



XING^X

Q2

**HALF-YEAR REPORT
FOR THE PERIOD
FROM JANUARY 1 TO
JUNE 30. 2017**

XING AG

Key figures

	Unit	H1 2017	H1 2016	Q2 2017	Q2 2016	Q1 2017
Revenues ¹	in € million	86.2	70.5	43.9	36.2	42.2
B2C segment	in € million	41.6	37.3	21.0	19	20.5
B2B E-Recruiting segment	in € million	35.1	25.3	18.0	13.1	17.1
B2B Advertising & Events segment ²	in € million	7.5	6.1	3.9	3.2	3.6
kununu International segment	in € million	0.7	0.5	0.3	0.4	0.4
EBITDA	in € million	27.3	22.9	15.3	12.4	12
EBITDA margin	in %	32	32	35	34	28
Net profit / loss for the period	in € million	13.1	11.7	8.0	6.4	5.1
Earnings per share (diluted)	in €	2.33	2.09	1.42	1.14	0.91
Cash flow from operations	in € million	32.2	27.8	12.7	14.9	19.6
Equity	in € million	66.3	58	66.3	58	75
XING users Germany, Austria, Switzerland (D-A-CH), total	in million	13.2	11.1	13.2	11.1	12.7
thereof platform members	in million	12.4	10.5	12.4	10.5	12
thereof subscribers	in thsd.	971	914	971	914	956
B2B customers (D-A-CH)						
B2B E-Recruiting	in thsd.	17.4	18.1	17.4	18.1	17.7
B2B Advertising & Events	in thsd.	7.7	9.5	7.7	9.5	7.2
Employees	number	1,043	913	1,043	913	988

¹ Total revenues including other operating income

² Incl. intercompany revenues

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XING is the social network for business professionals.

The leading social network for business professionals in the German-speaking market 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 over 12.4 million members achieve the best possible work / life balance.

For example, members can use XING Jobs to find the position that meets their individual needs, keep up to date with the sector-specific news offerings on XING and participate in the debate, or find out about changes and trends in the new world of work on the XING spielraum topics portal. XING has also established itself as the market leader in social recruiting, supporting companies in positioning themselves amid changes in the world of work and filling vacancies with suitable candidates.

Established in 2003, XING has been listed since 2006 and has been a TecDAX member since September 2011. Members can meet and exchange views on XING in around 80,000 groups or get together at one of the more than 150,000 relevant events for professionals that are organized each year. XING has a presence in Hamburg, Munich, Barcelona, Vienna and Zurich.

Please visit www.xing.com for further details.

To our shareholders

- 03 Executive Board letter
- 06 XING shares

EXECUTIVE BOARD LETTER

Ladies and Gentlemen,

XING again continued on its dynamic growth trajectory in the first half of this year. All of our business units witnessed double-digit growth rates, helping us to lift total revenues by 22 percent year on year. Once again, the lion's share of this increase was contributed by the B2C segment, whose revenues came to €41.6 million, nearly 12 percent above the prior-year figure of €37.3 million. The highest growth rates were recorded by the B2B E-Recruiting segment, where we boosted revenues by 39 percent to €35.1 million (previous year: €25.3 million). B2B Advertising & Events, the segment which generates the second-smallest amount of revenue, also posted double-digit growth year on year of 22 percent to €7.5 million (€6.1 million). EBITDA, at €27.3 million, was up 19 percent over the prior-year period (€22.9 million). Profit rose by 11 percent in the first half of the year to €13.1 million (previous year: €11.7 million).



Dr. Thomas Vollmoeller,
Chief Executive Officer of XING AG

The figures show that XING is in great shape and that we are once again well on course to achieve our ambitious targets. This is thanks to our positioning, with which we are building on two megatrends simultaneously. Firstly, we help our members to exploit the opportunities presented by the radical changes in the world of work. Secondly, we help companies find the right candidates in times of rampant shortages of skilled workers. This is guided by the idea of making the world of work better for everyone involved.

Both of these strong trends – the change in the world of work and the skills shortage – will keep our economy busy for quite some time. They will actually increase XING's relevance. The fact that we identified these issues so early and positioned ourselves accordingly is due to our considerable expertise at local level and our consistent focus on the needs of our members and customers on the ground. Labor markets are dominated by local conditions and cultural aspects and differ from country to country, sometimes from region to region. What is more, the needs of most all professionals are usually focused on their own country, in many cases even on their home region. People look for local contacts, information that will further them in their specific environment, jobs in their town or city, service providers based in Hamburg, Berlin or Munich and not in Singapore, New York or Tokyo, for example; they want to visit events that are easy to get to. Does this apply to all professionals? Of course not! However, the sometimes acclaimed international elite is an extremely rare species. For the vast majority of people, the overwhelming part of their working life is a regional matter. You know where I'm going with this: Rather than being a limiting factor, our regional presence and focus on the German-speaking domestic market is an enormous strength. After all, this is the only way we can be close to people – the cornerstone of our success.

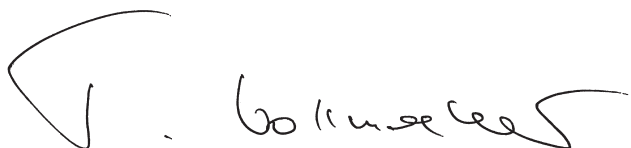
The fact that more than 1 million new members registered on our platform in the first half of the year – more than ever before – shows that this perspective is shared by increasing numbers of people. At the end of June, XING therefore had almost 12.4 million members in German-speaking countries and 13.2 million users across all platforms. The total number of subscribers in Germany, Austria, and Switzerland increased to more than 970,000 in the first half.

Due not least to this clear popularity, I firmly believe that our positioning will carry us further. In addition, we are continuously working on setting a new course for growth. In the week after the first half ended, we acquired not one but two companies. The first of these was Prescreen, the fastest-growing provider of an applicant tracking system (ATS) in Europe. Just three days later, we then reported our acquisition of InterNations, the world's largest network for people who live and work abroad. With Prescreen, XING will give HR managers the opportunity to manage the entire process from the vacancy to hiring using a software package, making it effective and efficient. The acquisition of InterNations will help XING to continue expanding its knowledge of offline events.

As you can see, XING remains fully on track, is superbly positioned and is committed to continuing to write the XING success story.

Thank you very much for your interest and trust in us.

Kind regards, Thomas Vollmoeller

A handwritten signature in black ink, appearing to read 'T. Vollmoeller', with a large, stylized flourish on the left side.

Dr. Thomas Vollmoeller,
Chief Executive Officer of XING AG

XING shares

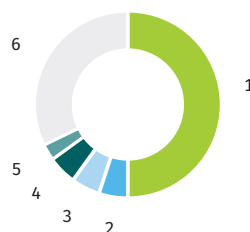
Basic data about the XING share

Number of shares as of June 30, 2017	5,620,435
Share capital in €	5,620,435
Share type	Registered shares
IPO	07.12.2006
ISIN	DE000XNG8888
Bloomberg	O1BC:GR
Reuters	OBCGn.DE
Transparency level	Prime Standard
Index	TecDAX
Sector	Software

Key data on the XING share at a glance

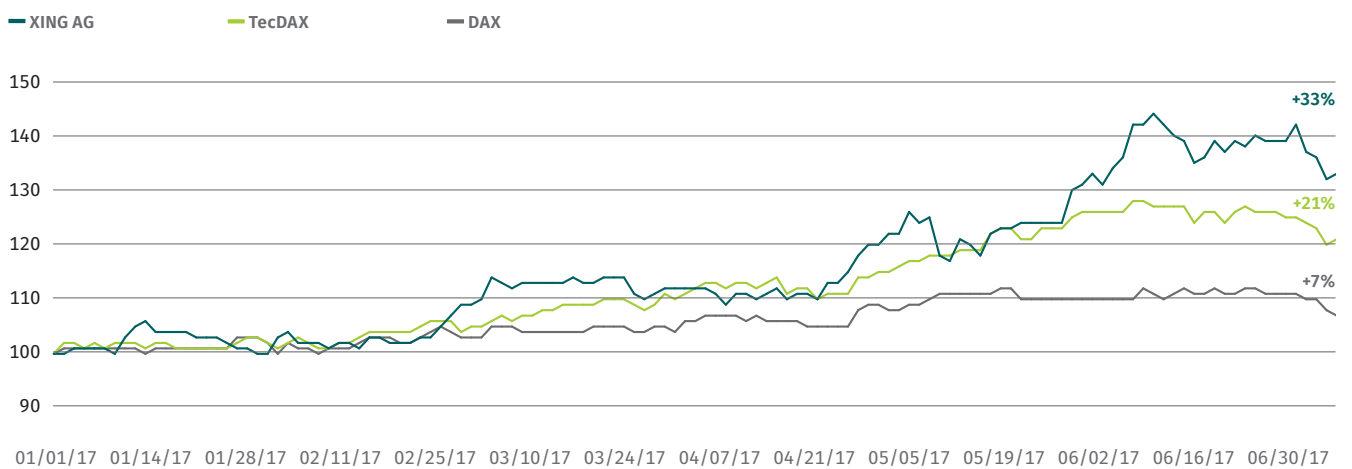
	H1 2017	H1 2016
XETRA closing price at the end of the period	€233.05	€170.75
High	€252.00	€185.40
Low	€174.95	€138.40
Market capitalization at the end of the period	€1.3 billion	€960 million
Average trading volume per day (XETRA)	6,275	10,391
TecDAX ranking		
based on free-float market capitalization	23	22
based on trading volume	30	25
Earnings per share (diluted)	€2.33	€2.09

Shareholder structure in June 2017



1 – Burda Digital GmbH	50.26 %
2 – Deutsche Asset & Wealth Management	4.95 %
3 – Union Investment	4.98 %
4 – Oppenheimer	5.04 %
5 – Wasatch Advisors	3.02 %
6 – Others	31.75 %

Share price performance vs. indices in the first half of 2017 (in percent)



Analyst recommendations for the XING share (August 2017)

Bank	Analyst	Recommendation	Price target
Berenberg Bank	Sarah Simon	Hold	€217
Commerzbank	Heike Pauls	Buy	€240
Deutsche Bank	Nizla Naizer	Buy	€260
Equinet	Simon Heilmann	Buy	€300
Hauck&Aufhäuser	Lars Dannenberg	Hold	€205
Oddo Seydler	Marcus Silbe	Sell	€200
Warburg Research	Jochen Reichert	Hold	€233

Financial information

INTERIM GROUP MANAGEMENT REPORT

for the period from January 1 to June 30, 2017

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Course of business

MACROECONOMIC ENVIRONMENT

The German economy is experiencing a strong, extensive uptrend, with growth being driven by robust consumer spending, high government demand and brisk investment in residential construction. Exports and rising corporate investment are also providing important momentum. In real terms, the gross domestic product (GDP) grew by 2.9 percent in the first quarter of 2017. Adjusted for seasonal influences caused by public holidays, real GDP growth stood at 1.7 percent. According to a forecast by the Ifo Institute, the German economy is likely to have grown by 1.7 percent as a whole in the first half of 2017 after adjusting for inflation. Austria's economy also picked up speed on its broad course of expansion, fueled by consumer spending, increased capital expenditure and exports. The National Bank of Austria (OeNB) calculates that the economy grew by 1.9 percent in real terms in the first quarter of 2017. The positive trend continued in the second quarter of 2017. By contrast, the Swiss economy saw only a moderate increase at the beginning of the year on account of the temporary weakness in the services sector. Consumer demand was very restrained. In real terms, GDP rose by just 1.1 percent in the first quarter of 2017. Economists unanimously estimate that the economy probably fared better in the second quarter of 2017 on the back of a stronger performance by the global economy.

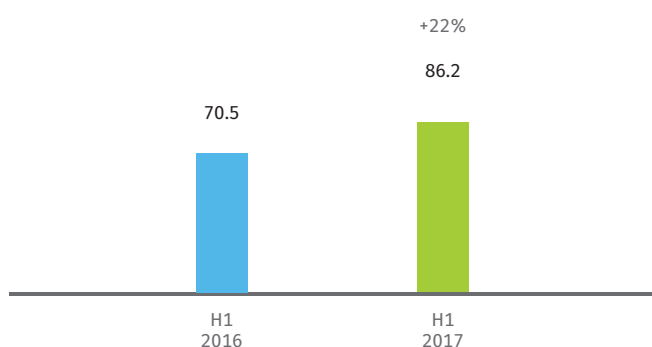
SECTOR-SPECIFIC ENVIRONMENT

The positive trend seen in the German labor market for many years now continued in the reporting period. According to the German Bundesbank, supply bottlenecks are becoming increasingly apparent in the labor market. In May 2017, the number of people in gainful employment exceeded the 44 million mark. This represents an increase of 651,000 people in one year (+1.5 percent). The unemployment rate calculated on the basis of the ILO measure of employment decreased in the same period from 4.2 percent to 3.7 percent (Destatis). According to the definition of the Federal Employment Agency, the unemployment rate up to June decreased year on year from 5.9 percent to 5.5 percent. The number of unemployed narrowed by over 141,000 to 2.47 million people. Figures released by the OeNB show that the upswing in Austria is now having a bearing on the labor market as well. The number of people employed in the services sector and in manufacturing has risen (May: +1.9 percent). The unemployment rate (ILO concept) fell to 5.4 percent in May (prior-year month: 6.2 percent). Switzerland's labor market was dominated by a rather muted positive trend. At the end of the first half of the year, the number of people out of work in absolute terms according to figures published by the country's State Secretariat for Economic Affairs (SECO) was down 4.0 percent year on year. The national unemployment rate saw a moderate decrease, receding to 3.0 percent (prior-year figure: 3.1 percent).

The state of labor markets in the D-A-CH region (Germany, Austria, Switzerland) therefore continues to be much healthier than those in the euro area (ILO unemployment rate in May: 9.3 percent) or the EU as a whole (7.8 percent). However, major differences exist within the D-A-CH area, depending on the city and region. In some areas, unemployment is high, but many places suffer from a noticeable shortage of qualified workers in specific professions. In this context, the readiness of the workforce to be mobile is becoming more and more important. Especially for younger and online-savvy employees, the Internet is becoming an increasingly important source of information for the labor market situation and career planning.

RESULTS OF OPERATIONS IN THE GROUP

Revenues incl. other operating income (in € million)



Revenues

Revenues of the XING Group including other operating income rose from €70.5 million in the first half of 2016 by 22 percent to €86.2 million. At €1.5 million, other operating income was slightly below the prior-year-figure of €1.6 million.

Personnel expenses

In the first half of the year, we were again able to recruit additional highly qualified employees for XING to continuously enhance our existing offerings and establish new offerings in the market. At the end of June 2017, we had 1,043 employees (June 2016: 913), which represents an increase of 82 employees (+14 percent).

Personnel expenses increased at a slightly lower rate than revenues, rising from €26.0 million in the first half of 2016 to €31.5 million in the reporting period (+21 percent).

Net profit for the period (in € million)



Marketing expenses

In the first six months of the current financial year, we pressed ahead with targeted marketing investments in the B2C and B2B segments, especially in the first quarter. Overall, we upped our marketing spend by around 36 percent year on year in the reporting period, from €6.9 million to €9.4 million. The most significant investments concern the development of our brand. Marketing activities in the B2C segment focused on the areas of SEM (search engine marketing), affiliate marketing, mailshots, and conventional display advertising. The marketing expenses ratio rose slightly from 10 percent to 11 percent in the first half of 2017.

Other operating expenses

Other operating expenses rose by 22 percent in the reporting period, from €14.7 million to €18.0 million. The main operating expenses here include IT and other services of €5.0 million (previous year: €4.7 million), expenses for premises of €3.0 million (previous year: €2.4 million), and server hosting, administration and traffic costs of €1.5 million (previous year: €1.1 million). The notes to the financial statements include a detailed table of all items reported under other operating expenses.

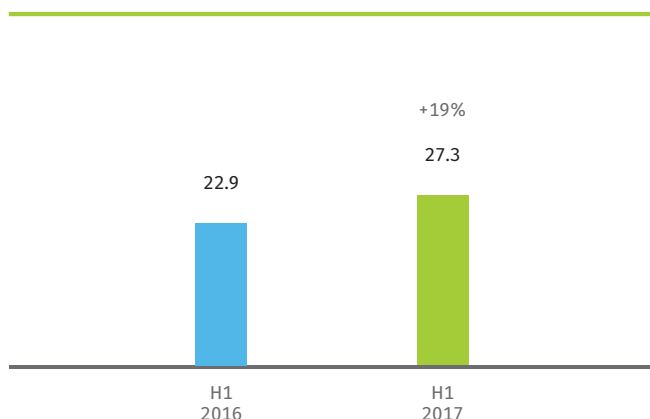
EBITDA

We gave a substantial boost to our operating result (EBITDA) in the first half of 2017.

EBITDA of the XING Group amounted to €27.3 million in the reporting period.

Compared with the prior-year figure, this constitutes an increase of €4.4 million or 19 percent.

EBITDA (in € million)



Depreciation, amortization and impairment losses

Depreciation, amortization and impairment losses rose from €4.7 million in the previous year to €6.0 million (+€1.3 million). Depreciation, amortization and impairment losses in the reporting period include impairment losses of €0.2 million (previous year: €0.1 million). Amortization of internally generated software amounted to €2.5 million (previous year: €0.8 million).

Financial result and taxes

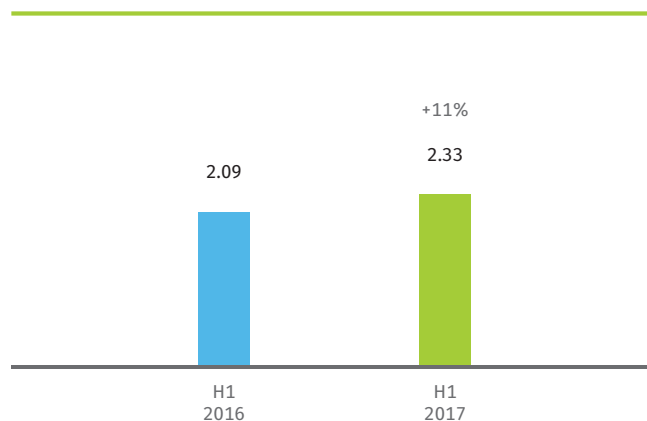
The financial result for the first half of the year was dominated by two effects. Estimates with regard to the parameters of the contingent purchase prices (earn-out obligations) made as of June 30, 2017 have changed compared with December 31, 2016 in that an earn-out obligation for was reduced by €0.6 million. The reversal was recognized as finance income. The planned start-up losses (€2.1 million) incurred by the US joint venture with Randstand/Monster Worldwide Inc. in the field of employer branding reduced the financial result in the first six months of the year.

Current taxes are determined by the companies of the XING Group based on the tax laws applicable in their country of domicile. Tax expense amounted to €6.4 million, up from €5.7 million in the first half of 2016.

Consolidated net profit and earnings per share

Consolidated net profit in the first half of 2017 amounted to €13.1 million, up from €11.7 million in the prior-year period. This gives rise to earnings per share of €2.33 for the first half of 2017, compared with €2.09 per share in the prior-year period. Earnings per share therefore rose by 11 percent year on year.

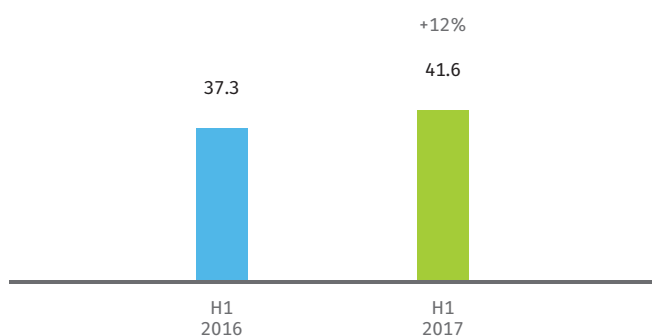
Earnings per share (in €)



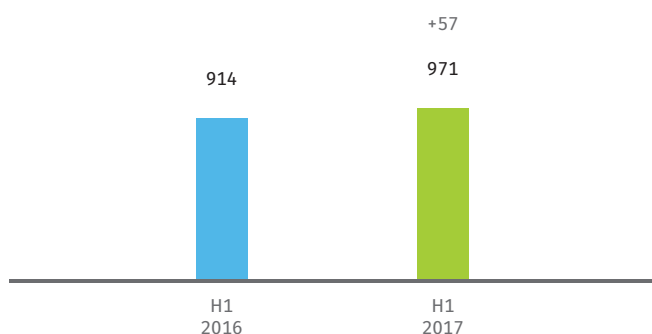
Segment performance

B2C SEGMENT

B2C segment revenues (in € million)



Subscribers (in thousand)



Segment revenues up 12 percent

We achieved a double-digit revenue increase in the **B2C** segment in the first half of 2017. Segment revenues rose by 11 percent, from €25.3 million to €35.1 million. Growth was driven by the sustained dynamic trend in the number of XING subscribers that saw us add around 58,000 paying members for the Premium, ProJobs and ProCoach products versus June 2016. This brought the subscriber base up to a total of 976,000 at the end of June 2017.

It should be noted that organic subscriber growth amounted to around 48,000. The difference of around 10,000 net subscriber additions is primarily a one-time effect attributable to a refined counting method. This method was adjusted as of January 1, 2017 as part of the change in payment service provider.

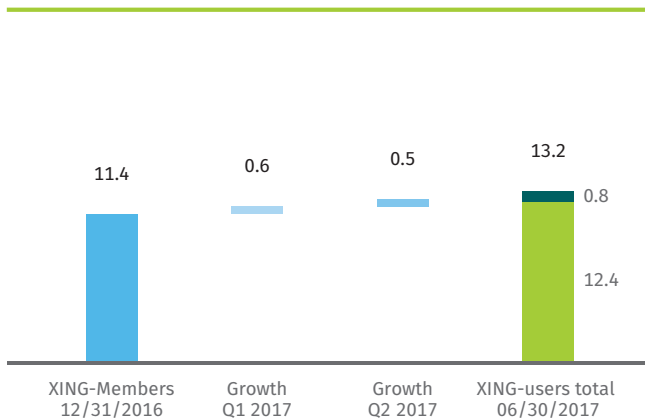
Segment EBITDA rose faster than revenues at 13 percent to €22.8 million, widening the segment EBITDA margin slightly from 54 percent (H1 2016) to 55 percent in the first half of 2017.

XING adds over 1 million members in the first half of the year

The regular ramp-up in marketing activities at the beginning of the year had a positive effect on member and revenue growth. After an unusually strong first quarter with 567,000 thousand new members, we welcomed a further 451,000 thousand new members on the XING platform in the second quarter. This constitutes the strongest growth ever for the Company in the first half of the year and expanded the membership base by 1 million to over 12.4 million people.

Including XING Events users, total XING users thus came to 13.2 million at the end of June 2017 (Q2 2016: 11.1 million).

Member growth (D-A-CH) (in million)



XING launches fresh video podcast format, XING Talk

In April 2017, we enhanced our content initiative and broadened our news services by adding XING Talk, a new format for video podcasts. On XING Talk, once every two weeks leading figures and interesting guests will explain what moves them personally. The broadcasts will be moderated by the well-known German podcasters Oliver Rößling and Frank Eilers. This format stems from the fact that users of our platform wanted to access information on their mobile devices and chat, especially on the fly. The podcasts will focus on current and controversial issues in politics, the economy and society. To make the recordings, our team specifically converted a meeting room into a television studio. The guest list boasts Dietrich Grönemeyer, dirndl manufacturer Sibilla Kawala and poetry slam pioneer Michel Abdollahi, in addition to Ole von Beust, Hubertus Meyer-Burckhardt and Christian Lindner. The podcasts are not just available to members of the network, but can also be accessed on iTunes, YouTube and the Facebook channels.



XING acquires expat network InterNations

Just a few days after the first half of 2017 came to a close, we acquired the Munich-based expat network InterNations. InterNations is the world's largest network for people who live and work abroad (expats). The platform has over 2.7 million members and is present in some 390 towns and cities around the world. InterNations gives expats a wide range of opportunities to link up and exchange ideas and experiences with other members who are in the same position in life and have similar needs. This allows members to help each other out in matters relating to finding an apartment, visits to the authorities and understanding the cultural aspects of the country in question. Offline events, around 50,000 of which were organized worldwide last year with a total of 1.5 million participants, are a key area of focus.

The expat network is a sensible addition to XING's existing platform from a strategic perspective. After all, we connect people, not profiles. Particularly in the digital era, personal encounters are irreplaceable. This conviction is deeply rooted in our corporate philosophy and our product range; it is what sets us apart from all other networks. This is why we regularly bring people together for professional live networking and provide numerous opportunities for finding inspiring new contacts. In InterNations we have acquired a genuine expert in local offline networks. While the XING platform continues to focus completely on the German-speaking domestic market, InterNations provides contact opportunities all over the world and will therefore continue to be managed under its own brand name. In addition to strengthening the expat communities, we will invest in further expanding the services InterNations offers and building up the B2B business. InterNations is profitable with double-digit revenue growth. The company is striving to achieve revenue in the low double-digit millions in 2018.

InterNations
connecting global minds

YOUR EXPAT COMMUNITY

Welcome abroad!

Enjoy the international experience with fellow global minds.

Enter your email address... [Join now](#)

[learn more](#)

Email
Your email

Password

[Forgot password?](#)

Keep me logged in [Log in](#)

[Not a member yet? Join now](#)

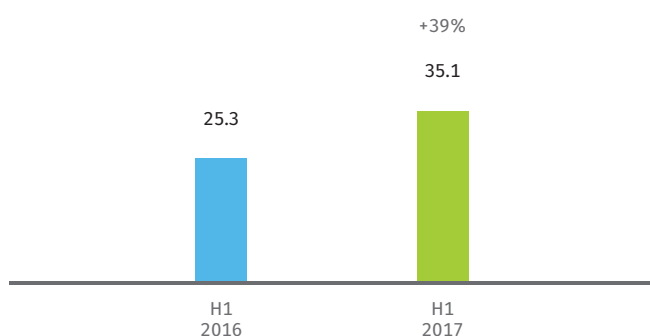
- ✓ Connect with other **expats in your city**
- ✓ Join **exciting events** to meet international people
- ✓ Get **tips & information** about your destination

...in **390 cities** worldwide

Our Global Partners:

B2B E-RECRUITING SEGMENT

B2B E-Recruiting segment revenues (in € million)



The **B2B E-Recruiting** segment has been slightly exceeding our ambitious expectations ever since the beginning of the year. Segment revenues increased by 39 percent and combined with growth of approximately €9.8 million accounted for most of the half-year revenue growth.

The detailed breakdown shows that the subsegments Active Recruiting and Employer Branding were the main contributors to the strong growth. The biggest increase was generated in the Active Sourcing subsegment with the XING TalentManager and XING ReferralManager.

Together with thousands of companies that post their vacant positions in XING Jobs, the number of B2B customers in the segment amounts to around 17,400. The slight decline in corporate customers (H1 2016: 18,100) was primarily caused by discontinuing the old XING Company Profile business in favor of the more expensive kununu employer branding profile.

On the back of the dynamic revenue growth, earnings in the operating segment (EBITDA) increased at an even faster rate than revenues at +41 percent. Segment EBITDA therefore came to €23.9 million in the first half of the year (H1 2016: €16.9 million). The segment's EBITDA margin was 68 percent in the first six months of 2017 (H1 2016: 67 percent).

XING E-Recruiting 360° – all recruitment solutions under the one roof

We rolled out our new XING E-Recruiting 360° B2B offering for HR departments in the second quarter of 2017. This consists of a new package of licenses which for the first time combines all of XING's existing e-recruitment tools in an integrated service. By providing new training opportunities and event formats, we will also help companies find the right candidates more easily.

XING E-Recruiting 360° combines the following products:

- **XING Job Ads** – as a flat rate for unlimited publication of current vacancies, including use of the XING JobManager
- **XING TalentManager** for active contact with candidates – with as many licenses as the recruitment team needs
- **XING ReferralManager** for digitalizing and automating employee referrals
- **Employer Branding Profile Professional** for ideal positioning of one's own employer brand on XING and kununu

In order to ensure that this wide variety of services offered by E-Recruiting 360° can develop its full potential to help users cope with the individual challenges existing in each case, we have developed new training concepts and event formats. For instance, personal XING 360° specialists help corporate customers adjust the mix of e-recruitment solutions to their best advantage in line with their objectives and the challenges facing them.

<https://recruiting.xing.com/360>



XING acquires ATS provider Prescreen

In just one week – only a few days after the first half of the year had ended – we took over not one but two companies. Before acquiring InterNations (B2C segment), we took the next step on the way to becoming a full-service e-recruitment provider by purchasing Prescreen GmbH, the provider of the applicant tracking system (ATS) of the same name.

Applicant tracking systems are becoming increasingly popular in human resources. This is because an ATS allows recruiters to manage the entire process from the vacancy to the hiring of a candidate using a single software solution – easily, inexpensively and effectively. For instance, they can place job advertisements on their own career pages as well as in networks and on job portals, document applications and sort them by relevant criteria, create a talent pool for filling future vacancies, and even perform assessments to verify the aptitude of candidates.

Prescreen is one of the fastest-growing providers of ATS solutions in Europe. The company currently has around 350 corporate customers, among them large numbers of small and medium-sized enterprises but also big names such as Beiersdorf, Ströer and Unicredit Bank Austria. Prescreen adds new customers in double-digit figures each month. One focus will be on integrating Prescreen with XING's e-recruiting products and providing recruiters with a seamless all-round service from the search to the identification to the hiring of candidates.

In doing so, we will give HR managers the opportunity to manage the entire process from the vacancy to hiring using a software package, making it effective and efficient. Prescreen is an open system, which means it can be used with networks other than XING or in connection with any job portals. This will remain the case going forward.

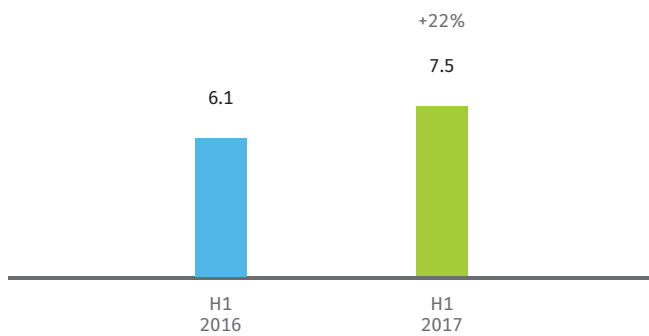
PRODUCT

Be innovative.
State of the art semantic matching technology and candidate search. Automated talent pool recommendations.

WERBER	ZUSATZANGABEN & TAGS	STATUS	MEIN
 Stefan Richter Head of Human Resources Fischer-Metalbau AG	Zulageh. 2500€/M Talent Pool	SCR	★
 Sandra Maier HR Managerin MyHealth GmbH	Zulageh. 3200€/M Talent Pool	RJT	★★
 Mareike Schuhmann Outbound Sales Staller & Skamele GmbH	Zulageh. 3200€/M Talent Pool	RJT	★★★★
 Alexander Müller Marketing Manager Reißberger und Partner GmbH	Zulageh. 4300€/M Marketing Talent Pool	AUS	★★★★

B2B ADVERTISING & EVENTS SEGMENT

B2B Advertising & Events segment revenues (in € million)



In the B2B Advertising & Events segment, where we combine XING Marketing Solutions and our events business, we lifted revenues by 22 percent to €7.5 million in the first half of 2017.

Segment EBITDA also improved by as much as 48 percent, from €1.4 million to €2.1 million, widening the segment's EBITDA margin from 23 percent to 28 percent.

Revenue growth in the B2B Advertising & Events segment in the first half of the year was driven by our Marketing Solutions.

XING Marketing Solutions provide state-of-the-art advertising formats with which messages can be successfully placed in a professional environment.

In conjunction with our customers we develop highly effective communication strategies for their initiatives – from native advertising to the integrated campaign.

For a few months now, advertisers have been able to book video advertising on XING. Campaigns can be developed very selectively using our granular targeting options.



XING Events connects the online and the offline worlds. Here, organizers of trade fairs, conferences and seminars can draw on different offerings with which they can optimize the marketing and management of events they post on XING.

The XING Ticketing Manager allows tickets to be easily sold online and registrations to be managed.

Using this tool, organizers can create their individual event page with an integrated ticket shop in their chosen design and market it to the relevant target group using the XING AdManager, for example.

The screenshot shows the XING Events ticketing interface for a 'Demo-Event zum Testen' organized by XING Events GmbH. The event dates are from Saturday, 01.10.2016 to Sunday, 01.10.2017. The interface includes a navigation menu with options like 'Übersicht', 'Teilnehmerliste', 'Redner', 'Videos', and 'Anfahrtsbeschreibung'. A table lists ticket categories and prices:

Kategorie	Anzahl	Preis	Summe
1-Tages-Ticket	0	€ 1,00	€ 0,00
2-Tages-Ticket	0	€ 2,00	€ 0,00
Frühbucherticket	0	€ 0,50	€ 0,00
Gruppenticket	0	€ 3,00	€ 0,00
VIP	0	€ 4,00	€ 0,00

The total price (including tax) is € 0,00. The interface also features a 'Tickets kaufen' button, social media sharing options (Twitter, E-Mail), export options (Outlook, Google Calendar), and a map showing the event location. Payment logos for PayPal, American Express, VISA, and JAKOBI are visible at the bottom.

Kununu International segment

This segment mainly generates revenues relating to the provision of services (H1 2017: €0.7 million) for the joint venture. XING's share of the joint venture's net profit/loss for the year is reflected in the financial result.

FINANCIAL POSITION IN THE GROUP

Equity and liabilities

As was the case in previous years, XING AG is financed solely from equity and the Company does not have any bank loans or other such loans.

As of the closing date, the Company's equity ratio amounted to 36 percent compared with 41 percent in 2016. This reduction primarily resulted from the dividends paid in 2017 (regular dividend totaling €7.7 million and special dividend of €9.0 million) and the increase in deferred income (€11.2 million), which could not be fully offset by positive consolidated total comprehensive income of €13.1 million. XING thus continues to be in an excellent position for future growth.

The ratio of equity to non-current assets was 65 percent (previous year: 114.0 percent). The decrease results from the rise in non-current assets. In the first six months of the year, we invested around €30 million of our cash into funds and certificates. Further additions are mainly attributable to an increase in internally generated software.

There is a 118 percent surplus of current assets (including liquid funds and available-for-sale securities) over the current liabilities (previous year: 134 percent). The decrease is due to the strong increase in deferred income by €11.2 million.

Strategic financing measures

Thanks to the favorable market conditions, the Company had secured credit lines totaling €20 million in 2014 with the aim of increasing its short-term flexibility. These credit lines have not yet been drawn down.

Cash flows from operating activities

The cash flows from operating activities for the reporting year amounted to €32.2 million, up from €27.8 million in the previous year. This increase is mainly attributable to the €4.4 million or 19 percent increase in EBITDA over the previous year.

Cash flows from investing activities

In the first half of the 2017 financial year, the cash flows from investing activities included significantly higher amounts invested in platform development than in the previous year (€11.5 million compared with €7.5 million). At €0.9 million, investments in property, plant and equipment decreased year on year, as planned (previous year: €2.3 million). The other drivers of cash flows from investing activities were the investment in kununu US LLC (€3.3 million vs. €2.7 million) and payments made for the acquisition of available-for-sale securities (€30.0 million).

Cash flows from financing activities

During the 2017 financial year, XING distributed a regular dividend of €7.7 million (previous year: €5.8 million) and a special dividend of €9.0 million (previous year: €8.4 million).

NET ASSETS IN THE GROUP

Non-current assets increased by €40.3 million from €61.5 million in the previous year to €101.8 million as of June 30, 2017. This is mainly due to the investment of approx. €30 million in funds and certificates in the first six months of the year as well as the recognition of new modules for the XING platform. The share of non-current assets in total assets increased from 36 percent to 56 percent year on year. As a result, current assets accounted for a lower proportion of total assets, decreasing to 44 percent (previous year: 64 percent).

On June 30, 2017, the Group had liquid funds of €55.9 million (previous year: €86.6 million) and available-for-sale securities amounting to €30.0 million. This represents 47 percent (previous year: 51 percent) of the total assets of €181.0 million (previous year: €170.5 million).

Liquid funds as of June 30, 2017 included third-party cash of €4.9 million from the XING Events segment (previous year: €3.2 million). The Company has €51.0 million in cash, which accounts for 28 percent of total assets (previous year: €83.4 million or 49 percent).

The increase in receivables from services from €19.6 million in the previous year to €20.2 million as of June 30, 2017 was largely related to the further rise in revenues. Receivables from services mainly include receivables from B2B members and membership subscriptions from Premium members.

Other assets increased by €0.4 million year on year, primarily as a result of the slight increase in advance payments.

Investments in acquired software and licenses in the amount of €1.4 million lifted the carrying amount by €0.6 million to €5.0 million. These investments focused on mobile and data analytics applications.

Internally generated intangible assets include those parts of the XING platforms and the XING mobile applications that qualify for capitalization. Investments totaled €11.5 million (previous year: €15.8 million). Internally generated intangible assets were reduced by amortization and impairment losses of €0.2 million (previous year: €0.1 million), resulting from the overhaul and redesign of the platform.

The goodwill recognized relates to BuddyBroker AG acquired in the previous year (€4.9 million), Intelligence Competence Center (Deutschland) AG acquired in 2015 (€6.1 million) and kununu GmbH (€2.2 million). At €8.4 million, the carrying amount of other equipment, operating and office equipment including prepayments and assets under construction was slightly higher than the previous year's value of €8.3 million (+€0.1 million). The value of the other intangible assets was reduced by €0.7 million through amortization during the financial year. Offsetting new investments of €0.3 million led to a carrying amount of €1.8 million (previous year: €2.2 million).

Report on expected developments

ECONOMIC OUTLOOK

Despite the risks and uncertainties, the global economy has gained perceptible momentum in the year to date, achieving the hoped-for acceleration in growth. The International Monetary Fund (IMF) reiterated its previous forecast for global economic growth of 3.5 percent for 2017 (2016: 3.2 percent) in its updated forecast (WEO Update July 2017). While the IMF is less upbeat about the prospects for the United States than before, it is more optimistic about Asia (particularly China and the ASEAN countries) given the upturn in international trade and capital expenditure. The IMF is now more positive about the euro area as well, raising its growth estimate for 2017 to 1.9 percent (previously: 1.7 percent; 2016: 1.8 percent).

In Germany, the Deutsche Bundesbank believes that the economic upswing is continuing. Alongside the solid underlying tempo of the robust growth fueled by private consumption, government demand and residential construction, growth is being driven by exports and rising corporate investment, reports the Bundesbank. Key leading indicators, especially the Ifo Business Climate Index, rose to new highs in the first six months of 2017 and signal considerable confidence in companies. The Bundesbank estimates that GDP in 2017 will grow by 1.9 percent in real terms (unadjusted figure: +1.6 percent). This will continue to drive demand for qualified professionals. The National Bank of Austria (OeNB) reports that following years of little momentum, Austria's economy is witnessing an accelerated GDP rate for 2017 of 2.2 percent in real terms, with stimulus being provided by higher exports and strong domestic demand. In view of the weak start to the year, Swiss economic researchers (SECO) lowered their GDP growth forecast for 2017 in June from +1.6 percent to +1.4 percent. Nevertheless, the Swiss economy is continuing to recover and is gaining increasing momentum.

EXPECTED SECTOR-SPECIFIC ENVIRONMENT

Signs continue to be positive for the labor market in Germany. There are indications that employment levels will increase further and unemployment will continue to fall. In its economic forecast for the current and the coming year, the Deutsche Bundesbank predicts that averaged over 2017 the number of people in gainful employment will increase by around 600,000. This means that the strong momentum in the German labor market will be sustained. Austria's labor market is expected to see a similarly positive trend. After several years of rising unemployment, Austria is also starting to see a turnaround in 2017. The National Bank of Austria (OeNB) estimates that total employment will rise by 1.3 percent in the current year and by as much as 1.5 percent for salary/wage earners. In addition, despite an increasing supply of labor, the unemployment rate (ILO concept) is expected to fall to 5.7 percent from 6.0 percent in the previous year. The Swiss labor market is experiencing a moderate improvement. SECO estimates that employment levels will rise by 0.4 percent in 2017. At the same time, the nationally defined unemployment rate will decrease by 10 basis points to 3.2 percent.

In this generally positive economic and labor market environment, cross-border competition for qualified employees across the D-A-CH region is anticipated to increase further. This offers better opportunities for jobseekers – even in their own country. The conditions are also favorable for targeted career development.

EXPECTED DEVELOPMENT OF XING

We believe that XING AG will also remain on course for growth during the current financial year.

The starting point for sustainable positive performance at XING AG are structural changes within the world of work and the challenges these pose for employees (B2C) and companies (B2B).

In our opinion, employees must tackle the changes directly affecting them at an early stage and identify areas for further development and change. In the future, XING will have an even more important role to play as a reliable partner in a changing environment and to help its members make the right career decisions for them. With more than 12 million XING members in employment, we have a very good foundation on which to continue benefiting from these macro trends going forward. Demographic trends and near-full employment in Germany represent major challenges for companies as they seek to fill open positions with suitable candidates within a reasonable time period, both now and in the future. According to a study by the Institute for Competitive Recruiting, 96 percent of all companies have experienced staffing difficulties.

Here too, our existing and well-established innovative digital recruitment solutions mean we are already excellently positioned. This enables us to benefit significantly more from these structural changes and thus expect revenues and income to continue to rise.

Revenue and earnings targets

In our financial key performance indicators, we expect revenues and earnings to continue to increase at Group level. As things currently stand, we therefore can provide the following detailed overview of the revenue and earnings targets for the Group as well as the main segments:

Financial key performance indicators	Forecast for 2017	Progress in H1 2017
Consolidated revenues	Double-digit percentage growth	+22%
EBITDA (adjusted for extraordinary items) Group	Significant increase	+19%
Revenues, B2C segment	Double-digit percentage growth	+12%
EBITDA (adjusted for extraordinary items), B2C segment	Slight increase in EBITDA	+13%
B2B E-Recruiting segment revenues	Double-digit percentage growth	+39%
EBITDA (adjusted for extraordinary items), B2B E-Recruiting segment	Significant increase in EBITDA	+41%
B2B Advertising & Events segment revenues	Double-digit percentage growth	+22%
EBITDA (adjusted for extraordinary items), Advertising & Events segment	Significant increase in EBITDA	+47%

Dividend targets

We have been pursuing a sustainable dividend policy since 2012. The liquid funds of €51.1 million as of the end of June 2017 and XING's cash-generative business model enable the Company to pay dividend regularly without changing its business strategy, which is aimed at achieving growth. We intend to continue to make regular dividend payments.

Liquidity and financial targets

On account of our highly profitable, cash-generative business model, our liquidity requirements are very low. We anticipate cash funds in the 2017 financial year excluding extraordinary items such as acquisitions or special dividends to increase considerably.

Planned capital expenditures

Following an increase in the investment volume (CAPEX) of €9.2 million to €24.4 million in the 2016 financial year, we anticipate further year-on-year increase for the 2017 financial year. As in previous years, capital expenditure will be concentrated on internally developed software, server capacity and software licenses.

Forecast of non-financial key performance indicators

The non-financial key performance indicators being reported are important measures of the success and attractiveness of our offerings. Accordingly, we defined the number of members and subscribers of the D-A-CH region as key performance indicators for the B2C segment. Our objective is to generate strong growth in the D-A-CH region in 2017 (2016: +1.8 million) and increase the number of subscribers slightly (2016: 47,936 new subscribers).

Relationships with business customers are the most important measure in the B2B E-Recruiting and B2B Advertising & Events segments because the segments' revenue and earnings performance significantly depends on them. For this reason, the goal is to increase the number of corporate customers in the B2B E-Recruiting segment slightly in the 2017 financial year. We also expect the number of business customers in the B2B Advertising & Events segment to increase substantially.

Non-financial key performance indicators	Forecast for 2017	Progress since 12/31/2016
B2C segment: Members in the D-A-CH region	Substantial member growth	+1.0 million
B2C segment: Subscribers in the D-A-CH region	Slight growth	+5%
B2B E-Recruiting segment Number of corporate customers (B2B)	Slight growth	+2%
B2B Advertising & Events segment Number Corporate customers (B2B)	Substantial member growth	+16%

Report on opportunities

Opportunity management is an integral part of our business activities aimed at increasing our enterprise value in the long term and achieving our goals. Opportunity management at XING focuses heavily on the business units' individual strategies. Market developments and trends along with the competitive environment are discussed at regular meetings on business performance, and the resulting opportunities for the business units are assessed. Any opportunities identified are discussed with the individual business units as part of the planning and controlling process in order to perform a qualitative and quantitative assessment. One of the tasks of the business units themselves is to identify strategic opportunities in their respective submarkets and to develop measures for product development and its focus from these.

As the market leader in the fields of business social networking and social recruiting in the D-A-CH region, we believe we have further opportunities for expanding our market position and continuing our penetration of these markets, which are important to us.

OPPORTUNITIES PRESENTED BY MACROECONOMIC TRENDS

The economic conditions also affect the development of business at XING to varying degrees. As our assessment of the future development of the results of operations is based on the assumptions about economic developments described in the management report, a substantial improvement in the economic conditions could have an extremely positive influence on our business activities. Our e-recruiting offerings in particular could become more attractive, and as a result our existing forecast could be surpassed, if the lack of skilled workers becomes even worse and baby boomers leave the workplace at a faster pace, while the economy remains on a stable footing.

If the macroeconomic environment and economic conditions in the D-A-CH region deteriorate significantly, this will presumably have a negative impact on the B2B E-Recruiting segment. However, the B2C segment could consequently outperform forecasts because positioning and active presentation of professional CVs through ProJobs membership, for example, will become more important.

OPPORTUNITIES PRESENTED BY PRODUCT DEVELOPMENT AND INNOVATION

XING is a growth company. Our business success therefore depends to a large extent on our speed of innovation and ability to implement ideas when developing new products and services for our members and business customers in all of our lines of business. Continuous process improvements and the efficient use of our development resources as well as identification of important trends might provide further opportunities for improving growth rates. If we make progress in this area faster than expected and establish relevant offerings for our customers even faster, this would have additional positive effects on XING's revenues and earnings development.

OPPORTUNITIES PRESENTED BY FASTER PENETRATION OF IMPORTANT GROWTH MARKETS

Thanks to our digital e-recruiting solutions for companies in particular, we operate in a structural growth market in which lasting changes in the world of work (digitalization and changes in skills and values) could offer XING numerous opportunities, particularly in the future, if the products and services introduced by XING (such as XING TalentManager, XING ReferralManager or Employer Branding Profiles) achieve market penetration more quickly than planned. Other opportunities will also arise by establishing new and/or additional e-recruiting offerings more quickly than planned (e.g. through M&A transactions).

Furthermore, paid memberships in the B2C core business also present further opportunities. In this area, the additional pro memberships XING is planning for special target groups can have a positive impact on the segment's revenue and earnings performance if these new offerings resonate with customers more strongly than planned.

Overall, the penetration of key growth markets at a faster pace than projected provides a wealth of opportunities for XING AG, especially given the low level of penetration in the respective markets up to now. Further opportunities could be provided by the establishment of new sources of revenues or business models, which have not yet been budgeted for.

Risk report

Permanent monitoring and management of risks are key tasks of a listed company. For this purpose, the Company has implemented the risk early warning system required in accordance with Section 91 (2) AktG and continuously develops it within the context of current market and company developments. As was the case in the previous year, the auditor of the annual financial statements again confirmed the functionality of the system.

Each individual employee is required to avert potential loss from the Company. It is every employee's task to immediately remove all risks in their own area of responsibility and to immediately notify the corresponding risk management contacts at XING in the event of any indications of existing risks or risks which might arise. An essential requirement for such a task is knowledge of the risk management system and maximum risk awareness of each individual employee. For this reason, XING familiarizes its employees with the risk management system using information material and draws their attention to the significance of risk management.

Potential risks are continually identified and analyzed. Identified risks are then systematically evaluated as to their probability of occurrence and the expected potential loss. The persons with risk responsibility and senior executives are questioned with regard to the status of existing risks and the identification of new risks in the course of quarterly risk inventories and status queries. Risks are measured using the gross method, which means that the probability of occurrence and the expected loss is estimated without taking into account countermeasures.

The subsidiaries XING Events GmbH, kununu GmbH, XING E-Recruiting GmbH & Co. KG, XING News GmbH and XING Marketing Solutions GmbH have been integrated into the Company's risk management system. Here, potential risks are also continually identified and analyzed and persons with risk responsibility and senior executives are also questioned with regard to the status of existing risks on a quarterly basis. This integration helps to ensure early recognition too of any risks originating from the operating subsidiaries that may have a negative long-term impact on the Company.

No further going concern risks were identified in addition to the risks presented in the 2016 Annual Report.

Financial information

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

for the period from January 1 to June 30, 2017

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Consolidated statement of comprehensive income of XING AG

for the period from January 1 to June 30, 2017

Consolidated statement of comprehensive income

In € thousand	01/01/2017 – 06/30/2017	01/01/2016 – 06/30/2016	04/01/2017 – 06/30/2017	04/01/2016 – 06/30/2016
Service revenues	84,603	68,900	43,166	35,570
Other operating income	1,547	1,625	779	668
TOTAL OPERATING INCOME	86,150	70,525	43,945	36,238
Personnel expenses	-31,504	-26,023	-16,186	-13,400
Marketing expenses	-9,350	-6,898	-3,181	-2,719
Other operating expenses	-18,021	-14,716	-9,277	-7,677
EBITDA	27,275	22,888	15,301	12,442
Depreciation, amortization and impairment losses	-6,027	-4,694	-3,136	-2,461
EBIT	21,248	18,194	12,165	9,981
Share of profits and losses of equity-accounted investments	-2,145	-808	-885	-705
Finance income	565	134	565	133
Finance costs	-147	-115	-35	-89
EBT	19,521	17,405	11,810	9,320
Taxes on income	-6,438	-5,664	-3,844	-2,923
CONSOLIDATED NET PROFIT / LOSS	13,083	11,741	7,966	6,397
Earnings per share (basic)	2.33 €	2.09 €	1.42 €	1.14 €
Earnings per share (diluted)	2.33 €	2.09 €	1.42 €	1.14 €
CONSOLIDATED NET PROFIT / LOSS	13,083	11,741	7,966	6,397
Currency translation differences	-2	0	-3	0
Remeasurement of available-for-sale assets	41	0	3	0
CONSOLIDATED TOTAL COMPREHENSIVE INCOME	13,122	11,741	7,966	6,397

Consolidated statement of financial position of XING AG

as of June 30, 2017

Assets

In € thousand	06/30/2017	12/31/2016
NON-CURRENT ASSETS		
Intangible assets		
Software and licenses	5,028	4,453
Internally generated software	39,895	30,975
Goodwill	13,143	13,143
Other intangible assets	1,789	2,188
Property, plant and equipment		
Leasehold improvements	375	513
Other equipment, operating and office equipment	7,529	5,585
Advance payments made and construction in progress	823	2,709
Financial assets		
Equity investments	1,138	1
Other financial assets	30,094	79
Prepaid expenses	372	372
Deferred tax assets	1,649	1,477
	101,835	61,495
CURRENT ASSETS		
Receivables and other assets		
Receivables from services	20,172	19,637
Other assets	3,065	2,672
Cash and short-term deposits		
Own cash	51,022	83,428
Third-party cash	4,887	3,214
	79,146	108,951
	180,981	170,446

Equity and liabilities

In € thousand	06/30/2017	12/31/2016
EQUITY		
Subscribed capital	5,620	5,620
Capital reserves	22,622	22,622
Other reserves	2,477	2,438
Net retained profits	35,572	39,182
	66,291	69,862
NON-CURRENT LIABILITIES		
Deferred tax liabilities	13,431	10,766
Deferred income	2,593	2,152
Other provisions	630	604
Other financial liabilities	3,281	3,220
Other liabilities	2,865	2,493
	22,800	19,235
CURRENT LIABILITIES		
Trade accounts payable	1,372	3,316
Deferred income	65,668	54,922
Other provisions	1,477	625
Other financial liabilities	750	2,037
Income tax liabilities	1,401	1,247
Other liabilities	21,222	19,202
	91,890	81,349
	180,981	170,446

Consolidated statement of cash flows of XING AG

for the period from January 1 to June 30, 2017

Consolidated statement of cash flows

In € thousand	01/01/2017 – 06/30/2017	01/01/2016 – 06/30/2016
Earnings before taxes	19,521	17,405
Amortization and write-downs of internally generated software	2,542	1,743
Depreciation, amortization and impairment losses on other fixed assets	3,485	2,951
Interest income	-565	-6
Interest received	1	3
Interest expense	147	115
Share of profits and losses of equity-accounted investments	2,145	808
Taxes paid	-3,811	-2,841
Profit from disposal of fixed assets	-143	-134
Change in receivables and other assets	-928	294
Change in liabilities and other equity and liabilities	325	626
Non-cash changes from changes in basis of consolidation	0	-228
Change in deferred income	11,187	8,350
Elimination of XING Events GmbH third-party obligation	-1,673	-1,313
CASH FLOWS FROM OPERATING ACTIVITIES	32,233	27,773
Payment for capitalization of internally generated software	-11,462	-7,491
Payment for purchase of software	-1,414	-400
Payments for purchase of other intangible assets	-347	-490
Proceeds from the disposal of fixed assets	154	178
Payments for purchase of property, plant and equipment	-883	-2,320
Payment for acquisition of consolidated companies (less funds acquired)	-732	-3,148
Payments for equity-accounted investments	-3,281	-2,706
Payments for investments in other financial assets	-29,954	0
CASH FLOWS FROM INVESTING ACTIVITIES	-47,919	-16,377

Consolidated statement of cash flows

In € thousand	01/01/2017 – 06/30/2017	01/01/2016 – 06/30/2016
Payment of regular dividend	-7,700	-5,789
Payment of special dividend	-8,993	-8,431
Interest paid	-32	-30
CASH FLOWS FROM FINANCING ACTIVITIES	-16,725	-14,250
Currency translation differences	5	0
Net change in funds	-32,406	-2,854
Own funds at the beginning of the period	83,428	78,034
OWN FUNDS AT THE END OF THE PERIOD¹	51,022	75,180
Third-party funds at the beginning of the period	3,214	2,993
Change in third-party funds	1,673	1,313
THIRD-PARTY FUNDS AT THE END OF THE PERIOD	4,887	4,306

¹ Funds consist of liquid funds.

Consolidated statement of changes in equity of XING AG

for the period from January 1 to June 30, 2017

Consolidated statement of changes in equity

In € thousand	Subscribed capital	Capital reserves	Other reserves	Net retained profits	Total equity
AS OF 01/01/2016	5,620	22,622	2,432	29,834	60,508
Consolidated net profit/loss	0	0	0	11,741	11,741
Consolidated total comprehensive income	0	0	0	11,741	11,741
Regular 2015 dividend	0	0	0	-5,789	-5,789
Special dividend	0	0	0	-8,431	-8,431
AS OF 06/30/2016	5,620	22,622	2,432	27,355	58,029
AS OF 01/01/2017	5,620	22,622	2,438	39,182	69,862
Consolidated net profit/loss	0	0	0	13,083	13,083
Consolidated total comprehensive income	0	0	39	13,083	13,122
Regular 2016 dividend	0	0	0	-7,700	-7,700
Special dividend	0	0	0	-8,993	-8,993
AS OF 06/30/2017	5,620	22,622	2,477	35,572	66,291

Notes to the interim consolidated financial statements

for the period from January 1 to June 30, 2017

1. Information on the Company and the Group

The registered offices of XING AG are located at Dammtorstrasse 30, 20354 Hamburg, Germany; the Company is registered at the Amtsgericht (local court) Hamburg under HRB 98807. The parent company of XING AG is Burda Digital GmbH, Munich, and the ultimate parent company of XING AG since December 18, 2012 has been Hubert Burda Media Holding Kommanditgesellschaft, Offenburg, Germany. The next most senior parent preparing consolidated financial statements is Burda Gesellschaft mit beschränkter Haftung, Offenburg.

Operating the leading social network for business professionals in the German-speaking market, XING 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 approximately 12 million members achieve as harmonious a work / life balance as possible. XING 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 of XING AG for the reporting period ending on June 30, 2017, have been prepared in accordance with the International Financial Reporting Standard for interim financial reporting (IAS 34). 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, 2016.

The period under review began on January 1, 2017, and ended on June 30, 2017. The corresponding prior-year period began on January 1, 2016, and ended on June 30, 2016. The interim consolidated financial statements and the interim group management report of XING AG as of June 30, 2017, were approved for publication on August 7, 2017, by the Executive Board.

The accounting policies applied to these condensed interim consolidated financial statements are consistent with those used for the consolidated financial statements as of December 31, 2016. 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 12 months to December 31, 2021.

Several amended IFRSs became effective for 2017. However, the application of these IFRSs did not have any material effects on the annual consolidated financial statements or the condensed interim consolidated financial statements.

IFRS 15 (Revenue from Contracts with Customers) replaces the guidance on revenue recognition, especially IAS 18 (Revenue). This has effects for XING, particularly on revenues and EBITDA, the measure of earnings. IFRS 16 (Leases) provides new guidance on accounting for lease expenses. Consequently, certain lease expenses are no longer shown in EBITDA, but as depreciation and in the financial result. Furthermore, there is an effect on cash flow indicators, because the expenses can no longer be allocated to cash flow from operations.

XING is still examining the effects of applying IFRS 15 and IFRS 16 for the first time. As things stand today, the statement of financial position will change through the disclosure of lease assets and lease liabilities. Where sales commission qualifies for capitalization, this will be amortized over the lease term, which will lead to higher EBIT.

3. Joint venture with Monster Worldwide, Inc.

XING contributed a further US\$3,500 thousand (previous year: US\$3,000 thousand) to the kununu US LLC joint venture in the reporting period. The financial result includes XING's share of the start-up loss of the joint venture in the amount of US\$1,973 thousand (€1,827 thousand; previous year: €808 thousand). Previously unrecognized losses from 2016 in the amount of €318 thousand were also recognized in the reporting period.

4. Segment information

In € thousand	B2C		B2B E-Recruiting		Advertising & Events		(kununu) International		Consolidation of intersegment revenues/ expenses		Total segments	
	01/01/– 06/30/ 2017	01/01/– 06/30/ 2016	01/01/– 06/30/ 2017	01/01/– 06/30/ 2016	01/01/– 06/30/ 2017	01/01/– 06/30/ 2016	01/01/– 06/30/ 2017	01/01/– 06/30/ 2016	01/01/– 06/30/ 2017	01/01/– 06/30/ 2016	01/01/– 06/30/ 2017	01/01/– 06/30/ 2016
	Revenues (from third parties)	41,576	37,262	35,142	25,305	7,190	5,859	695	474	0	0	84,603
Intragroup revenues	0	0	0	0	286	280	0	0	-286	-280	0	0
Total revenues	41,576	37,262	35,142	25,305	7,476	6,139	695	474	-286	-280	84,603	68,900
Intragroup segment expenses	-286	-280	0	0	0	0	0	0	286	280	0	0
Other segment expenses	-18,532	-16,842	-11,268	-8,359	-5,360	-4,704	-693	-555	0	0	-35,853	-30,460
Segment operating result	22,758	20,140	23,874	16,946	2,116	1,435	2	-81	0	0	48,750	38,440
Other operating income/expenses											-21,475	-15,552
EBITDA											27,275	22,888

Revenues by region

In € thousand	01/01/2017– 06/30/2017	01/01/2016– 06/30/2016
D-A-CH	80,819	65,559
International	3,784	3,341
	84,603	68,900

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, 2016, the non-current assets (excl. deferred tax assets and other financial assets) of €70,092 thousand (December 31, 2016: €60,018 thousand) are attributable exclusively to the D-A-CH region.

5. Equity

As of June 30, 2017, XING AG had share capital of €5,620,435 (December 31, 2016: €5,620,435) and the Company no longer held any treasury shares.

Based on a resolution adopted by the Annual General Meeting on May 16, 2017, a dividend of €1.37 per share was paid for the 2016 financial year (2015: €1.03 per share), plus a special dividend of €1.60 per share (previous year: €1.50). With 5,620,435 shares carrying dividend rights, this corresponds to a total payout of €16.9 million (previous year: €14.2 million). The liquid funds of €51.0 million as of June 30, 2017 and XING's cash-generative business model enable the Company to pay special dividends without changing its business strategy, which is aimed at achieving growth.

6. Other operating income

Other operating income includes income of €18 thousand (previous year: €29 thousand) from currency translation and gains on the disposal of equipment in the amount of €143 thousand (previous year: €18 thousand). The previous year's figure included income from receivables written off in the amount of €380 thousand and from expired liabilities in the amount of €195 thousand.

7. Other operating expenses

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

In € thousand	01/01/2017 – 06/30/2017	01/01/2016 – 06/30/2016
IT services, management services	5,036	4,679
Occupancy expenses	2,982	2,374
Travel, entertainment and other business expenses	2,421	1,149
Server hosting, administration and traffic	1,509	1,188
Payment transaction costs	1,179	1,046
Other personnel expenses	974	985
Legal consulting fees	712	667
Training costs	664	431
Bad debts	488	445
Expenses attributable to prior periods	297	165
Accounting fees	254	276
Phone/cell phone/postage/courier costs	223	276
Exchange rate losses	211	63
Rental/leasing expenses	202	170
Financial statements preparation and auditing costs	190	166
Supervisory Board remuneration	146	160
Office supplies	128	107
Other	405	370
Total	18,021	14,716

The other expenses mainly comprise costs of contributions, other charges and insurance costs.

8. Depreciation, amortization and impairment losses

In the reporting period from January 1 to June 30, 2017, the useful life of internally developed software was extended by a further 12 months to December 31, 2021. This led to the recognition of lower amortization of €660 thousand than as stipulated in the previous amortization schedule.

9. Related parties

Please refer to the consolidated financial statements as of December 31, 2016, for information about related parties. From the perspective of XING AG, no significant changes with respect to the Burda Group occurred until June 30, 2017.

As of June 30, 2017, there are receivables in the amount of €828 thousand (previous year: €555 thousand) outstanding from kununu US LLC, the joint venture with Monster Inc. established in the reporting period. These receivables are shown under trade accounts receivable.

There were no claims against members of the Executive Board and the Supervisory Board as of June 30, 2017.

10. Financial instruments

XING AG acquired various securities in the first quarter of 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 June 30, 2017. All of the securities are available for sale. XING AG recognizes fair value changes in other comprehensive income and reclassifies these changes to profit or loss upon disposal.

The financial liabilities assigned to Level 3 include obligations from contingent purchase prices (earn-out obligations). Estimates with regard to the parameters made as of June 30, 2017 have changed compared with December 31, 2016 in that the earn-out obligation for the acquisition of Intelligence Competence Center (Deutschland) AG was reduced by €554 thousand. The reversal was recognized as finance income.

The following table provides an overview of the carrying amounts and fair values:

In € thousand	Measurement category	Carrying amount on 06/30/2017	Amortized cost	Cost	Fair value, recognized in OCI	Fair value, recognized in P&L	Fair value on 06/30/2017
Non-current receivables and other financial assets	AfS	30,094		30,033	61		30,094
Current receivables from services	LaR	20,172	20,172				20,172
Cash and cash equivalents	LaR	55,909	55,909				55,909
Current trade accounts payable	FLAC	1,372	1,372				1,372
Other non-current liabilities	FLFVtPL	3,281				3,281	3,281
Other current liabilities	FLFVtPL	750				750	750

In € thousand	Measurement category	Carrying amount on 06/30/2016	Amortized cost	Cost	Fair value, recognized in OCI	Fair value, recognized in P&L	Fair value on 06/30/2016
Non-current receivables and other financial assets	AfS	79		79			79
Current receivables from services	LaR	19,637	19,637				19,637
Cash and cash equivalents	LaR	86,642	86,642				86,642
Current trade accounts payable	FLAC	3,316	3,316				3,316
Other non-current liabilities	FLFVtPL	3,220				3,220	3,220
Other current liabilities	FLFVtPL	2,037				2,037	2,037

Explanation:

AfS = Available-for-sale financial assets

LaR = Loans and receivables

FLAC = Financial liabilities measured at amortized cost.

FLFVtPL = Financial liabilities at fair value through profit or loss

11. Significant events after the interim reporting period

XING acquired all interests in Prescreen GmbH on July 6, 2017. Prescreen is one of the fastest-growing providers of applicant tracking systems in Europe. The purchase price is around €17 million. An earn-out payment of up to €10 million may also take effect if certain operating targets are reached.

In addition, XING acquired all interests in InterNations GmbH on July 11, 2017. InterNations is the world's leading network for people who live and work abroad (expats). The price paid was approximately €10 million. If ambitious operating targets are reached by 2020, we expect additional earn-out payments of between €8 and €20 million. The maximum figure for earn-out payments is €40.7 million.

The Austrian company was consolidated for the first time on the date on which ownership of the interests was transferred. Given the lack of reliable IFRS figures, further disclosures can only be made at a later time.

Hamburg, August 7, 2017

The Executive Board

Dr. Thomas Vollmoeller

Alastair Bruce

Ingo Chu

Jens Pape

Timm Richter

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles for half-yearly financial reporting, the interim consolidated financial statements complies with the principles of proper accounting and gives a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group in the remaining financial year.

Hamburg, August 7, 2017

The Executive Board

Financial calendar

Half-year Report 2017
Interim Report on Q3 2017

August 7, 2017
November 6, 2017

Publishing information and contact

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Corporate blog of XING AG
<http://blog.xing.com>

Information and news related to the capital markets
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Topics and news related to the Company
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Twitter: xing_de

Corporate information and news in English
Twitter: xing_com

XING AG's YouTube channel
YouTube: www.youtube.com/user/XINGcom?gl=DE

XING AG's Facebook profile
Facebook: www.facebook.com/XING

*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 <http://corporate.xing.com>.*

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