. I am glad to be able to confirm our revenue target for the 2020 financial year despite the persistently challenging macroeconomic situation. We are targeting annual revenues in a corridor of €275 – 285 million with an EBITDA margin of around 30 percent. To position the Company optimally for the future, we have also introduced a package of measures aimed at delivering savings in individual areas and thus creating the breathing space required to invest in core areas and future projects.

I would like to thank you for your trust in New Work SE. We hope you will continue to give us your support – and above all, stay safe and healthy!

Hamburg, November 5, 2020

Sincerely,

Petra von Strombeck
Chief Executive Officer (CEO)

Petra von Strombeck
Chief Executive Officer (CEO)



The New Work SE share

Basic data about the share

Number of shares	5,620,435
Share capital in €	5,620,435
Share type	Registered shares
IPO	12/07/2006
Ticker	NWO
WKN	NWRK01
ISIN	DE000NWRK013
Transparency level	Prime Standard
Index	SDAX/TecDAX
Sector	Software

Key data on the share at a glance

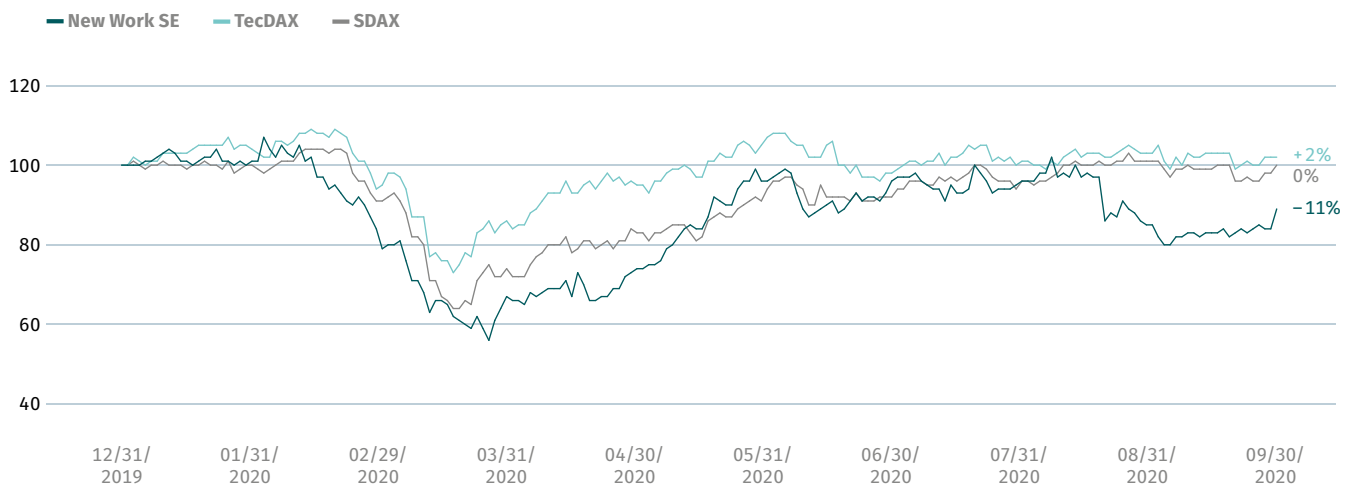
	9M 2020	9M 2019
XETRA closing price at the end of the period	€260.50	€250.00
High	€312.00	€375.50
Low	€164.00	€229.00
Market capitalization at the end of the period	€1.5 billion	€1.4 billion
Average trading volume per day (XETRA)	2,711	5,289
TecDAX ranking		
based on free-float market capitalization	28	26
based on trading volume	34	32
SDAX ranking		
based on free-float market capitalization	120	116
based on trading volume	140	139
Earnings per share (diluted)	€5.60	€4.15 ¹
Pro forma earnings per share (diluted)	€5.74	€4.74

¹ Retrospectively restated due to changes in presenting the remeasurement of financial assets

Shareholder structure in November 2020



Share price performance vs. indices in the first nine month of 2020



Analyst recommendations in November 2020

Broker	Analyst	Recommendation	Price target
Berenberg Bank	Sarah Simon	Hold	€220
Commerzbank	Heike Pauls	Sell	€240
Deutsche Bank	Nizla Naizer	Hold	€275
Hauck & Aufhäuser	Simon Bentlage	Hold	€257
Pareto Securities	Mark Josefson	Hold	€264
Warburg Research	Marius Fuhrberg	Hold	€240

INTERIM GROUP MANAGEMENT REPORT

for the period from January 1 to September 30, 2020

Implications of the coronavirus crisis for our results of operations

Our forecast issued in the 2019 Annual Report and updated in the half-year report factored in those effects for the future performance of our operating segments that could be derived from the coronavirus crisis at the time. During the reporting period, the strongest impact is felt in our B2B Marketing Solutions & Events reporting segment, which accounts for a revenue share of around 10 percent. The B2B E-Recruiting segment – particularly its new business – is also being adversely affected by the coronavirus crisis, which had a corresponding negative impact on revenue growth.

Our business is fundamentally characterized by structural resilience as:

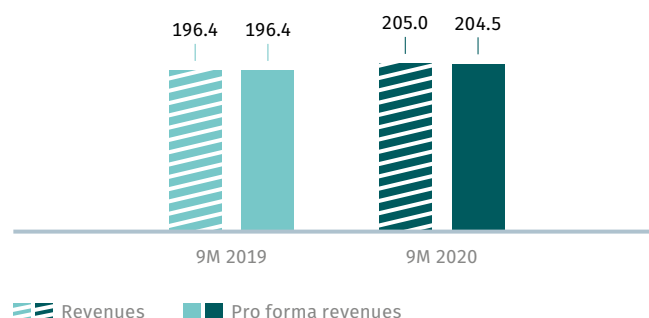
- around 80 percent of our revenues are generated from recurring subscriptions,
- our customer structure in the B2B E-Recruiting segment is highly diversified, and
- We have sufficient liquid funds and current available-for-sale financial assets (>€85 million).

Irrespective of the coronavirus crisis, we are confident that our long-term outlook remains positive. Several million employees will leave the job market over the next ten years after reaching retirement age. This demographic trend will further reduce the labor supply, and we are convinced that this is precisely when our employer branding and digital recruitment offerings will benefit employers as they reach out to, search for and select suitable candidates.

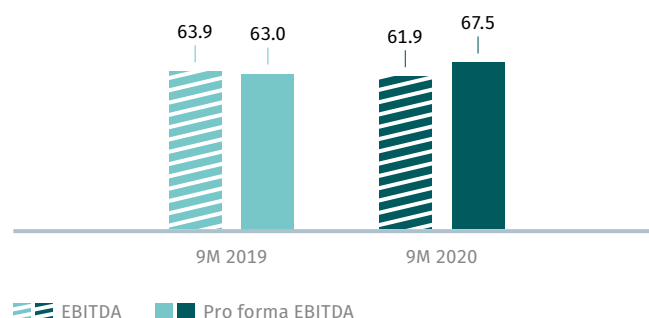
We reaffirm our updated revenue forecast of €275–285 million and target EBITDA margin of around 30 percent issued in May 2020.

Results of operations in the Group

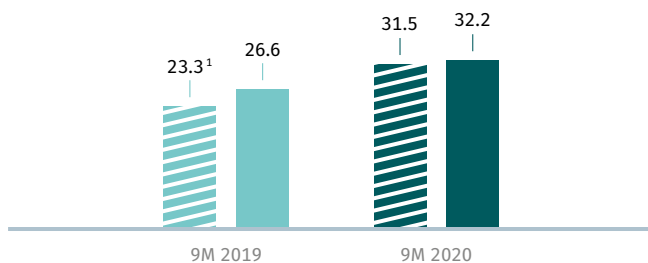
Revenues and pro forma revenues in € million



EBITDA and pro forma EBITDA in € million



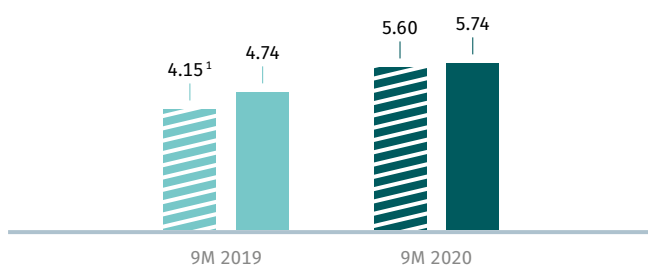
Net profit for the period and pro forma net profit for the period in € million



Net profit for the period Pro forma net profit for the period

¹ Retrospectively restated due to changes in presenting the remeasurement of financial assets

Earnings per share and pro forma earnings per share in €



Earnings per share Pro forma earnings per share

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REVENUES

The Group's revenue rose slightly by 4 percent year-on-year in the first nine months of 2020 (pro forma revenues excluding Honeypot M&A effect: + 4 percent). The slowdown in revenue growth is primarily due to the coronavirus pandemic and its negative impact, particularly on new business in our B2B E-Recruiting segment and on our B2B Marketing Solutions & Events business.

OTHER OPERATING INCOME

Other operating income fell sharply by 75 percent year-on-year to €1.5 million. It should be noted in this context that a non-recurring positive effect in connection with renting office space in the amount of €3.8 million was generated in the first quarter of 2019.

OWN WORK CAPITALIZED

Own work capitalized amounted to €18.7 million in the reporting period (9M 2019: €19.3 million) and is composed of personnel expenses, freelancer costs and ancillary costs.

PERSONNEL EXPENSES

At the end of September 2020, we had 2,009 employees (September 2019: 1,868), which represents an increase of 141 employees (+ 8 percent). Personnel expenses increased disproportionately by 17 percent, from €94.0 million in the first nine months of the previous year to €110.0 million in the period under review. It should be noted here that the reporting period includes items such as the start-up losses incurred by Honeypot in the first quarter of 2020 (which was not consolidated until April in the previous year) as well as the termination of the Management Board contract of Alastair Bruce (Q2 2020). Personnel expenses also include the effects of the restructuring initiated in the third quarter of 2020, which creates room for forward-looking investments even in times of COVID-19. A detailed breakdown is provided in the table on the pro forma reconciliation statement.

MARKETING EXPENSES

At €21.0 million and an expense ratio of 10 percent, marketing expenses were down around 12 percent on the prior-year figure of €23.7 million.

OTHER OPERATING EXPENSES

Other operating expenses saw a considerable drop in the reporting period by 22 percent year-on-year to €29.8 million (9M 2019: €38.4 million). It should be noted here that non-recurring expenses of around €2.9 million were recognized in connection with the renting of a new office building in the first quarter of 2019. During the current year, other operating expenses also include negative effects associated with the start-up losses incurred by Honeypot in Q1 2020 (not consolidated until April in the previous year) as well as the restructuring initiated in the third quarter of 2020. The particularly sharp decrease in IT services and management services primarily caused by the coronavirus crisis, such as the reduction in the number of freelancers, had a positive impact. The significant expense items in the first nine months were IT services and management services at €8.0 million (9M 2019: €15.3 million), server hosting and traffic at €5.7 million (9M 2019: €4.8 million) and other personnel expenses at €4.9 million (9M 2019: €3.3 million). The notes to the financial statements include a detailed table of all items reported under other operating expenses.

IMPAIRMENT OF FINANCIAL ASSETS

Impairment losses amounted to €2.7 million during the 2020 reporting period compared with €1.7 million in the prior-year period. These impairments predominantly consist of bad debts.

EBITDA

In the reporting period, EBITDA came in at €61.9 million and was slightly lower than in the previous year (9M 2019: €63.9 million).

Due to various extraordinary items, EBITDA does not reflect actual financial performance. We therefore adjusted the figures for the periods in question to account for M&A effects and other non-recurring effects, made them comparable, and calculated pro forma EBITDA for these periods. In order to better compare our operating performance, in the current reporting period we adjusted pro forma EBITDA for effects such as the start-up losses of Honeypot incurred in the first quarter of 2020 (not consolidated until April in the previous year), the termination of the Management Board contract with Alastair Bruce, and the restructuring initiated in the third quarter to maintain our capacity to innovate and invest. On this basis, pro forma EBITDA in the reporting period of €67.5 million is about 7 percent higher than pro forma EBITDA of €63.0 million generated in the previous year.

DEPRECIATION, AMORTIZATION AND IMPAIRMENT LOSSES

Depreciation, amortization and impairment losses rose by 10 percent, from €25.2 million in the previous year to €27.8 million. In the 2020 reporting period, this figure includes €2.7 million (9M 2019: €2.8 million) in write-downs of assets arising from purchase price allocation (PPA) of past acquisitions. Amortization of internally generated software amounted to €8.2 million (9M 2019: €7.5 million). Due to the coronavirus pandemic, we also tested goodwill for impairment in the reporting period and recalculated the recoverable amount of the cash-generating units (CGUs). This has resulted in the recognition of a non-recurring, non-cash impairment loss of €5.8 million (Q2 2020).

FINANCIAL RESULT

At €8.6 million, the financial result in the reporting period was significantly improved on the previous year's figure of €1.1 million. Here, two factors must be highlighted:

- 1. Non-recurring income of €9.3 million from the reassessment of the earn-out in connection with M&A transactions
- 2. A non-recurring negative effect from the remeasurements of financial assets in the amount of €-0.4 million due to a correction in the presentation of available-for-sale assets, which are no longer shown in other comprehensive income but since January 1, 2020 have been reported in the financial result.

In the prior-year period, the non-recurring, non-operating income of €1.3 million from the acquisition of all shares in the US joint venture between Monster and New Work SE had lifted the financial result.

TAXES

Current taxes are determined by the Group companies based on the tax laws applicable in their country of domicile. Tax expense amounted to €11.2 million in the reporting period, up from €16.4 million in the prior-year period. This includes non-recurring positive effects of €1.3 million.

CONSOLIDATED NET PROFIT AND EARNINGS PER SHARE

Consolidated net profit in the first nine months of 2020 amounted to €31.5 million, compared with €23.3 million in the prior-year period. This gives rise to earnings per share of €5.60, compared with €4.15 in the prior-year period. The pro forma profit for the 2020 reporting period adjusted for the non-recurring effects outlined is €32.2 million, compared with a pro forma profit for the previous year of €26.6 million. Pro forma earnings per share rose accordingly from €4.74 (9M 2019) to €5.74 in the 2020 reporting period.

Adjusted (pro forma) key performance indicators

The key performance indicators reported in accordance with IFRSs in the consolidated statement of comprehensive income contain non-recurring effects. As a result, these reported key performance indicators are adjusted for effects such as impairments of goodwill arising from M&A activities, remeasurement of non-operating financial instruments, restructuring and other non-recurring transactions unrelated to operating performance.

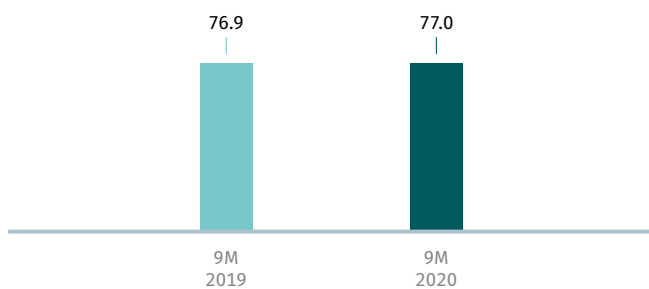
Reconciliation pro forma income statement and key performance indicators

In € million	GuV 9M 2020	Changes in the basis of consolidation (M&A)	Impairment of goodwill	Changes in earn-out liabilities	Remeasure- ment of non-operat- ing financial instruments	Restructuring expenses/other non-recurring effects	P&L, pro forma 9M 2020	P&L, pro forma 9M 2019	Change	Change
Revenues	205.0	-0.6					204.5	196.4	4.1%	8.1
Other operating income	1.5						1.5	2.3	-34.7%	-0.8
Other own work capitalized	18.7						18.7	19.3	-3.1%	-0.6
Personnel expenses	-109.9	1.6				3.6	-104.8	-94.0	11.5%	-10.8
Marketing expenses	-21.0	0.3					-20.7	-23.7	-12.9%	3.1
Other operating expenses	-29.8	0.4				0.3	-29.0	-35.5	-18.2%	6.5
Impairment losses on financial assets and contract assets	-2.7						-2.7	-1.7	53.6%	-0.9
										0.0
EBITDA	61.9	1.7				3.9	67.5	63.0	7.1%	4.5
Depreciation, amortization and impairment losses	-27.8	0.4	5.8				-21.6	-19.6	10.3%	-2.0
EBIT	34.1	2.1	5.8			3.9	45.9	43.4	5.7%	2.5
Net financing income	8.6	0.2		-9.3	0.1		-0.4	-1.0	-55.8%	0.5
EBT	42.6	2.3	5.8	-9.3	0.1	3.9	45.5	42.5	7.0%	3.0
Taxes	-11.2	-0.8				-1.2	-13.2	-15.8	-16.6%	2.6
Consolidated net profit/loss	31.5	1.6	5.8	-9.3	0.1	2.6	32.2	26.6	21.1%	5.6
Earnings per share	€5.60	€0.28	€1.03	€-1.65	€0.01	€0.46	€5.74	€4.74	21.1%	€1.0

Segment performance

B2C SEGMENT

B2C segment revenues in € million



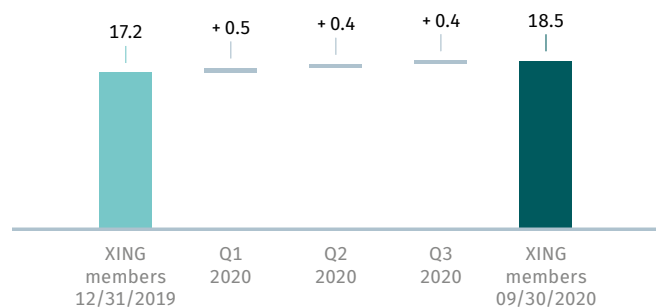
Segment revenues stable

In the **B2C** segment, we generated revenues of €77.0 million during the reporting period (previous year: €76.9 million). This stagnation at the previous year's level is primarily due to the year-on-year decline in the InterNations business. Most of the expat event business has been severely impacted by the coronavirus pandemic. The core business of paid memberships grew slightly. With EBITDA of €22.0 million, segment profitability was down by around 7 percent year-on-year (9M 2019: €23.7 million). The reduction in segment EBITDA is due to the fall in revenues at InterNations as well as restructuring expenses.

Membership base continues to expand to 18.5 million

In the first nine months of the current financial year, the strong growth of the XING platform operated by New Work SE continued, albeit at a slightly slower pace due to the coronavirus crisis. The membership base rose by 1.7 million to 18.5 million since September 2019. We counted 478 thousand new members to the platform in the first quarter of 2020 and 401 thousand new members in the second quarter. Around 400 thousand new members registered in the third quarter.

Member growth (D-A-CH) in million



XING content offering expanded

With the soft launch of the “Zukunft machen” content, the XING editorial team has created a format that addresses pivotal issues about the future. Our video interviews, guest articles, interviews and podcasts give experts, thought leaders, scientists and influencers a forum for their ideas on how to build a successful future that benefits everyone.

Our “Klartext” education special showed how well the interplay between interesting topics, prominent individuals (including Frank Thelen, Verena Pausder and Ralf Rangnick) and close collaboration with social media channels can work and how our content is picked up both on and off the XING platform.

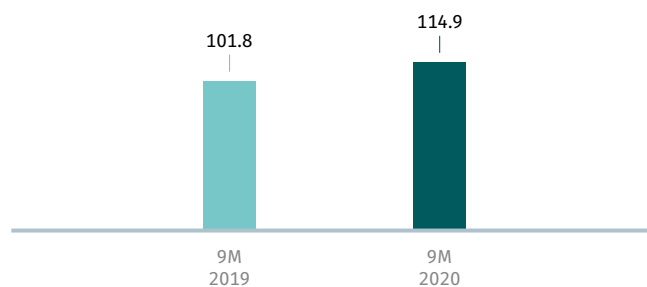
The “Insight digital” format enabled 120 insiders to take part in our digital lunch. After a keynote speech from Verena Pausder, participants had the opportunity to learn more about our products and the XING strategy in breakout sessions or ask specific questions about their own content planning in a session with the editorial team.

We will also be interviewing board members from DAX companies (online) in our new “Lessons Learned” format to enable our members to hear their biggest takeaways from the coronavirus crisis in recent months. The series kicks off with Audi Board of Management member Hildegard Wortmann.

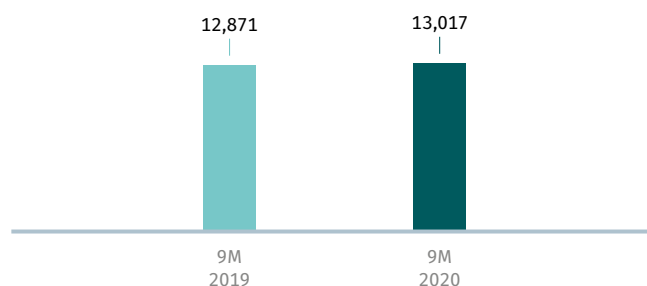
We also began a podcast collaboration with Harvard Business Manager (HBM). In this new podcast entitled Team A, HBM editor-in-chief Antonia Götsch and XING News editor-in-chief Astrid Maier discuss the subject of leadership with well-known entrepreneurs and experts (including XING Insiders).

B2B E-RECRUITING SEGMENT

B2B E-Recruiting segment revenues in € million



B2B E-Recruiting (subscription) customers



The **B2B E-Recruiting** segment grew by 13 percent in the first nine months of the current financial year. The coronavirus crisis had a particularly adverse impact on new customer business in the E-Recruiting segment. The growth in revenue is partly attributable to the approximately 7 percent year-on-year increase in the average B2B subscription customer base. At the end of September, the number of B2B subscription customers was 13,017 (September 2019: 12,871), a slight increase of 1 percent. Segment EBITDA rose by 12 percent year-on-year

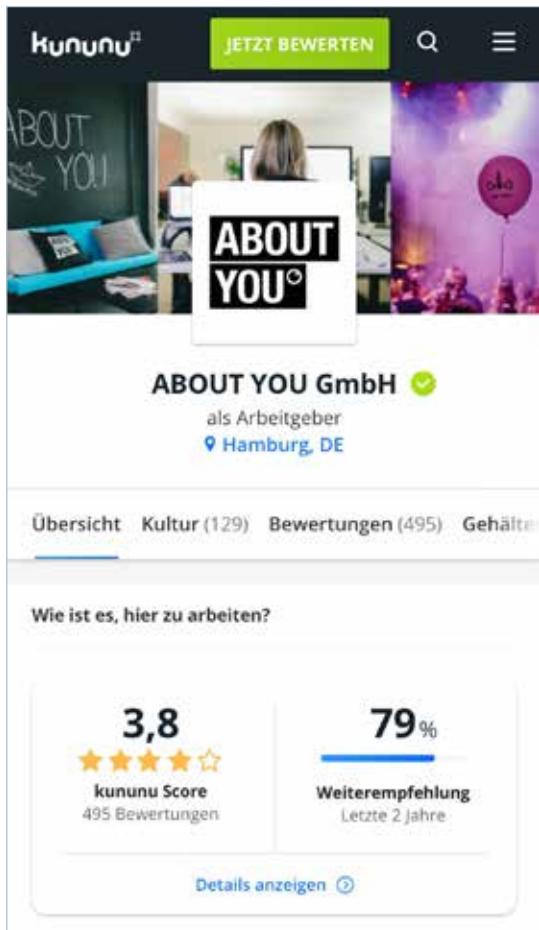
to €77.1 million (9M 2019: €68.8 million). The stagnation in new customer growth caused by the coronavirus crisis will also continue to have a negative impact on the segment's revenue and earnings performance over the next few quarters.

kununu – relaunch of company profiles

Our kununu team worked hard on the relaunch of kununu company profiles during the third quarter of 2020. The simplified structure of these new company profiles makes it easier for users to gain relevant insight into a potential employer and enables companies to present themselves in a more authentic way.

The new company profile provides an overview of an employer's reviews divided into categories such as "Working Environment" or "Career & Salary" as well as the development of their kununu score over time. Information about company culture and salaries is now displayed more prominently to make it easier to find.

By doing this, kununu makes it easier for jobseekers to make one of the most important decisions of all: choosing the right employer.



The new kununu company profile using the example of ABOUT YOU GmbH

XING E-Recruiting unveils new TalentService

Companies have been experiencing a positive “digitalization shock” during the coronavirus pandemic. This effect is also reaching HR departments. For example, digitalized processes are important in the HR sector for shortening the time-to-hire and enabling departments to stay competitive in their search for the best candidates.

A few weeks after the end of the third quarter, we unveiled the XING TalentService at the first completely virtual “Zukunft Personal” expo.

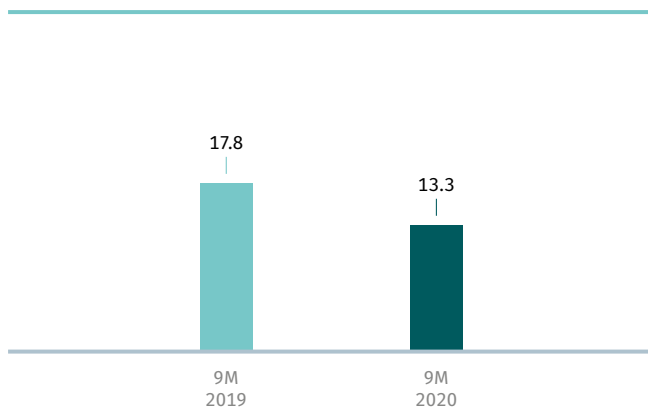
The XING TalentService helps companies to find and select suitable candidates. To do this, the company searching for staff (the customer) first communicates their specific requirements for the vacancy. XING TalentService consultants then use XING’s comprehensive data and technology to create an initial longlist and approach suitable candidates to review their motives for changing jobs. The customer has the opportunity to follow every step of the entire process on a dashboard. After a short period, the customer receives a shortlist with up to seven candidate profiles for each vacancy. In addition to transparent data on the candidates’ qualifications, the shortlist also includes further details such as salary expectations and cultural fit. The customer takes over the process when the candidate profiles are handed over and can integrate the candidates into their usual application process.

The virtual exhibition stand at Zukunft Personal



B2B MARKETING SOLUTIONS & EVENTS SEGMENT

Segment revenues B2B Marketing Solutions & Events in € million



In the **B2B Marketing Solutions & Events** segment we saw revenues fall 25 percent to €13.3 million in the reporting period. This decline can be attributed to the coronavirus crisis, the related lockdown, and the resulting effects on the offline events business. Our Marketing Solutions subsegment is also affected by the general restraint of advertising customers. Segment EBITDA subsequently fell by 69 percent year-on-year to €1.7 million (9M 2019: €5.6 million).

In the Marketing Solutions subsegment, demand for native advertising formats only stabilized in the third quarter.

The ability for customers to post their own video formats was successfully introduced as a new product feature in XING AdManager just in time for the virtual DMEXCO@home expo. The new format is currently being advertised on various online and social media channels.

We also managed to complete improved integration of the AdManager with the company and employer branding profiles in time for the virtual “Zukunft Personal” expo.

The XING Events subsegment is the business unit within the New Work Group that has been most severely impacted by the coronavirus crisis. This was caused by lockdown as well as the resulting physical distance restrictions together with the ban on larger events.

Despite these setbacks, business events are and remain valuable platforms for exchanging ideas, transferring knowledge and marketing. We currently do not expect physical event formats to pick up again until summer 2021 at the earliest. At the same time, we can see that our customers are becoming increasingly knowledgeable about online events and are thinking about adding hybrid elements to their events. We are continuing to meet this need for information by providing valuable content and comprehensive consulting services.

By the end of the third quarter of 2020, around 43,000 event organizers were using XING Events’ data-driven event platform.

We also acquired a new major customer with the “Bits & Pretzels” conference and implemented the ticketing for their first virtually-hosted event.

The collaboration was launched with the virtual “Bits & Pretzels” Networking Week at the end of September, with more than 5,000 people registering for the event overall.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

for the period from January 1 to September 30, 2020

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Consolidated statement of comprehensive income

of New Work SE
for the period from January 1 to September 30, 2020

Consolidated statement of comprehensive income

In € thousand	Note	01/01 – 09/30/2020	01/01 – 09/30/2019 ¹	07/01 – 09/30/2020	07/01 – 09/30/2019 ¹
Service revenues	4	205,047	196,373	68,656	68,185
Other operating income	6	1,522	6,057	486	672
Other own work capitalized		18,732	19,333	4,948	7,193
Personnel expenses		-109,930	-93,991	-36,087	-32,816
Marketing expenses		-20,984	-23,724	-5,944	-7,410
Other operating expenses	7	-29,768	-38,407	-7,493	-11,033
Impairment loss on financial assets and contract assets	8	-2,684	-1,748	-897	-565
EBITDA		61,936	63,894	23,669	24,226
Depreciation, amortization and impairment losses	9	-27,843	-25,233	-7,283	-12,642
EBIT		34,092	38,661	16,386	11,583
Finance income	10	10,890	2,347	435	377
Finance costs	10	-2,336	-1,264	-211	-431
EBT		42,646	39,743	16,610	11,529
Taxes on income		-11,178	-16,422	-4,409	-7,367
CONSOLIDATED NET PROFIT		31,468	23,321	12,201	4,162
Earnings per share (basic)		€5.60	€4.15	€2.17	€0.74
Earnings per share (diluted)		€5.60	€4.15	€2.17	€0.74
CONSOLIDATED NET PROFIT		31,468	23,321	12,201	4,162
Currency translation differences		-41	299	-34	214
OTHER COMPREHENSIVE INCOME		-41	299	-34	214
CONSOLIDATED TOTAL COMPREHENSIVE INCOME		31,427	23,620	12,167	4,376

¹ restated

Consolidated statement of financial position

of New Work SE
to September 30, 2020

Assets

In € thousand	09/30/2020	12/31/2019 ¹
Intangible assets		
Purchased software	7,658	9,185
Internally generated software	78,402	67,852
Goodwill	67,786	73,583
Other intangible assets	5,406	6,875
Property, plant and equipment		
Leasehold improvements	2,178	1,788
Other equipment, operating and office equipment	8,705	9,631
Construction in progress	2,302	663
Lease assets	43,436	12,415
Financial assets		
Financial assets at amortized cost	2,050	680
Financial assets at fair value	29,471	29,585
Other non-financial assets	512	681
Deferred tax assets	2,081	1,112
NON-CURRENT ASSETS	249,986	214,050
Receivables and other assets		
Receivables from services	33,163	38,020
Contract assets	3,845	4,115
Other assets	6,207	13,426
Cash and short-term deposits		
Own cash	55,309	35,231
Third-party cash	4,614	4,813
CURRENT ASSETS	103,138	95,605
	353,124	309,655

¹ restated

Consolidated statement of cash flows

of New Work SE
for the period from January 1 to September 30, 2020

Consolidated statement of cash flows

In € thousand	01/01 – 09/30/2020	01/01 – 09/30/2019 ¹	07/01 – 09/30/2020	07/01 – 09/30/2019 ¹
Earnings before taxes	42,646	39,743	16,610	11,529
Amortization and write-downs of internally generated software	8,183	7,541	2,509	2,867
Depreciation, amortization and impairment losses on other fixed assets	19,660	17,692	4,774	9,774
Finance income	-10,890	-2,347	-435	-377
Finance costs	2,336	1,264	211	431
EBITDA	61,936	63,894	23,669	24,225
Interest received	108	100	81	78
Taxes paid	-7,858	-8,414	-2,140	-3,668
Profit from disposal of fixed assets	-33	-34	-12	-6
Change in receivables and other assets	11,260	-2,802	4,902	572
Change in liabilities and other equity and liabilities	-2,236	7,488	3,100	1,837
Non-cash changes from changes in basis of consolidation	0	-5,165	0	0
Change in contract liabilities	2,094	12,592	-6,124	-2,310
Elimination of XING Events third-party obligation	199	-4,247	-2,023	-2,478
CASH FLOWS FROM OPERATING ACTIVITIES	65,469	63,412	21,453	18,251
Payment for capitalization of internally generated software	-18,732	-19,403	-4,948	-7,264
Payment for purchase of software	-1,243	-2,625	-109	-1,143
Payments for purchase of other intangible assets	2	-169	5	375
Proceeds from the disposal of fixed assets	78	76	27	22
Payments for purchase of property, plant and equipment	-5,287	-4,344	-1,542	-1,353
Payments for acquisition of consolidated companies (less funds acquired)	-673	-25,195	0	-165
CASH FLOWS FROM INVESTING ACTIVITIES	-25,856	-51,660	-6,567	-9,528

¹ restated

Consolidated statement of cash flows (continuation)

In € thousand	01/01/– 09/30/2020	01/01/– 09/30/2019 ¹	07/01/– 09/30/2020	07/01/– 09/30/2019 ¹
Payment of regular dividend	-14,557	-12,027	0	0
Payment of special dividend	0	-20,009	0	0
Interest paid	-200	-173	-112	-52
Payment for leases	-4,530	-3,907	-1,555	-1,396
CASH FLOWS FROM FINANCING ACTIVITIES	-19,288	-36,115	-1,667	-1,448
Currency translation differences	-248	405	-198	319
Change in cash and cash equivalents	20,077	-23,959	13,021	7,596
Own funds at the beginning of the period	35,231	53,831	42,287	22,277
OWN FUNDS AT THE END OF THE PERIOD²	55,309	29,873	55,309	29,873
Third-party funds at the beginning of the period	4,813	4,050	2,591	5,819
Change in third-party funds	-199	4,247	2,023	2,478
THIRD-PARTY FUNDS AT THE END OF THE PERIOD	4,614	8,297	4,614	8,297

¹ restated

² Funds consist of liquid funds.

Consolidated statement of changes in equity

of New Work SE
for the period from January 1 to September 30, 2020

Consolidated statement of changes in equity

In € thousand	Subscribed capital	Capital reserves	Currency translations reserve	Retained earnings	Total equity
AS OF 01/01/2019¹	5,620	22,644	- 24	70,071	98,311
Consolidated net profit/loss	0	0	0	23,322	23,322
Other comprehensive income	0	0	299	0	299
Consolidated total comprehensive income	0	0	299	23,322	23,622
Regular 2018 dividend	0	0	0	- 12,027	- 12,027
Special dividend	0	0	0	- 20,009	- 20,009
AS OF 09/30/2019	5,620	22,644	275	61,357	89,896
AS OF 01/01/2020	5,620	22,644	213	73,057	101,534
Consolidated net profit/loss	0	0	0	31,468	31,468
Other comprehensive income	0	0	- 41	0	- 41
Consolidated total comprehensive income	0	0	- 41	31,468	31,427
Regular 2019 dividend	0	0	0	- 14,557	- 14,557
AS OF 09/30/2020	5,620	22,644	172	89,969	118,405

¹ restated

Notes to the interim consolidated financial statements

for the period from January 1 to September 30, 2020

1. Information on the Company and the Group

The registered office of New Work SE (hereafter also referred to as “the Company” or “the Group”) is located at Dammtorstrasse 30, 20354 Hamburg, Germany; the Company is registered at the Amtsgericht (local court) Hamburg under HRB 148078. The Company’s parent is Burda Digital SE, Munich, Germany, and the ultimate parent company of New Work SE since December 18, 2012 has been Hubert Burda Media Holding Kommanditgesellschaft, Offenburg, Germany. Hubert Burda Media Holding Kommanditgesellschaft is controlled by Prof. Dr. Hubert Burda, Offenburg, Germany. The next higher-level parent company that prepares consolidated financial statements is Burda Gesellschaft mit beschränkter Haftung, Offenburg, Germany.

Operating the leading social network for business professionals in the German-speaking market, among others, the Group gives advice and support to its members during the upheavals in the world of work. In an environment marked by a shortage of skilled workers, digitalization, and changes in values, XING helps its more than 18.5 million members achieve as harmonious a work/life balance as possible. The Group generates its revenues primarily from fee-based products for end customers and businesses. It is a model in which our customers pay for most of the services provided in advance.

2. Basis of preparation of the financial statements and accounting policies

These condensed interim consolidated financial statements for the period ending on September 30, 2020, have been prepared in accordance with the International Financial Reporting Standard for interim financial reporting (IAS 34) as adopted by the EU. The condensed interim consolidated financial statements do not contain all of the information required for full annual consolidated financial statements, and should therefore be read in conjunction with the consolidated financial statements as of December 31, 2019.

The reporting period began on January 1, 2020, and ended on September 30, 2020. The corresponding prior-year period began on January 1, 2019, and ended on September 30, 2019. The interim consolidated financial statements and the interim group management report of the Company were approved for publication on November 5, 2020, by the Management Board.

The accounting policies applied in principle to these condensed interim consolidated financial statements are consistent with those used for the consolidated financial statements as of December 31, 2019, with the exception of the matters presented under item 3. These interim financial statements have not been audited by the auditor, nor have they been subjected to a review.

Preparation of the consolidated financial statements to a limited extent requires management to make assumptions and estimates that affect the reported amounts of assets and liabilities, income and expenses, as well as contingent liabilities. Although these estimates are made in accordance with the best knowledge of management and with due consideration being given to all available knowledge, actual results may differ from these estimates.

The amortization period, the residual values and the amortization method used for finite-lived intangible assets are reviewed regularly. The review of the remaining useful lives in the reporting period revealed that the useful life of the XING platform had been extended by a further twelve months to December 31, 2024.

Unless indicated otherwise, all amounts are rounded to the nearest thousand euros (€ thousand). Rounding differences may occur in the tables due to mathematical reasons.

3. Change in financial reporting policies

New Work corrects the remeasurement of available-for-sale assets and, in contrast to the previous year, in the quarterly financial statements as of September 30, 2020, no longer reports this in other comprehensive income but under finance income/finance costs, since the fund assets shown in the statement of financial position do not meet the requirements for equity instruments.

In previous years, the remeasurement of available-for-sale assets was recognized in other comprehensive income and disclosed separately in the notes to the consolidated financial statements.

The following table shows the effect on the consolidated statement of comprehensive income for the third quarter of 2019:

In € thousand	01/01/ – 09/30/2019 as reported	Restatement	01/01/ – 09/30/2019 restated
Finance income	1,416	931	2,347
Finance costs	– 1,264	0	– 1,264
EBT	38,812	931	39,743
Income taxes	– 16,121	– 301	– 16,422
CONSOLIDATED NET PROFIT	22,691	630	23,321
Earnings per share (basic)	€4.04	€0.11	€4.15
Earnings per share (diluted)	€4.04	€0.11	€4.15
Consolidated net profit	22,691	630	23,321
Remeasurement of available-for-sale assets	630	– 630	0
Other comprehensive income	929	– 630	299
CONSOLIDATED TOTAL COMPREHENSIVE INCOME	23,620	0	23,620

The following table shows the effect on the statement of cash flows for the third quarter of 2019:

In € thousand	01/01/ – 09/30/2019 as reported	Restatement	01/01/ – 09/30/2019 restated
Earnings before taxes	38,812	931	39,743
Finance income	– 1,416	– 931	– 2,347
CASH FLOWS FROM OPERATING ACTIVITIES	63,412	0	63,412

The effects on the statement of changes in equity and statement of cash flows are merely technical in nature. The totals of the respective components of the financial statements did not change.

4. Segment information

In € thousand	B2C		B2B E-Recruiting		B2B Marketing Solutions & Events		kununu International		Consolidation of intersegment revenues/expenses		Total segments	
	01/01- 09/30/ 2020	01/01- 09/30/ 2019 ¹	01/01- 09/30/ 2020	01/01- 09/30/ 2019	01/01- 09/30/ 2020	01/01- 09/30/ 2019	01/01- 09/30/ 2020	01/01- 09/30/ 2019	01/01- 09/30/ 2020	01/01- 09/30/ 2019	01/01- 09/30/ 2020	01/01- 09/30/ 2019 ¹
Revenues (from third parties)	77,018	76,873	114,907	101,761	13,053	17,412	69	326	0	0	205,047	196,373
Intragroup revenues	0	0	0	0	247	420	0	0	-247	-420	0	0
Total revenues	77,018	76,873	114,907	101,761	13,300	17,832	69	326	-247	-420	205,047	196,373
Intragroup segment expenses	-247	-420	0	0	0	0	0	0	247	420	0	0
Other segment expenses	-54,789	-52,744	-37,785	-32,999	-11,570	-12,204	-383	-1,454	0	0	-104,527	-99,401
Segment operating result	21,982	23,709	77,122	68,762	1,730	5,628	-314	-1,128	0	0	100,520	96,972
Other operating income/expenses											-38,584	-33,078
EBITDA											61,936	63,894

¹ Restated due to internal reorganization during 2019/2020

Revenues by region

In € thousand	01/01- 09/30/2020	01/01- 09/30/2019
D-A-CH	196,165	186,374
International	8,882	9,999
	205,047	196,373

The Company is not reliant on major customers because a significant percentage of Group revenues is not generated with any single customer.

As was the case as of December 31, 2019, the non-current assets (excl. deferred tax assets and other financial assets) of €213,676 thousand (December 31, 2019: €180,200 thousand) are attributable to the D-A-CH region.

5. Equity

As of September 30, 2020, the Group had share capital of €5,620,435 (December 31, 2019: €5,620,435). As previously, the Company does not hold any treasury shares.

Based on a resolution adopted by the Annual General Meeting on May 29, 2020, a dividend of €2.59 per share was paid for the 2019 financial year (2018: €2.14 per share). In the previous year, a special dividend of €3.56 per share was also paid out. With 5,620,435 shares carrying dividend rights, this corresponds to a total payout of €14.6 million (previous year: €32.0 million incl. special dividend).

Own cash and available-for-sale securities of liquid own funds of €84.8 million as of September 30, 2020, and the Group's cash-generative business model enable the Company to pay dividends on a regular basis without changing its business strategy, which is aimed at achieving growth.

6. Other operating income

Other operating income includes income of €266 thousand (previous year: €533 thousand) from currency translation and income from the disposal of equipment in the amount of €65 thousand (previous year: €66 thousand). The previous year's figure included non-recurring income of €3,750 thousand from the acquisition of the new Group campus and expenses of €3,006 thousand.

7. Other operating expenses

The following summary breaks down the primary items of other operating expenses:

In € thousand	01/01 - 09/30/2020	01/01 - 09/30/2019 ¹
IT services, management services	7,954	15,282
Server hosting, administration and traffic	5,716	4,785
Other personnel expenses	4,933	3,349
Occupancy expenses	2,418	2,446
Payment transaction costs	1,684	2,077
Training costs	1,152	1,137
Travel, entertainment and other business expenses	1,089	3,568
Legal consulting fees	808	709
Accounting fees	783	530
Telephone/cell phone/postage/courier	583	487
Exchange rate losses	500	455
Expenses attributable to prior periods	492	270
Insurance and contributions	426	404
Financial statements preparation and auditing costs	419	343
Supervisory Board remuneration	243	243
Rents/leases	233	383
Office supplies	178	291
Other	157	1,649
TOTAL	29,768	38,407

¹ restated

Other personnel expenses include costs for the New Work Group's annual kick-off event. Other expenses in the previous year also comprised non-recurring, non-operating expenses of €1,002 thousand incurred in connection with the Campus.

8. Impairment losses on financial assets and contract assets

Impairment losses (including reversals) on financial assets and contract assets include expenses for bad debts of €2,778 thousand (previous year: €1,665 thousand) as well as income from reversals of €94 thousand.

Receivables from services are impaired as follows:

09/30/2020 In € thousand	Not yet due	Past due < 30 days	Past due < 90 days	Past due > 90 days	Total
Impairment ratio	0.6%	1.9%	15.2%	35.3%	4.5%
Gross carrying amount	21,165	8,785	2,361	2,621	34,933
Impairment	-121	-164	-360	-925	-1,570

12/31/2019 In € thousand	Not yet due	Past due < 30 days	Past due < 90 days	Past due > 90 days	Total
Impairment ratio	1.0%	3.4%	9.7%	23.8%	4.9%
Gross carrying amount	23,328	8,267	3,825	4,565	39,985
Impairment	-226	-278	-372	-1,089	-1,965

The impairment figure includes both specific valuation allowances and anticipated defaults of the total receivables from services.

9. Depreciation, amortization and impairment losses

Effective at the start of the 2020 financial year, the useful life of internally generated software was extended by a further twelve months to December 31, 2024. This led to the recognition of lower amortization of €2,544 thousand than as stipulated in the previous amortization schedule, which will be recognized in later periods.

Due to the coronavirus crisis, we tested goodwill for impairment during the reporting period and recalculated the recoverable amount of the cash-generating units (CGUs),

The recoverable amount of the **E-Recruiting** CGU has been determined on the basis of the calculation of the value in use. The recoverable amount of the **InterNations** and **Honeypot** CGUs has been determined on the basis of the calculation of the fair value less costs to sell. For details of the calculation methods, please see note 19 of the New Work consolidated financial statements as of December 31, 2019.

The impairment test of the **E-Recruiting** and **InterNations** CGUs did not reveal any indication of impairment. Within the scope of a sensitivity analysis for these CGUs, to which significant goodwill has been allocated, a one percentage point increase in the discounting rates (after tax) or a one percentage point decrease in the long-term growth rate has been assumed. On this basis, New Work has determined that an impairment loss would not result for any of the two CGUs.

The recoverable amount of the **Honeypot** CGU at the time of the impairment test amounted to €26,396 thousand, which means that it was lower than its carrying amount of €32,194 thousand. An impairment loss of €5,797 thousand was therefore recognized for this CGU in the first quarter of the reporting period, reducing the carrying amount of goodwill for this CGU to €18,008 thousand. Within the scope of a sensitivity analysis for this CGU, a one percentage point increase in the discounting rates (after tax) or a one percentage point decrease in the long-term growth rate has been assumed. The cash flow forecasts contained specified estimates for the next few years; in particular, we corrected the assumption of short-term revenues by around –30 percent and significantly reduced the EBITDA assumption for the next three years. However, a recovery is expected over the entire period covered by the assumption, with revenues and EBITDA at comparable levels.

The value in use is mainly determined by the present value of the terminal value, which is particularly sensitive to changes in the assumptions about the long-term growth rate and the discount rate.

in %	E-Recruiting		InterNations		Honeypot	
	09/30/ 2020	12/31/ 2019	09/30/ 2020	12/31/ 2019	09/30/ 2020	12/31/ 2019
Discount rate (before taxes)	10.3	9.4	9.4	10.5	9.8	9.2
Sustainable growth rate	2.0	2.0	2.0	2.0	2.0	2.0

10. Financing income and expense

Finance income includes €6,844 thousand from reassessing the earn-out from the acquisition of Honeypot GmbH and €2,862 thousand from reassessing the earn-out from the acquisition of Prescreen GmbH, which became necessary due to the adjusted revenue and EBITDA planning.

The remeasurement of available-for-sale assets resulted in finance expenses of €114 thousand (previous year: €9 thousand). The individual quarterly figures merely represent the difference between the figures for the reporting period minus the figure of the respective quarter.

11. Related parties

An expense of €1,581 thousand was recognized for leave of absence for members of the Management Board who left in the reporting period or whose contract was terminated. Please refer to the consolidated financial statements as of December 31, 2019, for further information about related parties. From the perspective of the Group, no significant changes with respect to the Burda Group occurred until September 30, 2020.

There were no claims against members of the Management Board and the Supervisory Board as of September 30, 2020.

12. Financial instruments

The Group acquired various securities in financial year 2017 for the purpose of investing excess liquidity. The fair values of these instruments, all of which are assigned to Level 1, correspond to their notional values multiplied with the prices quoted as of September 30, 2020.

The financial liabilities assigned to Level 3 include obligations from contingent purchase prices (earn-out obligations).

The following classes of financial instruments existed as of the reporting date:

In € thousand	Measurement category ¹	09/30/2020	12/31/2019
Non-current financial assets at amortized cost	Amortized cost	2,050	680
Non-current financial assets at fair value	FLtPL	29,471	29,585
Current receivables from services	Amortized cost	33,163	38,020
Current other assets	Amortized cost	6,207	13,426
Cash	Amortized cost	59,924	40,044
Non-current financial liabilities at fair value	FLFVtPL	328	11,465
Current trade accounts payable	Amortized cost	1,693	8,536
Current financial liabilities at fair value	FLFVtPL	2,290	622
Current other liabilities	Amortized cost	4,614	5,897

¹ LaR = Loans and receivables; AfS = Available-for-sale financial assets; FLAC = Financial liabilities measured at amortized cost; FVtPL = Financial assets and liabilities at fair value through profit or loss FVOCI = Financial assets at fair value through other comprehensive income

13. Significant events after the interim reporting period

No events which will have a significant impact on the course of business of the Group have occurred since the end of the reporting period.

Hamburg, November 5, 2020

The Management Board

Petra von Strombeck

Ingo Chu

Frank Hassler

Dr. Patrick Alberts

Jens Pape

Financial calendar

Interim Report Q3 2020

November 5, 2020

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Our social media channels

www.new-work.se/de/investor-relations

(New Work SE – Investor Relations Website)

nwx.new-work.se/

(New Work Experience)

Twitter: [New_Work_SE_IR](https://twitter.com/New_Work_SE_IR)

(Information and news related to the capital markets)

Twitter: [NewWork_SE](https://twitter.com/NewWork_SE)

(Topics and news related to the Company in general – German only)

Consulting, Concept & Design

Silvester Group

www.silvestergroup.com

Rounding differences are possible

*This interim financial report is available in both German and English.
In the event of diversity in interpretation, the German version shall prevail. Both versions and further
press information are available for download at www.new-work.se/de/investor-relations*



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