XING

Annual Report 2013

For a better working life

www.xing.com

XING AG

XING is the social network for business professionals. Fourteen million members worldwide and more than 7 million in the German-speaking region alone use the platform for their businesses, their job and their careers. XING is a platform where professionals from all kinds of different industries can meet up, find jobs, colleagues, new assignments, cooperation partners, experts and generate business ideas. Members can meet and exchange views in around 50,000 specialist groups, while also getting together at networking events. The platform is operated by XING AG. The Company was established in 2003 in Hamburg, has been listed since 2006 and has been a TecDAX member since 2011.

Key figures

	Unit	2013	2012	2011	2010	2009
Revenues [1]	in € million	84.8	73.3	66.2	54.3	45.1
Network/Premium segment	in € million	54.7	51.6	49.3	45.7	39.6
E-Recruiting segment	in € million	23.7	16.7	13.3	7.8	4.4
Events segment	in € million	4.9	3.9	2.5	–	–
EBITDA	in € million	22.8 [5]	20.1 [2]	22.2	16.7	11.8
EBITDA margin	in %	27 [5]	30 [2]	34	31	26
Consolidated net profit/loss	in € million	9.1 [5]	9.2 [2]	9.4 [3]	7.2	11.8
Earnings per share (diluted)	in €	1.65 [5]	1.71 [2]	1.73 [3]	1.37	–0.33
Regular dividend per share	in €	0.62	0.56	0.56	–	–
Cash flows from operating activities [4]	in € million	23.8	18.9	18.7	15.6	14.1
Equity	in € million	62.0	51.8	42.6	61.2	52.7
Employees		571	513	456	306	265
Members worldwide	Mio.	14.00	12.90	11.71	10.48	8.75
thereof in D-A-CH	Mio.	6.93	6.09	5.28	4.47	3.74
thereof subscribers	Thsd.	830	808	784	745	687

1 incl. other operating income

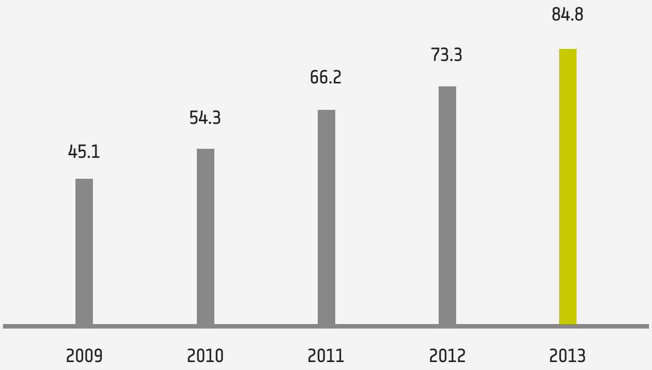
2 Adjusted for one-time expenses relating to the mandatory tender offer submitted by Burda Digital GmbH and the kununu GmbH acquisition the 2012 EBITDA of €21.976 thousand is the same level as last year.

3 Adjusted for the one-time effect of writing down the market entry costs in Spain and Turkey in the amount of €14.4 million.

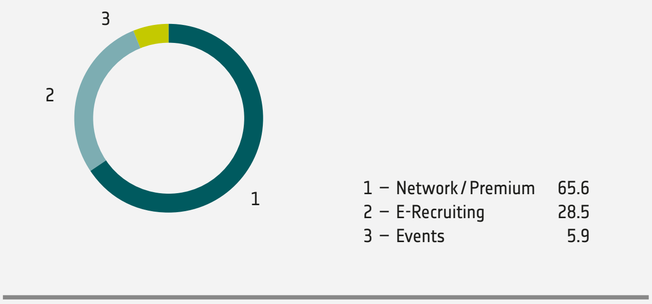
4 Adjusted for extraordinary items and prior-period cash inflows and outflows (€+4.8 million) for the payment of taxes from previous years in 2011 (€–3.5 million) arising from the renegotiation of contracts with credit card acquirers and due to an increase in liabilities for income tax in 2010 (€–3.3 million).

5 Excluding the € 1.5 million in non-operating expenses from the earn-out obligation of kununu GmbH, EBITDA was € 24.3 million, consolidated profit was € 10.5 million and earnings per share were € 1.90.

Revenues by year (in € million)



Revenues by segment (in %)



For a better working life

Skills shortages, digitization, transparency and changing values are all shaping today's world of work. → As a partner to our members, we are here to help them improve their working environment, develop professionally and make the most of opportunities whenever they present themselves.

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TO OUR SHAREHOLDERS

Chairman's statement

DEAR SHAREHOLDERS,

XING AG was facing a number of major challenges when I took over in autumn 2012. Growth rates in particular were declining quarter by quarter.

My aim was therefore clear from the outset: turn XING around and re-establish former growth rates! There was no time to lose, so we made some key changes right after I formally took over as CEO:

- We set ourselves ambitious growth targets,
- developed a strategy to match,
- split the company into four business units: Network, Premium, E-Recruiting and Events,
- filled key positions in those units with new and experienced people,
- and developed a product innovation roadmap for each business unit.

Dr. Thomas Vollmoeller,
Chief Executive Officer (CEO) of XING AG

We also created a new mission and vision as a sound basis for all of these measures and to ensure that all of the business units serve the same overarching goals. To this end, we elected to follow a trend that's influencing the German-speaking business world like no other and not showing any signs of easing up any time soon. This trend is the changing world of work, a trend that we've also helped to shape. A lack of skilled workers, digitalisation, transparency and a change in values are all topics of discussion in Germany. No one really knows how these changes will impact their working life. This is where XING's vision, "For a better working life", comes into play. XING has positioned itself in such a way that it can support its members and play a key part in helping them through the changes in their working world. Our mission, "Enable professionals to grow", emphasises the fact that we want to help each individual member to achieve their career goals and seize the opportunities that arise.

During the last year we turned this claim into reality by releasing a number of product changes. At the start of 2013 we acquired kununu, the leading employer review platform in German-speaking countries, to strategically boost our E-Recruiting segment. Vienna-based kununu works much in the same way as job portals and hotel rating platforms. Here, past and present employees, trainees and interns can rate their employer in a number of categories such as working environment, career opportunities, and salary levels. This provides job-seekers with real insights into working conditions at companies they may be interested in applying to. Employers can acquire paid profiles on kununu and XING so they can showcase their business to potential candidates. The kununu acquisition will allow us to provide members with transparency and further expand our market-leading position in the growing social recruiting market.

In 2013 we launched a new XING profile in order to keep pace with the changes currently being seen in the workplace. XING member profiles used to be based around a CV, but now users can really personalise their profile to show what they're all about. This makes our profiles far more accessible to people who have a somewhat less conventional career path, e.g. freelancers and the self-employed.

The launch of the New Premium represents another milestone for XING. For the first time in four years we redesigned our Premium offering for paid members by introducing exclusive partner offers to complement our advanced online features. Such offers include a "WELT Digital" subscription, HRS business rates, online training courses with lecturio.de, and XING Workspaces provided by DESIGN OFFICES. The main criterion here was that partner offers have to make a positive contribution to Premium members' working lives. At the end of 2013, 807,000 XING members in German-speaking countries were paid Premium members. Our new Premium perks will help us to drive this figure further during 2014.

We have continued to develop our active recruiting sub-segment by releasing version 2.0 of the XING Talent Manager (XTM) for HR departments and HR consultancies, the first version of which we launched back in September 2012. To this end, we entered into an active recruiting partnership with Deutsche Telekom who started using XING for their recruiting work at a very early stage. Deutsche Telekom's HR department started using XTM at the start of this year and has measured its experience with the tool. The impact XTM had on the company's recruiting work was impressive with the cost to hire dropping by 80 percent and the time to hire decreasing by more than 70 percent. By the end of 2013 we had sold more than 3,000 XTM licences to HR departments and HR consultants. The benefits to be gleaned from XTM extend far beyond the realms of personnel management as more and more HR managers looking for talent on XING means more relevant job offers for our members.

These are just a few of our activities over the previous year. I'm very happy that our initiatives have had a tangible impact on our results which can be seen in the increase in our quarterly growth rates. Revenues for Q1 grew by 11 percent YoY, 15 percent YoY in Q2, 18 percent YoY in Q3, and 19 percent YoY in Q4. This equates to a rise of 3 percent age points over the 16 percent annual average. Our EBITDA was € 22.8 million. Excluding the € 1.5 million in non-operating expenses from the earn-out obligation for the acquisition of kununu GmbH, EBITDA was € 24.3 million, representing an increase of 11 percent. Net profit was € 9.1 million. Adjusted for the € 1.5 million in non-operating expenses from the earn-out obligation for the acquisition of kununu GmbH, net profit was € 10.5 million (+15 percent year-on-year).

Our high profitability and sustained strong growth allow us to make regular dividend payments to you, our shareholders. On February 24, 2014, the XING Executive Board decided to put forward a proposal to the Supervisory Board to increase the basic dividend from € 0.56 per share to € 0.62 per share in light of the Company's preliminary unaudited figures for the 2013 fiscal year. The Executive Board also decided to pay a special dividend of € 3.58 per share. XING's liquid assets of € 66 million as of the end of 2013 and its cash-generative business model enable the Company to pay out a special dividend without any change to its continued growth strategy.

Our shareholders have also seen the value of their stocks increase by over 100 percent since the start of 2013.

We're very happy to report strong growth during 2013, both in terms of our financials and our member base. During the period under review we acquired more new members than in previous years with 839,000 people from German-speaking countries signing up in 2013. At the end of the year under review, XING had 6.9 million members in D-A-CH, and in January 2014 we passed the seven-million-member mark thanks to sustained strong member growth.

The positive development we saw in 2013 gives us the impetus we need to make sure that we continue to grow strongly in 2014. Thank you for your continued support us as a shareholder.

Hamburg, March 27, 2014

Kind regards,

Dr. Thomas Vollmoeller
Chief Executive Officer (CEO) of XING AG

Introducing the Executive Board

DR. THOMAS VOLLMOELLER
Chief Executive Officer

08/2012	- present	Executive Board Chairman, CEO
2012	- present	Administrative Board member, Conrad Electronic SE
2008	- 2012	CEO, Valora AG
2003	- 2008	CFO and Non-Food division board member, Tchibo GmbH
1998	- 2003	Member of the Executive Board, Tchibo direct GmbH
1988	- 1997	Senior Engagement Manager, McKinsey & Company, Inc.

INGO CHU
Chief Financial Officer

2009	- present	Executive Board member, CFO
2001	- 2009	CFO - later also media penetration, marketing, logistics, RTL Shop GmbH - Bertelsmann
2000	- 2001	Director Business Development, Bertelsmann e-Commerce Group
1999	- 2000	Director International Business, ANDSOLD - Bertelsmann
1998	- 1999	Corporate development project manager, CLT-UFA (now the RTL Group) - Bertelsmann
1995	- 1997	Assistant to the Executive Board, UFA / CLT-UFA (now the RTL Group) - Bertelsmann

JENS PAPE
Chief Technical Officer

03/2011	- present	Executive Board member, CTO
03/2010	- 02/2011	Vice President Online Telefónica o2 Germany GmbH & Co. OHG
03/2007	- 02/2010	Director IT, Customer side development, CIO, Alice / Hansenet
03/2003	- 03/2007	CTO, AOL Deutschland GmbH & Co. KG

TIMM RICHTER
Chief Product Officer

03/2013	- present	Executive Board member, CPO
02/2011	- 02/2013	CEO, TravelTainment GmbH
01/2008	- 02/2010	Managing Director, Berge & Meer Touristik GmbH
01/2007	- 12/2007	Director of innovation and services, Tchibo GmbH
01/2005	- 12/2006	Director of new retail concepts, Tchibo GmbH
03/2003	- 12/2004	Director of corporate development, Tchibo GmbH
04/2002	- 02/2003	Head of central controlling, Tchibo GmbH
09/2000	- 03/2002	Head of corporate development, Tchibo AG
01/2000	- 08/2000	Project manager, McKinsey & Company, Inc.
02/1995	- 12/1999	Consultant, McKinsey & Company, Inc.

"Live better. Work differently."

In the 19th century, the Industrial Revolution radically changed not only the process of wealth creation and production; it also changed the way people worked. → While the majority of the population had previously lived in an agricultural society, advances in technology, productivity and science led to the transition to an industrial society within a relatively short time. It was during this time that the structures and standards developed that have dominated our world of work ever since.

Today, another technical development – digitization – is providing a powerful stimulus for change that has already affected virtually every business process.

The Internet, and its presence in every corner of our working environment, is bringing about not only a technological change but also a social change that is giving many workers a new level of independence. For the very first time, knowledge workers have the flexibility to choose where and when they work. Apart from these technological changes, the growing skills shortage is also enabling knowledge workers to determine the parameters of their professional lives more than ever before.

The younger generation, or "Generation Y", are having to grapple with this situation as they embark on their working lives. They have grown up with computers, the web and smartphones and – in contrast to previous generations – were born at a time when birth rates were low. This is making itself felt in the workplace, where there is already a shortage of well-trained professionals. The power-shifting effect mentioned earlier continues to take hold. For companies, this means it is time for a rethink. The traditional rewards and status symbols no longer inspire today's young high-flyers, who are challenging the existing order and want to know the purpose of work and whether they can reconcile their personal values with the requirements of an occupation. Many of them are foregoing income and career opportunities for the sake of quality of life and ideals, on the principle of working to live rather than living to work.

spielraum – the magazine for tomorrow's world of work, as e-paper and app.

For the past 10 years, the XING platform has been a partner of its members in all aspects of their working lives. Thanks to XING, a network of relationships is no longer the preserve of the elite but is available to everyone. The transparency championed by XING subsidiary kununu is tearing down the walls that previously existed around companies and making public their qualities as employers. Even more radically – they are doing so from the point of view of the employee. No company can place recruitment ads on XING without their kununu rating being displayed. Potential applicants can contact people who can provide a genuine and first-hand insight into the company. At the end of last year, XING launched "spielraum", the first magazine for the new world of work to reach the newsstands, offering employees and freelancers guidance to a more colorful and more diverse world of work and leisure.

Experts agree that we are right at the beginning of a tectonic shift that will bring about radical changes to the professional world of work as we know it. We consider it our mission to help our members benefit from these changes as they happen. This is why we have dedicated ourselves to exploring this topic in the future. It is at one with the vision of XING: "For a better Working Life."

What is certain is that attitudes are changing. XING will devote its energies to supporting this new, more flexible world of work.

Interview with Gero Hesse

It all started with an article in the Handelsblatt. → On May 1, 2013 – The International Workers' Day – Thomas Sattelberger and Dr. Thomas Vollmoeller initiated a revolutionary process that is currently changing the world of work at an astonishing rate. The continuing advance of digitization, demographic change and the ensuing scramble to recruit the brightest talent are changing the world of work and demanding that we rethink our attitudes to work. Together, the pair established an ideas laboratory with respected experts who are making reorientation possible by asking new questions and exploring new approaches.

As soon as the laboratory opened in September, its founders created the "New Work Award", asking companies to submit the kind of forward-looking ideas they had developed to meet the challenges of tomorrow. We talked to Gero Hesse, managing director of medienfabrik Gütersloh. He is an enthusiastic blogger at www.saatkorn.de and a member of the ideas laboratory.

Mr. Hesse, why did you decide to participate in the ideas laboratory?

There were two reasons. Firstly, I consider the topic important. Although we are all in the middle of a fundamental change, too little interdisciplinary work has been undertaken so far. The ideas laboratory seeks to put that right: experts from a wide variety of fields, including Prof. Jutta Allmendinger, president of the Social Science Research Center Berlin, and Dr. Jörg Dräger, board member of the Bertelsmann Foundation, contribute their combined skills to the task of keeping our work environment fit for the future. I also found the participatory approach of the New Work Award very convincing. We ask those who are directly affected to vote on the ideas that are submitted: the workers and the many self-employed people. And it has worked – over 30,000 Internet users voted. Nevertheless, the response to this competition gave me some cause for thought.

Why?

It became clear to me that democratic decision-making in companies – especially on issues such as salary increases and promotions – is still quite rare. We have also seen that the really innovative concepts have not come from large enterprises but from SMEs, often start-ups. The winners included three small and fairly young companies.

Why do you think the ideas have not yet reached large companies?

It has to do with the fact that the people putting forward ideas are Generation Y – those born after 1980 who have grown up with the Internet as a normal part of their lives. But they have not yet reached the powerful positions that would allow them to initiate change directly. Baby boomers and members of Generation X are the ones currently calling the shots in major enterprises and large family-owned firms. What these groups have in common is that they place a higher priority on work than later generations. They are also firm believers in hierarchies, while status and money play a dominant role. Studies have shown, however, that these considerations have a completely different and subsidiary role for Generation Y.

What does matter to them?

Things like sustainability, purpose and value orientation have much greater relevance and this, of course, affects their attitude to work and to employers. Even when still at school, they viewed having a job quite differently to the baby boomers, who generally saw it as an opportunity to work, or Generation X, who generally saw it as a means of earning lots of money. This greater tendency to think holistically suggests that issues such as work-life balance would have more relevancy.

You are known as one of the pioneers of modern work concepts. Why do you think these will eventually gain broad acceptance?

Because there is no other choice. Demographic change and the resulting relocation of power relationships that we are beginning to see on the labor markets have turned the employees into a company's main USP. In a knowledge society, they constitute a vital source of competitive advantage. To recruit the best people, you need to at least question the old ways of thinking, and often actually jettison them altogether. For senior managers, realizing that a policy change is necessary is not the hard part: putting this realization into practice is. All the more reason for innovative companies like XING to show how it should be done.

Does this mean that companies have no choice but to revise their thinking?

They will have to. But I don't know anyone in middle management from my generation who has not yet begun to think along these lines. It is very interesting to see in this context how many people in their mid-forties are choosing to work for themselves, going from well-paid positions in major companies to a position of self-employment that is financially less secure and often much lower-paid. They often prefer to do work that is worthwhile according to their own standards rather than the standards of companies they believe are still living in the past. The new thinking is also having an effect on older workers.

What has to happen before modern concepts of work gain acceptance?

If the employees in a knowledge society are the essential difference, companies have no choice but to react accordingly. The key is to build a good corporate culture that motivates all employees by catering for their needs centrally. After all, a general cannot win a war on his own: you also need highly motivated employees, in lower management and middle management or in production. I am firmly convinced that personnel must be seen as an investment. Having a motivational corporate culture is the only way of recruiting and retaining the best people. Over time, such a culture creates a strong corporate and employer brand that employees can really identify with.

Will we also have to redefine our careers?

Absolutely. I believe that the erosion of the old values and autocratic military-style structures has been on the cards for a long time and is now well underway. Top-down management is hardly an effective modus operandi any more and it will be even less so in the future, as nobody is going to listen. The holistic approach is about making sense of your life.

Gero Hesse (44) is a member of the Medienfabrik board and the creative force behind careerloft, the exclusive career network and employment development program for talented students and graduates. careerloft expedites the careers of young talent at top companies. Gero Hesse first became involved with personnel marketing in 1998. After studying business administration at the Freie Universität Berlin, where he specialized in organization and management and marketing, he worked as a consultant for Andersen Consulting. While he was there, he implemented the German-speaking market's first careers website for what is now the consultancy firm accenture.

In the summer of 2000, he moved to the central HR department of Bertelsmann AG, where he remained until mid-2011 as Senior Vice President of Human Resources with responsibility for Bertelsmann AG's employer branding initiative "Create Your Own Career", which received the HR Alliance Award and the Personalwirtschaftspreis in 2009.

Since January 2011, Gero Hesse has been a member of the board of Medienfabrik, the Bertelsmann Group's media agency in the arvato division. He is responsible for the embrace business division (www.embrace.medienfabrik.de), which acts as a full service provider and advises clients on all matters relating to employer branding, personnel marketing, social media, recruitment and opinion poll projects.

When he is not working, Gero Hesse writes the blog "saatkorn" (saatkorn.wordpress.com) about employer branding and social media matters, for which he was awarded the title of "HR-Blogger of the Year 2012." A dedicated family man, he lives with his wife and four children in Gütersloh and is a passionate fan of rock music.

Talent recruitment today

Recruitment and Employer Branding during a skills shortage → Talented and well qualified specialist personnel are rare. Companies must explore new avenues if they want to be seen as good employers. Employer branding using traditional marketing methods is not sufficient to reach this sought-after and demanding target group. With its new e-recruitment solutions, XING has the answer.

For many years, unemployment was one of Germany's biggest problems. Conditions are now a lot different, however. According to the German Federal Statistical Office, in September 2013 the number of people in employment exceeded 42 million for the first time since reunification. This presents a new challenge to many German companies. Demographic trends and a growing shortage of skilled workers are making it very difficult to source and recruit suitable candidates. Almost 90 percent of all the companies surveyed for the "Social Media Recruiting Report 2013" (source: Institute for Competitive Recruiting) said they had a problem filling their vacancies.

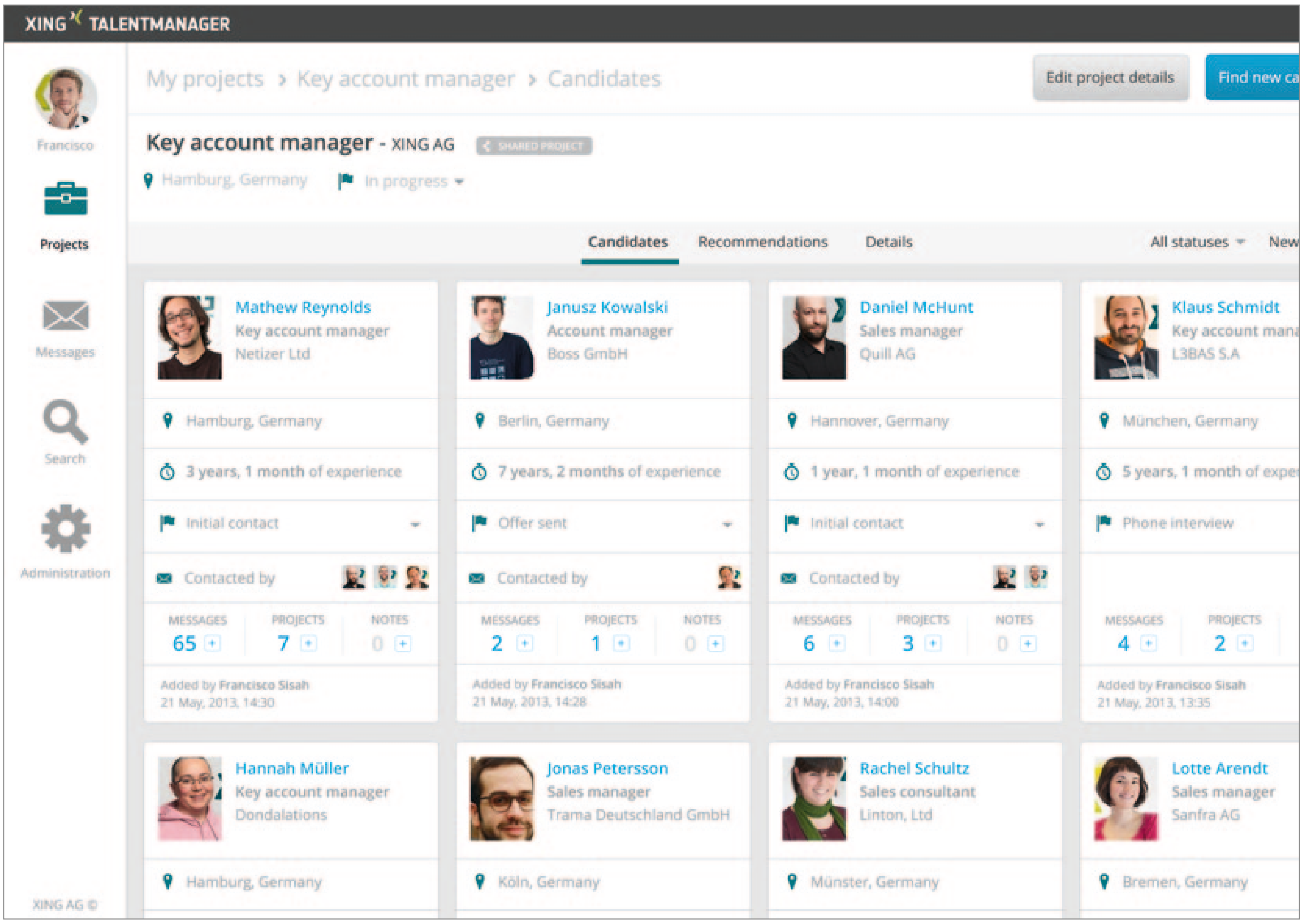
This challenge is exactly what our product development team has set out to solve, and they greatly modified our e-recruitment service in particular to meet the new circumstances. With more than seven million members across German-speaking Europe, XING not only has the largest talent pool in Germany, Austria an Switzerland, we also spotted the trends and challenges at an early stage and created two products designed to make companies more successful in locating and hiring the right staff:

1. the XING Talent Manager (XTM) for professional searches and active talent recruitment on the XING platform.

2. The employer branding profile at www.xing.com and www.kununu.com in which companies can position themselves as an attractive employer.

THE XING TALENT MANAGER (XTM)

We introduced the first version of the XING Talent Manager as a timely solution for corporate customers at the "Zukunft Personal" trade fair in late 2012. On a platform developed specifically for them, recruiters can create a pool of interesting candidates whom they can contact directly, even if they are not actively looking for a job. The XTM ensures that communication is transparent for all parties. Corporate membership also guarantees that the information will remain within the company even if a recruiter leaves the company. We have developed a wide range of search, filter and management functions specially for the recruiter target group. In the fall of 2013, XING undertook a fundamental revision of the XTM. Now, thanks to the new XING



The XING Talent Manager

Communicating – the right way

If your "active sourcing" recruitment efforts are to be successful, you need to follow a number of basic rules.

Make sure you have a good fit.
The job on offer must match the candidate's career goals. As a recruiter, you should have considered in advance what the potential candidate's next career move might be. Only if he or she is compatible with the job on offer should you approach the candidate.

Use an informative subject line.
A message that is never opened can never be effective. To ensure that your message is read, it is worth referring to the candidate's career goal in the subject line.

Be personal.
If you resort to form letters, you are more likely to annoy candidates than recruit them. Candidates will quickly notice if you are using boilerplate and could even see your message as an annoying intrusion. Your communication should therefore address the candidate personally by referring to information from their profile.

Provide individual answers.
When approaching a candidate, include an answer to the question: why should I change jobs and move to your company? If your message does not offer a good reason (for example, your next career move, better work-life balance, individual development opportunities) your chances of success are much reduced.

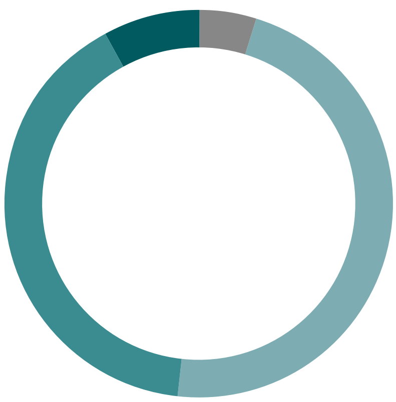
Source: Personalmagazin 10/13, author: Wolfgang Brickwedde talent manager, suitable candidates are just a few steps away, making it easy and quick for any business to source and approach professionals on XING. As soon as a recruiter uploads a job advertisement to the XTM as a Word or PDF document, the system immediately scans it and creates a project folder. The XTM then suggests suitable candidates from the largest pool of skilled talent in the German-speaking countries and stores them in the folder for further processing. Recruiters also gain exclusive access to the remuneration requirements and preferred work locations of passive jobseekers.

Filling vacancies by proactively recruiting talent in this way takes much less time than the more traditional "positions vacant" approach. The cost of just under € 3,000 per license (seat) per year compares very favorably with the cost of using of a personnel consultant, as it is significantly less than the average fee charged by a specialist recruitment company. Not only that, but companies can maximize the quality of each candidate by using precisely defined search criteria so that they only approach candidates who satisfy their criteria. Approaching talent directly is the only way of identifying and recruiting passive job seekers. According to the recent study "Bewerbungspraxis 2013" ("Recruitment in practice 2013") nearly every second employee would prefer to be approached by an employer rather than having to actively apply for jobs themselves.

We are particularly proud of our partnership for active talent recruitment with Deutsche Telekom AG, which was an early adopter of XING for personnel purposes. Since the beginning of the year, its mobile division has also been using XTM. It has measured the results for routine recruiting using our solution, which has revealed some very impressive figures. For example, XTM has not only cut the cost of recruitment by 80 percent, it has also enabled the company to fill its vacancies several times faster than was previously the case.

These results confirm that proactive recruitment has an important role to play in realizing companies' growth ambitions and in making them more successful.

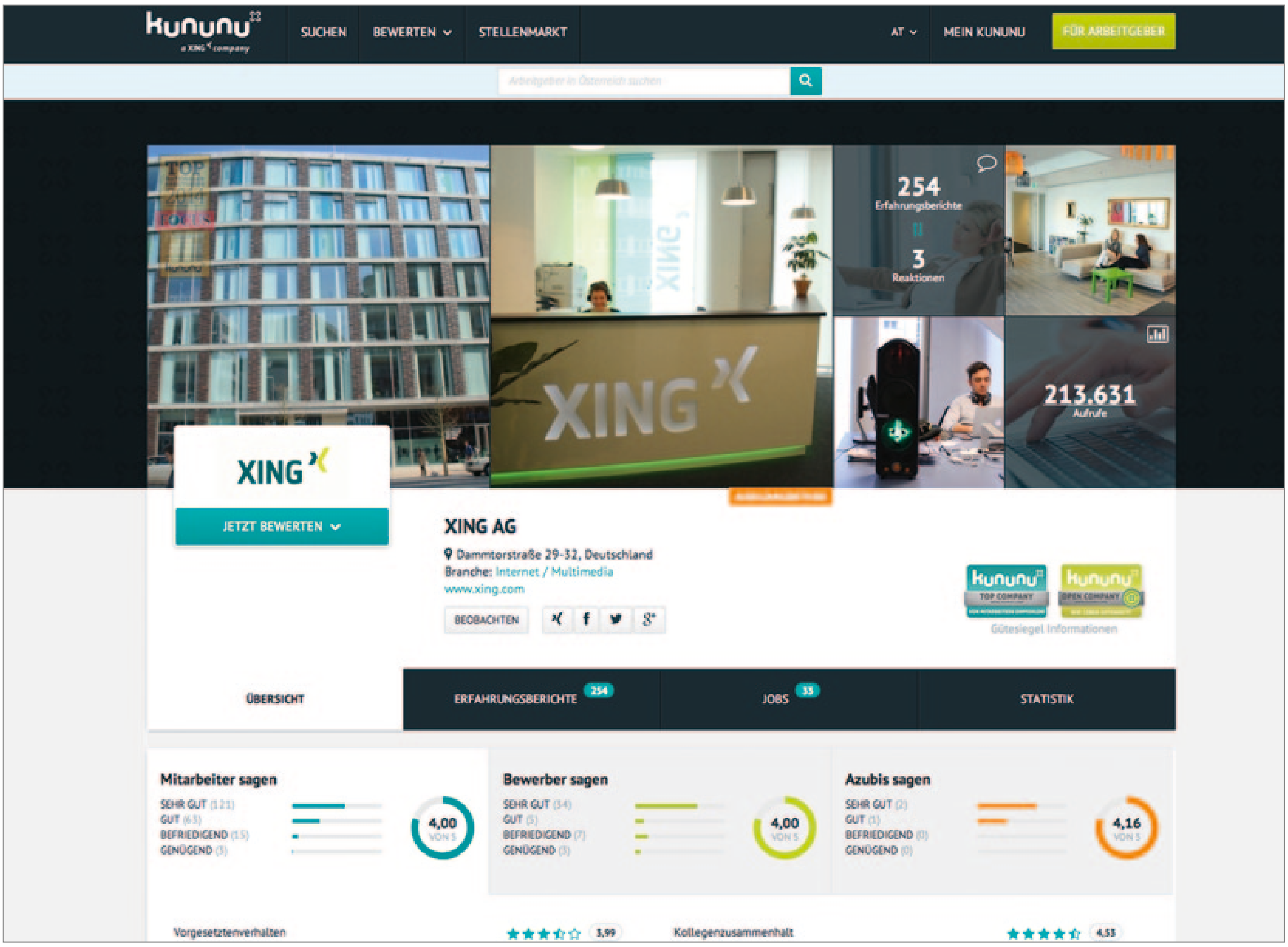
What is the hiring situation in Germany?



- **4.8 % have no problems filling their vacancies with suitable applicants**
- **46.8 % have slight problems filling their vacancies with suitable applicants**
- **40.5 % have considerable problems filling their vacancies with suitable applicants**
- **7.8 % have severe problems filling their vacancies with suitable applicants**

Almost 90 percent of all employers have problems filling their vacancies

Source: ICR Active Recruiting Report 2013



XING corporate website on kununu

THE EMPLOYER BRANDING PROFILE

Just as important as actively recruiting talent through social networks is professionally positioning and marketing the employer's brand. It takes more than expensive careers web pages and a high salary to attract potential employees nowadays. These days, specialists who are in a position to choose no longer go for the company offering the company car, the promise of becoming head of department one day, and annual salary increases. Instead, they choose companies that provide assistance with child care, a good work/life balance, and transparent and opinion-promoting work structures. This is an area in which employer's evaluation portals such as www.kununu.com can prove invaluable, because hundreds of thousands of employees anonymously evaluate their employees on these sites. They award grades and describe in detail what they like and what they dislike about their jobs.

Information about what happens behind closed doors in these companies, how they work, and how they treat their staff is no longer hidden but is out in the open and freely available to jobseekers. Such intelligence has been a fact of life in the tourist industry for a long time. Soon, this kind of transparency will be completely normal in the workplace – where it is in fact even more valuable.

"You don't stay in a hotel for longer than a week or two; you stay in your job for several years," says XING CEO Dr. Thomas Vollmoeller.

More and more companies are seizing the opportunity to highlight what they offer as employers. Companies can purchase an employer branding profile that will present their company's capabilities to interested talent in the best light.

The new XING profile

Great ways for members to personalise their professional online image →

The working world is changing rapidly and becoming more diverse. In July we relaunched our member profile and added a number of features to make it ready for the future, and of course to mark XING's tenth birthday.

NEW PORTFOLIO FOR MEMBERS' OWN XING PROFILES

Member profiles used to be dominated by CVs, but now users have more options available to help them personalise their online presence. This gives freelancers, students and people with more unconventional career paths the freedom they need to adequately present themselves.

All of this is made possible by the new portfolio section within a member's XING profile. Here professionals can show other XING members what they're all about, and now they can use images, text and even PDF files to attract even more attention.

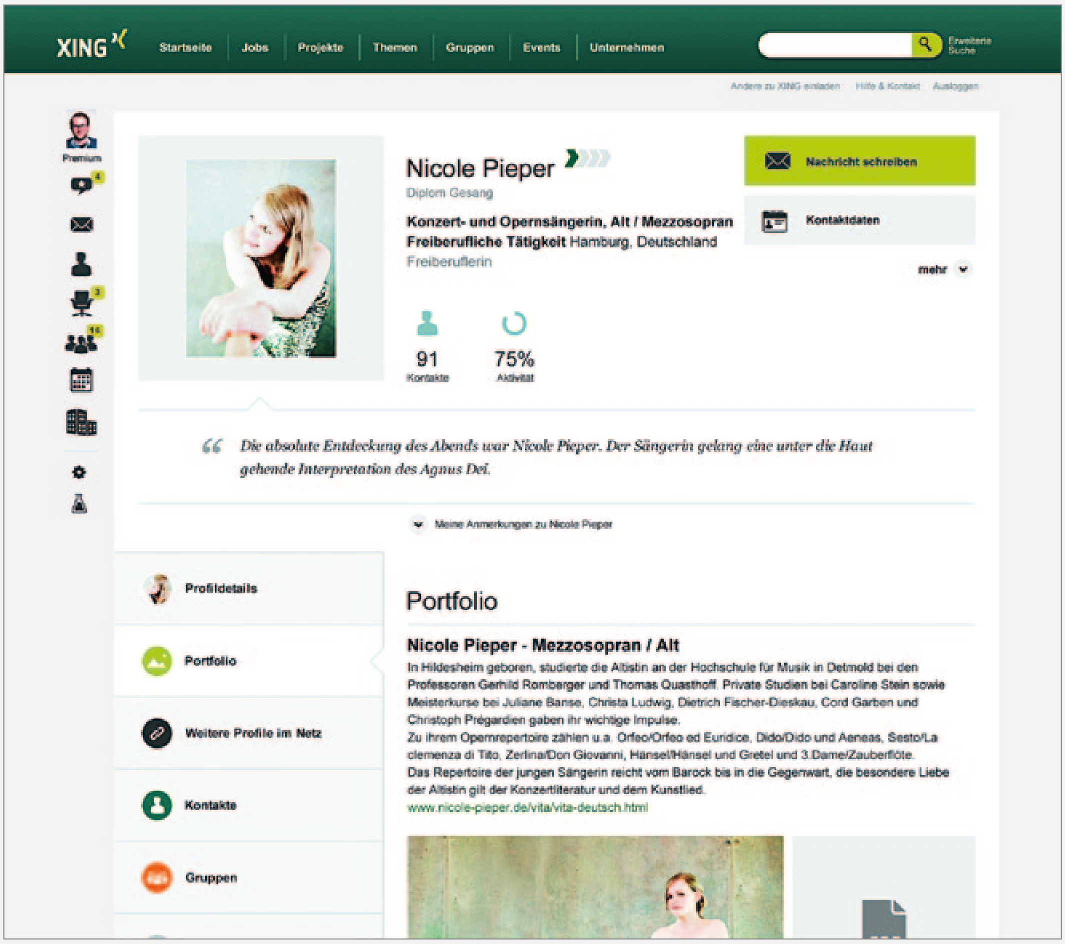
The portfolio section is also useful to students embarking on the first steps of their career as they can showcase their project in their XING profile to present their knowledge and methodology to potential employers. Other user groups can use their portfolio to show projects, event and trade fair attendances, and information about products and services.

Users can also integrate other social media channels such as Twitter and blogs to show other members where else they can be found online. This makes XING profiles an ideal place for people to go to find out more about a business contact. The new XING profile with its fresh and modern design has been well received thanks to its intuitive navigation and usability based on a new tab structure and the introduction of handy drag-and-drop features. Focus Online wrote the following about the new XING profile: "Managers, students and freelancers can all use the new XING profile to land the job of their dreams"

XING's new profile also helps members to get ahead in their career by indicating in their profile that they're open to job offers or even on the lookout for a new job. Premium members can also select their preferred location and salary expectations so potential employers know whether or not that person is worth looking into. This, in turn, gives members access to automated notifications if matching jobs are posted on the platform, and allows recruiters to get in touch with them. As always, XING members are free to choose which of their details they'd like to share with other members.

Five tips for a top XING profile

Product Manager Marc Kadish came up with five tips for XING users to help them showcase their profile in the best-possible way:



1. Profile photo
Make sure your profile photo looks professional, both in terms of your attire and the quality of the photo image. Make sure your photo works in all sizes. Ideally you should use a light background.

2. Company name
On XING your company name is often shown together with your photo and name, giving you an ideal way to showcase yourself. Freelancers in particular are able to customise their presence with clear information.

3. Jobseeker status
Make it clear to other people whether or not you're interested in job offers. Premium members can also add their preferred location and salary expectations to their jobseeker status.

4. Portfolio
Here you can add images and text to present successful projects and other things you're proud of so profile visitors can learn more about you.

5. Profile view for external visitors
Make sure your profile can also be found by search engines by going to "Settings" > "Make my posts in public groups available to search engines". That way, recruiters are far more likely to find you when looking to fill vacancies.

The New Premium

For people with big goals → In October we launched the New Premium for our Premium members. This new product also includes Premium Perks to help Premium members in their daily working life. The hub of all this is the user's own Premium section, which provides an overview of all the features and perks on offer.

PREMIUM MEMBERS KNOW MORE

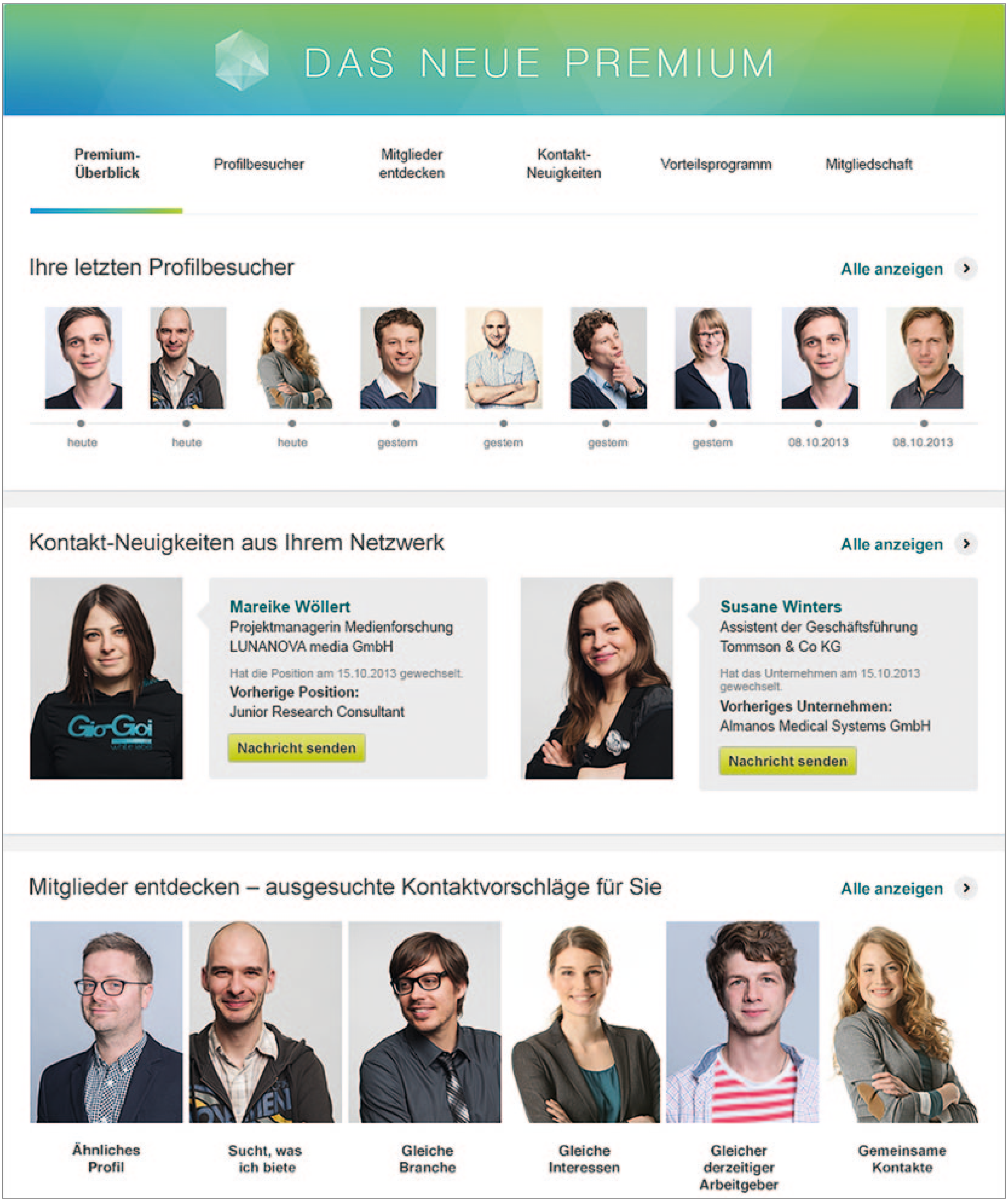
The profile visitors section has also been revamped so Premium members now see statistics about when, how often and from where the XING member visit took place. Premium members can tailor their profile to certain target groups as we offer additional information about how the visitor came to visit their profile and where they work.

A new section is called "Member recommendations" which provides Premium members with a range of filters to help them strategically expand their network. The search can be filtered by commonalities such as a similar profile, contacts, industries, organisations, and current and former employers. Now only that, Premium members can also select other criteria such as "Want what I have", "Recently logged in", and "New to XING" to find the right people faster than ever before.

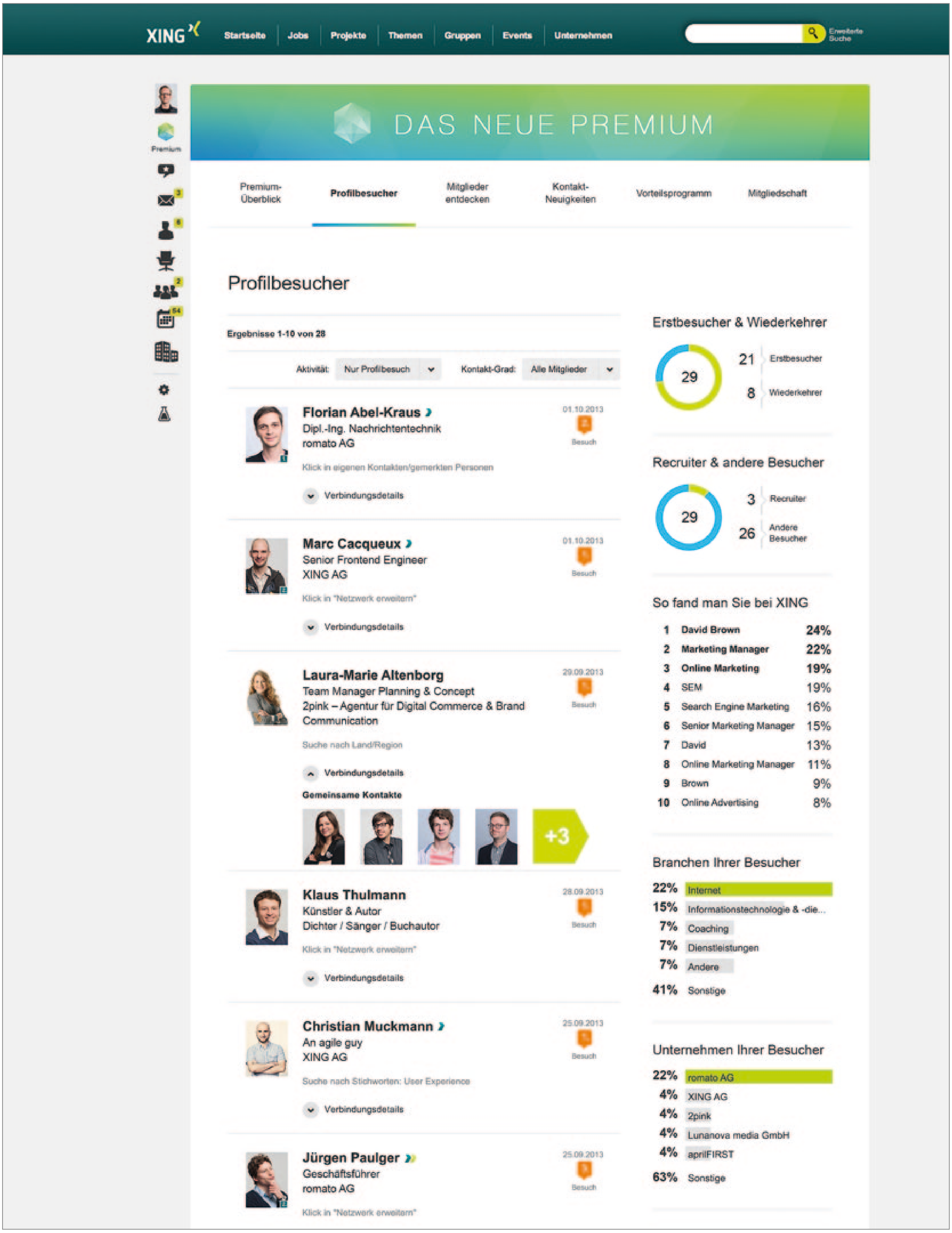
The "Contact updates" section is also new and provides Premium members with an overview of all of their contacts' updates such as job changes, new contact details, and past and upcoming birthdays. Contact updates are also great for XING members who've perhaps been away from the platform for a while.

COMFORTABLE PREMIUM PERKS

One of the main goals when developing the New Premium was to support Premium members in their work and help them achieve a better working life. For this reason we put together some Premium perks which are offers tailored to the needs of our Premium members in their daily work beyond the scope of the platform. This means that Premium members don't have to sit in loud cafes when working on business trips as they can go to the XING-design Workspaces provided by our partner DESIGN OFFICES. There, they can look forward to a quiet place to work coupled with Wi-Fi, printer access, and a free drink.



The Premium start page



Presentation of profile visitors

ONLINE GROCERY SHOPPING

Effective time management is vital for people in their everyday working life. XING can also help out here as Premium members in Germany can do their grocery shopping online with REWE and have it delivered to their door. Premium members save 5 euros on their shopping and don't have the hassle of queuing up at the checkout.

ATTRACTIVE DISCOUNTS

Another Premium perk is a free 12-month subscription to WELT DIGITAL Basis, an online version of the German daily newspaper DIE WELT. That way, Premium members can get their daily dose of news via smartphone app while commuting.

Premium members who travel around a lot in their job can also make life a bit simpler for themselves thanks to our 15 percent discount with Sixt. The additional Gold Sixt Card also lets Premium members book rental cars faster without the bureaucracy. On top of that, Premium members get free access to business rates with HRS, Europe's leading hotel portal, which offers discounts of up to 30 percent as well as free Wi-Fi and parking.

New Premium overview

- Comprehensive visitor statistics provide details information about profile visitors.
- A keyword analysis can help to optimise a member's XING profile in order to be found quicker.
- Premium members can take advantage of tailored partner offers for their daily working life, such as XING Workspaces in various German cities.
- Premium members can get a daily dose of news with a free 12-month subscription to WELT DIGITAL Basis.
- Premium members can do their online grocery shopping with REWE online and have it delivered to their door while saving 5 euros in the process.
- Premium members save on rental car bookings with Sixt, and also save on bureaucracy.
- Premium members enjoy discounted business rates on HRS hotel bookings.

Report of the Supervisory Board

Stefan Winners
Chairman
of the Supervisory Board

DEAR SHAREHOLDERS,

Despite the implementation of various change processes brought about by strategic realignment, the Supervisory Board considers XING AG's 2013 fiscal year to have been defined by a number of successes. The year started out with the acquisition of Vienna-based kununu GmbH, the leading employer review platform in German-speaking countries. In addition, a completely redesigned member profile was launched with a number of new features. Other key milestones included the introduction of a new Premium membership and the establishment of the new XING vision "For a better working life". The successes achieved during the 2013 fiscal year put XING AG in an ideal position to increase its basic dividend and also pay a special dividend to its shareholders. We're very happy about this situation. The changes to the Executive Board and Supervisory Board also made 2013 an exciting year for XING. Anette Weber and I, Stefan Winners, were appointed to the Supervisory Board, while Timm Richter joined the Executive Board as a seasoned and successful manager who will help to strengthen XING AG's success course.

The Supervisory Board exercised with great diligence the duties that it is required to perform as a result of the law and Articles of Association. It continued to advise the Executive Board in terms of steering the company, and also regularly and diligently monitored the Executive Board's written and oral reports and meetings. Anette Weber and I, as the Chairman of the Audit Committee and Supervisory Board, maintained regular contact with the Executive Board by conducting several telephone conferences each month and visiting the XING premises. The Executive Board regularly informed the Supervisory Board in good time with regard to its business policy and strategy, key corporate planning aspects (including financial, investment and HR planning), the course of business, current revenues, earnings and liquidity, the Company's and Group's economic situation (including the risk situation and risk management), internal compliance and business transactions of importance to the Company and Group. The Executive Board reported as and when needed, when requested to do so by the Supervisory Board, and periodically as per the rules of procedure imposed upon the Executive Board by the Supervisory Board. The Supervisory Board also commissioned external consultants and employees from various departments to assist with its consultations. The Supervisory Board was promptly involved in all major decisions that were of key importance to the Company. Transactions requiring consent were also presented to the Supervisory Board which, following their review and deliberation with the Executive Board, were subsequently approved by the Supervisory Board. The Supervisory Board is also deeply involved in strategic and organisational decision processes that go beyond standard monitoring activities.

Composition of the Supervisory Board

During the period under report, pursuant to Section 96 (1), Section 101 (1) sentence 1 of the German Stock Corporation Act (AktG) and Section 9.1 of the Articles of Incorporation, the Supervisory Board initially consisted of six members: Dr. Neil Sunderland (Chairman of the Supervisory Board), Fritz Oidtmann (Deputy Chairman of the Supervisory Board), Dr. Johannes Meier, Simon Guild, Dr. Jörg Lübcke and Jean-Paul Schmetz. Pursuant to Section 9.4 of the Articles of Incorporation, Dr. Neil Sunderland and Simon Guild stepped down from their posts effective as of the end of the 2013 Annual General Meeting held on May 24, 2013. Based on the decision taken at the Annual General Meeting on May 24, 2013, Anette Weber and I, Stefan Winners, were appointed members of the Supervisory Board for the remaining tenure of the departing Supervisory Board members, i. e. until the end of the Annual General Meeting that votes to formally approve the acts of the members of the Supervisory Board for the 2015 fiscal year. At its inaugural meeting on May 24, 2013, the Supervisory Board appointed me as Chairman and Fritz Oidtmann as Deputy Chairman.

Pursuant to Section 9.4 of the Articles of Incorporation, on December 1, 2013 Fritz Oidtmann informed the Company's Executive Board and Supervisory Board that he will step down from his post effective at the end of the 2014 Annual General Meeting to be held on May 23, 2014, meaning that a new member of the Supervisory Board will need to be appointed at the 2014 Annual General Meeting.

Meetings of the Supervisory Board

A total of six regular Supervisory Board meetings were held over the past fiscal year. Apart from the meeting held on May 23, 2013, all of the current members of the Supervisory Board attended the Supervisory Board meetings. A number of telephone conferences and written resolutions also took place involving all of the Supervisory Board members. Each meeting involved intense discussions on the current state of the business and the Company's KPIs. During the period under report, the Supervisory Board also dealt with the following key aspects:

At the first Supervisory Board meeting of the year held on January 31, 2013, the initial findings with regard to the 2012 financial results were discussed along with the product strategy for the Premium Club segment for the period 2013 to 2015. The main focus of this meeting was to analyse and approve the 2013 budget and three-year plan for 2013 to 2015, to determine the targets the Executive Board achieved during the 2012 fiscal year, and to agree on its targets for 2013.

The annual financial statements, management report, consolidated financial statements and Group management report for the 2012 fiscal year were discussed at the accounts meeting of the Supervisory Board held on March 27, 2013. As recommended by the Audit Committee and following in-depth deliberations by the auditors, the 2012 annual report was adopted by the Supervisory Board. Other proposed resolutions included approval of the Executive Board's appropriation of profits proposal and the Executive Board's proposal for an auditor for the 2012 fiscal year. Finally, the Supervisory Board and Executive Board discussed the proposed resolutions and items to appear on the Annual General Meeting agenda on May 24, 2013 as well as the nominations for Supervisory Board successors to Dr. Neil Sunderland and Simon Guild.

At the Supervisory Board meeting held on May 23, 2013 in the excused absence of members Simon Guild and Dr. Johannes Meier, XING's new vision "For a better working life" and derived mission, "Enable professionals to grow", were discussed and unanimously approved by the Supervisory Board.

At the new Supervisory Board's inaugural meeting held on May 24, 2013, I, Stefan Winners, was appointed as Chairman of the Supervisory Board, Fritz Oidtmann was appointed Deputy Chairman of the Supervisory Board, and Anette Weber (Chair), Dr. Meier and Dr. Lübcke were elected to the Audit Committee. The unanimous decision was also taken to not form any further permanent committees other than the Audit Committee, but to only form additional committees as and when needed.

In its meeting on September 12, 2013, the Supervisory Board analysed the current competition and discussed the subject at length with the Executive Board. The Executive Board also informed the Supervisory Board about its initial ideas regarding strategic core initiatives for 2014 and the requirements in terms of technical product development and organisation. There were no resolutions on the agenda for this Supervisory Board meeting.

During the final Supervisory Board meeting of 2013 which was held on November 28, the Supervisory Board was informed about the Company's current M&A activities. The strategy for the Events segment for 2014 to 2016 was presented, discussed at length and unanimously adopted. At the same meeting, the Supervisory Board unanimously approved the 2014 budget, the plan for 2014 to 2016, and the strategic initiatives the Executive Board put together for the 2014 fiscal year.

Urgent issues were dealt with by circulating written resolutions. Such issues included voting on the acquisition of 100 percent of kununu GmbH's stock, the submission of the statement of compliance pursuant to Section 161 AktG and its update due to appointing new committee members, the appointment of Ingo Chu to the Executive Board for a further four years and conclusion of the corresponding Executive Board contract, the conclusion of a termination agreement with departing Executive Board member Dr. Helmut Becker, necessary appointments to the Supervisory Board, the new rules of procedure for the Executive Board and Supervisory Board, and a cooperation agreement between XING AG and 10betterpages GmbH.

Outside of these meetings, Anette Weber and I, as the Chairman of the Audit Committee and Supervisory Board, supervised and advised the Executive Board by conducting several telephone conferences each month and visiting the XING premises.

Committee meetings

Up until the Supervisory Board's inaugural meeting that was held after the 2013 Annual General Meeting on May 24, 2013, the Supervisory Board had an Audit Committee, a Personnel Committee and a Nomination Committee. Dr. Neil Sunderland (Chair), Dr. Jörg Lübcke and Simon Guild made up the Audit Committee and Nomination Committee, while Fritz Oidtmann (Chair), Dr. Neil Sunderland and Dr. Johannes Meier made up the Personnel Committee.

Since the Supervisory Board's inaugural meeting that was held after the 2013 Annual General Meeting May 24, 2013, the Supervisory Board only has one permanent Audit Committee. At its inaugural meeting, the Supervisory Board decided not to form any further permanent committees and to only form additional committees as and when needed. This means that there is currently no Personnel Committee or Nomination Committee. As of May 24, 2013, the Audit Committee consists of Anette Weber (Chair), Dr. Johannes Meier and Dr. Jörg Lübcke.

In 2013, the Audit Committee convened five times, namely on January 31, February 21, March 26, September 11 and September 27, and a conference call was also held on March 19. During these meetings, the Audit Committee reviewed the financial statements and the consolidated financial statements, discussed auditing issues with the auditors, and dealt with internal audit and risk management. The Audit Committee received the application for the statement of independence of the auditor in accordance with point 7.2.1 of the German Corporate Governance Code, and focused on the proposal on the choice of auditor for the 2013 Annual General Meeting. The resolutions to approve the financial statements and the consolidated financial statements were prepared for the Supervisory Board along with the profit appropriation proposal. The meeting held in September included discussions regarding the risk management system, the current risk matrix, and key auditing points for the 2013 annual report. On top of that, the auditors met with the Audit Committee to discuss fraud and entity level controls. The November meeting saw discussions on the monitoring of financial accounting, the effectiveness of the internal audit system, and the monitoring of auditing work performed by the auditors.

The Personnel Committee convened once during the period under review, namely on January 30, 2013. During this meeting, the committee covered the resolution on the achievements of the Executive Board members for the 2012 fiscal year as well as the qualitative goals for the Executive Board for the 2013 fiscal year. There were also in-depth discussions regarding the introduction of a long-term incentive plan for members of the senior management team. The Personnel Committee unanimously approved the introduction of such a scheme.

The Nomination Committee met by conference call on March 19, 2013. The sole item on the agenda was the selection and review of suitable candidates to succeed Dr. Neil Sunderland upon his departure from the Supervisory Board. Simon Guild resigned from his post on the Supervisory Board shortly after, meaning that the Nomination Committee consisted of just one member who remains a member of the Supervisory Board. During the course of discussions on potentially suitable candidates for the Supervisory Board, the Supervisory Board followed the Nomination Committee's recommendation to assume its duties and responsibilities.

Audit of the 2013 annual financial statements and consolidated financial statements

The annual financial statements for the 2013 fiscal year, which were prepared by the Executive Board in accordance with the rules of the German Commercial Code (Handelsgesetzbuch – HGB) and the management report of XING AG have been audited by PricewaterhouseCoopers AG, Hamburg, and have been awarded a non-qualified auditor's opinion. This also applies to the consolidated financial statements and consolidated management report of XING AG for the 2013 fiscal year, which were prepared in accordance with the International Financial Reporting Standards (IFRS) pursuant to Section 315a HGB and which have also been awarded a non-qualified auditor's opinion by the auditor. Pursuant to Section 312 AktG, the Executive Board has prepared a report on relations with affiliated companies to be prepared by the Executive Board due to Burda Digital GmbH's majority shareholding. The auditors have examined this report and issued the following opinion: "In our opinion, based on the examination which we have carried out in accordance with professional standards,

1. the factual information contained in the report is correct,
2. the consideration given by the Company for the legal transactions referred to in the report was not unreasonably high, and
3. there are no circumstances supporting a judgement materially different from that reached by the Executive Board with regard to actions referred to in the report."

The annual financial statements and the consolidated financial statement, including the Group management report and the management report, the report on relations with affiliated companies as well as the audit reports of the auditor and the profit appropriation proposal of the Executive Board were submitted to the Supervisory Board prior to the Audit Committee's meeting on March 26, 2014 and the Supervisory Board's meeting on March 27, 2014 for them to be audited and intensively discussed. The auditors attended the Audit Committee and Supervisory Board meetings concerning the submitted documents and reported on the main findings of their audits. They were available to the Supervisory Board at all times in order to answer questions and provide information. In connection with the audit of the financial statements, the Supervisory Board also discussed the account policy and financial planning of the Executive Board with both bodies.

Following the definitive result of its own audit, the Supervisory Board did not have any reservations with regard to the annual financial statements which were submitted, the management report as well as the consolidated financial statements and the Group management report and the report on relations with affiliated companies and, following its own audit, approved the results of the auditors concerning the audit of the financial statements and the consolidated financial statements as well as the management report, Group management report of XING AG and the report on relations with affiliated companies during its meeting on March 27, 2014. The Supervisory Board has approved the annual financial statements prepared by the Executive Board and the consolidated financial statements of XING AG. The annual financial statements of XING AG have thus been adopted.

The Supervisory Board has conducted a thorough audit and considered all of the arguments in connection with the Executive Board's profit appropriation proposal. Based on this, the Supervisory Board will suggest increasing the regular dividend from € 0.56 to € 0.62 per share as well as the payment of a special dividend of € 3.58 per share at the next Annual General Meeting to be held on May 23, 2014. This equates to a total dividend payment of around € 23.4 million, or € 4.20 per share.

Corporate Governance

As per point 3.10 of the German Corporate Governance Code, the Executive Board and the Supervisory Board provide information on Corporate Governance at XING AG on the Investor Relations section of the XING AG website. In February 2013, the Executive Board and Supervisory Board submitted the annual statement of compliance and published an update in June 2013. The wording used in the declaration of compliance and other disclosures in accordance with Section 289a HGB are available on the XING website at https://corporate.xing.com/english/investor-relations/corporate-governance/corporate-governance-code/. XING AG complies with almost all of the recommendations of the German Corporate Governance Code and is committed to sound Corporate Governance as an integral part of management.

Conflict of interests

When voting on a cooperation agreement between XING AG and 10betterpages GmbH, Jean-Paul Schmetz abstained as a precaution measure due to his roles as XING AG Supervisory Board member and 10betterpages GmbH Managing Director.

Changes to the Executive Board and Supervisory Board

As decided by the Supervisory Board on August 23, 2012 and announced in the 2012 annual report with effect from March 1, 2013, Timm Richter assumed the role of Chief Product Officer (CPO) where he is responsible for Marketing, User Care, Analytics, User Experience, and product development within the Professional Social Network and Premium Club.

On March 7, 2013 the Supervisory Board appointed Ingo Chu as Chief Financial Officer (CFO) for another four years, effective as of July 1, 2013. The Supervisory Board would like to thank Ingo Chu for all his work and the success he has generated during his first tenure, and of course hopes that he will continue to drive XING AG's growth course over the next four years.

Chief Commercial Officer (CCO) Dr. Helmut Becker chose to leave XING AG on May 31, 2013. The Supervisory Board would like to thank him for his major contribution to XING AG's development and wishes him all the best in his private and professional endeavours.

Changes to the Supervisory Board

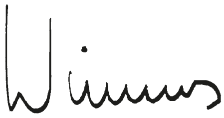
Former Chairman of the Supervisory Board, Dr. Neil Sunderland, and former Supervisory Board member, Simon Guild, stepped down from their posts effective as of the end of the 2013 Annual General Meeting. The 2013 Annual General Meeting included voting on and appointment of new members to the Supervisory Board in which Anette Weber and I, Stefan Winners, were appointed as members of the Supervisory Board for the remaining tenure of the departing Supervisory Board members, i. e. until the end of the Annual General Meeting that votes to formally approve the acts of the members of the Supervisory Board for the 2015 fiscal year. At its inaugural meeting on May 24, 2013, the Supervisory Board appointed me as Chairman and Fritz Oidtmann as Deputy Chairman, and also voted on members of the Audit Committee.

Pursuant to Section 9.4 of the Articles of Incorporation, on December 1, 2013 Fritz Oidtmann informed the Company's Executive Board and Supervisory Board that he will step down from his post effective as of the end of the 2014 Annual General Meeting to be held on May 23, 2014, meaning that a new member of the Supervisory Board will need to be appointed at the 2014 Annual General Meeting. The Supervisory Board started looking for a suitable successor immediately after having been informed of Fritz's decision. The Supervisory Board intends to send the shareholders a nomination for the upcoming vacancy on the Supervisory Board when sending out the agenda for the Annual General Meeting to be held on May 23, 2014.

Closing remarks

The Supervisory Board would like to thank all of XING's members and its shareholders for the trust they have vested in the Company. The Supervisory Board would also like to thank the Executive Board for all the hard work they have put in. Together they have made 2013 a successful financial year.

Hamburg, March 27, 2014



Stefan Winners
Chairman of the Supervisory Board

Remuneration report

This remuneration report follows the German Act regarding the Appropriateness of the Management Board's Remuneration (VorstAG), the recommendations of the German Corporate Governance Code and the regulations of DRS 17 adopted by the German Accounting Standards Committee (reporting on the compensation of members of executive bodies). The remuneration report contains disclosures which form part of the notes or management report in accordance with the requirements of the International Financial Reporting Standards (IFRSs). It is thus an integral part of the certified annual financial statements. The report explains the structure and the level of remuneration applicable to the Executive Board and the Supervisory Board as well as the presentation of shareholdings in the reporting year. The structure of the remuneration system is regularly reviewed by the Supervisory Board.

As of December 31, 2013, the Executive Board of the Company comprised four members.

Dr. Thomas Vollmoeller was appointed to the Executive Board of the Company as of August 15, 2012 and took office as Chief Executive Officer (CEO) on October 16, 2012. He is responsible for the overall strategy and the Company's development, the E-Recruiting and Events divisions, the areas of Corporate Human Resources, Data Security, Corporate Marketing and Corporate Communications, plus Corporate Audit, as well as for business in Switzerland and Austria and for other international business.

Mr. Ingo Chu has held the position of Chief Financial Officer (CFO) since July 1, 2009 and is responsible for the areas of Financial, Investment, and Human Resources Planning, Controlling, Business Intelligence, Internal Reporting, Risk Management and Internal Control Systems, Financing and Bank Management, Legal, Contract, and Tax Management, as well as for external accounting and reporting and for investor support.

Mr. Jens Pape was appointed as Chief Technology Officer (CTO) effective March 1, 2011. He is responsible for technology and programming in all divisions, the software architecture, the operation of all websites including hosting, internal IT, and the areas of Data Science and Data Search.

Mr. Timm Richter was appointed as Chief Product Officer (CPO) with effect from March 1, 2013. Mr. Richter is responsible for the Network/Premium division as well as for the areas of Customer-Oriented Front-End Developments, Customer Service, User Data Analysis, and Consumer and Online Marketing.

The former Executive Board member Dr. Helmut Becker stepped down from the Executive Board of XING AG as of April 19, 2013 at his own request and left the Company effective May 31, 2013.

As of December 31, 2013, the Supervisory Board of the Company comprised six members.

In the reporting period, the Supervisory Board initially comprised Dr. Neil Vernon Sunderland (Supervisory Board Chairman), Fritz Oidtmann (Vice Chairman), Dr. Johannes Meier, Simon Guild, Dr. Jörg Lübcke, and Jean-Paul Schmetz. Dr. Neil Vernon Sunderland and Mr. Simon Guild resigned from office with effect from the end of the 2013 Annual General Meeting held on May 24, 2013 in accordance with Article 9.4 of the Articles of Incorporation.

By resolution of the Annual General Meeting on May 24, 2013, Stefan Winners and Anette Weber were elected to the Company's Supervisory Board for the remaining term of the retired members of the Supervisory Board, in other words up until the end of the Annual General Meeting that resolves on the approval of the actions of the Supervisory Board members for the 2015 financial year. In the constituent meeting of the Supervisory Board on May 24, 2013, Stefan Winners was elected as Chairman of the Supervisory Board and Mr. Fritz Oidtmann as Vice Chairman, while Ms. Anette Weber (Chairperson), Dr. Jörg Lübcke, and Mr. Johannes Meier were elected to the Audit Committee.

REMUNERATION OF THE EXECUTIVE BOARD

The following section outlines the principles governing the remuneration of the Executive Board and, as recommended by the German Corporate Governance Code, specifies the total Executive Board remuneration as well as the remuneration of its individual members.

Responsibility for determining the remuneration of the Executive Board

The Supervisory Board is responsible for determining the remuneration of the individual members of the Executive Board.

Components of the Executive Board remuneration

The total remuneration and the individual remuneration components are all in correlation with the responsibilities of the respective member of the Executive Board, their personal contribution, the overall contribution of the Executive Board as a whole and the financial situation of XING AG. As recommended by the German Corporate Governance Code, the remuneration of the Executive Board consists of fixed components as well as variable, performance-based components.

The fixed remuneration component that is not performance-based consists of a fixed amount as basic remuneration paid out monthly in the form of a salary. The respective amount for each Executive Board member is set out in their contract and is regularly reviewed and, if necessary, updated by mutual agreement with the Executive Board member concerned. In addition to their fixed remuneration, the Executive Board members are granted non-cash benefits on a commensurate scale plus other voluntary benefits. Furthermore, Executive Board members are reimbursed for travel expenses, phone calls, and other expenses. All non-cash benefits are taxed by the Company in accordance with the applicable laws.

The variable remuneration components consist of performance-based remuneration that is measured by (i) the achievement of specific qualitative individual targets set for the Executive Board members and (ii) the achievement of quantitative corporate objectives, each relating to the current financial year, and calculated using key performance indicators reported in the consolidated financial statements or key operating indicators.Virtual shares granted to the Executive Board members entitled to subscribe for shares within the scope of the Shadow Share Program (SSP) (the "beneficiaries") are another component of the variable remuneration for the Executive Board.

The qualitative individual targets are set by the Supervisory Board for each specific Executive Board member at the beginning of each financial year. The degree of target achievement for the qualitative targets ranges from 0 to 100 percent and is set by the Supervisory Board at its own discretion at the beginning of a given financial year for the preceding financial year.

The quantitative corporate objectives are based on the Company's budgeted financial targets, currently Group EBITDA and consolidated revenues, but also on certain other non-financial key performance indicators (such as growth in the headcount or activity on the XING platform). The degree of target achievement for the quantitative objectives ranges from 0 to 200 percent. The target achievement of the quantitative corporate objectives is defined following the approval of the Company's consolidated financial statements by the Supervisory Board based on the parameters of the approved consolidated financial statements or by using analyses of key operating indicators on the basis of the calculation parameters specified in the relevant Executive Board contracts or the setting of targets.

In the reporting period, the following Executive Board members participated in the Company's SSP as a further component of the variable Executive Board remuneration: Dr. Thomas Vollmoeller (proportionately since his entry in 2012 and for the entire 2013 financial year), Mr. Timm Richter (proportionately since March 1, 2013), and Mr. Ingo Chu (proportionately since July 1, 2013).

The shadow shares from the SSP are a virtual replication of shares to be allocated to the beneficiaries in annual tranches under specific conditions and which, provided certain conditions are met and following a waiting period of three years from allocation, provide an entitlement to a cash payment tied to the share price or, at the Company's discretion, to the allocation of shares. Shares are allocated based on quantitative multi-year targets set by the Supervisory Board, such as consolidated revenues and consolidated EBITDA. Through the granting of shadow shares a remuneration component is used that takes account of the performance of the Company's shares and therefore provides a sustainable, long-term incentive for the members of the Executive Board.

The Supervisory Board of the Company decided that the SSP would only apply to the financial year ending on December 31, 2013. From January 1, 2014, the SSP will be replaced by a new, long-term incentive program (LTI). The above explanations on the SSP will apply to the LTI with the necessary modifications. No payments were made from the SSP in the reporting period.

Total remuneration and individual remuneration of the respective Executive Board members

The total and individual remuneration of the Executive Board for the 2013 financial year is detailed in the following table. Remuneration for the previous year is indicated in parentheses.

Total remuneration and individual remuneration of the respective Executive Board members

Members of the Executive Board	Fixed remuneration in € thousand	Variable remuneration in € thousand	Virtual stock options (in € thousand)*	Total remuneration in € thousand
Dr. Thomas Vollmoeller Chairman	387 (145)	209 (95)	217 (83)	813 (323)
Ingo Chu	230 (212)	91 (48)	49 (0)	370 (260)
Jens Pape	235 (230)	79 (57)	0 (0)	314 (287)
Timm Richter (since March 1, 2013)	192 (0)	75 (0)	82 (0)	349 (0)
Dr. Helmut Becker (until 31 May 2013)	103 (247)	183 (75)	0 (0)	296 (322)
Dr. Stefan Groß-Selbeck (until January 15, 2013)	15 (376)	0 (48)	0 (0)	15 (424)
Total	**1,162** **(1,210)**	**637** **(323)**	**348** **(83)**	**2,147** **(1,616)**

* *The value of the virtual shares shown in the table is calculated by multiplying the contractually agreed grant amount with the target achievement for 2013. The virtual shares for the 2013 financial year are granted after the Annual General Meeting at which the adopted consolidated financial statements for the 2013 financial year is presented.*

In addition to their fixed remuneration and the variable remuneration components described earlier, three members of the Company's Executive Board participated in different past stock option plans (SOPs) of the Company. The stock options for the Executive Board members concerned were issued at the terms and conditions set out in the key data on the 2006, 2009, and 2010 stock option plans stipulated by the General Meetings of XING AG on November 3, 2006, May 28, 2009, and May 27, 2010, respectively (for more information on the stock option plans, please see "Other disclosures" in the notes to the consolidated financial statements).

Stock options granted to Executive Board members under the Company's stock option plans are as follows:

In August 2009, the Company granted Mr. Ingo Chu 25,000 stock options under the 2009 stock option plan. The stock options were issued at an exercise price of € 27.80 per option. In August 2011, the exercise price was reduced to € 24.03 on account of the special dividend paid out in February 2012. Mr. Chu exercised all of his stock options in November 2013. He did not hold any more options at the reporting date.

In March 2011, the Company granted Mr. Jens Pape 40,000 stock options under the 2010 stock option plan. The stock options were issued at an exercise price of € 41.23 per option. In August 2011, the exercise price was reduced to € 37.47 on account of the special dividend paid out in February 2012. The fair value of these options on the subscription date was € 6.07. The total fair value of these options was therefore € 243 thousand. The exercise gain on the options granted to Mr. Pape is limited to € 35 per option. At the closing date, Mr. Pape still held all 40,000 stock options.

At the beginning of his tenure in September 2009, Dr. Helmut Becker was granted a total of 50,000 virtual stock options (VSOs). In November 2009, 28,000 VSOs were converted into real stock options under the terms and conditions set out in the 2006 stock option plan. In accordance with the termination agreement between XING AG and Dr. Becker dated March 26, 2013, 7,000 stock options under this plan expired. The exercise price per option was € 33.16. This was reduced to € 29.39 in August 2011 on the basis of the special dividend paid out in February 2012. In May 2010, another 22,000 virtual stock options were converted into real stock options under the terms and conditions set out in the 2009 stock option plan at an exercise price of € 32.76 per option and likewise reduced to € 28.99 on the basis of the special dividend paid out in February 2012. With effect from December 1, 2010, Dr. Becker received an additional 10,000 stock options at an exercise price of € 32.87 per option on the basis of the 2010 stock option plan. The exercise price was reduced to € 29.10 in February 2012 due to the payment of the special dividend. Based on the provisions of the above-mentioned termination agreement, these 10,000 stock options expired in 2013.The exercise gain on the stock options granted to Mr. Becker is limited to € 35 per option. Dr. Becker will also receive a compensatory payment of € 4.52 in cash from the Company for each stock option exercised from this tranche as the options could only be issued with a delay and the fixed exercise price on the date of issue was € 4.52 higher per stock option than on the issue date originally agreed. Dr. Becker did not hold any further stock options at the reporting date.

Exercise of options under the stock option plan

In the past financial year, Dr. Groß-Selbeck, Dr. Becker, and Mr. Chu exercised their stock options under the 2006, 2009, and 2011 stock option plans. Dr. Groß-Selbeck generated gross proceeds from disposal of € 478,875, Dr. Becker generated gross proceeds from disposal of € 868,667, and Mr. Chu generated gross proceeds from disposal of € 1,184,870.

A detailed list of the options exercised is provided in the table below. Reports on transactions by persons with executive functions (directors' dealings) in accordance with Sec. 15a WpHG are published at www.dgap.de under Directors' Dealings and can also be found in the notes to the consolidated financial statements and in the Investor Relations section of XING AG's website.

Exercised options

Date	Name	Stock option plan	Number	Price difference* in €	Proceeds from disposal in € (gross)
04/05/2013	Dr. Stefan Groß-Selbeck	2009 SOP	12,500	12.77	159,625
04/05/2013	Dr. Stefan Groß-Selbeck	2011 SOP	25,000	12.77	319,250
05/27/2013	Dr. Helmut Becker	2006 SOP	2,200	15.61	34,342
05/28/2013	Dr. Helmut Becker	2006 SOP	1,800	15.33	27,594
05/31/2013	Dr. Helmut Becker	2006 SOP	3,000	16.12	48,345
06/03/2013	Dr. Helmut Becker	2006 SOP	2,000	16.72	33,440
06/11/2013	Dr. Helmut Becker	2006 SOP	3,000	21.64	64,920
06/12/2013	Dr. Helmut Becker	2009 SOP	2,500	25.09	62,725
06/13/2013	Dr. Helmut Becker	2009 SOP	1,500	24.16	36,240
06/14/2013	Dr. Helmut Becker	2009 SOP	3,000	25.62	76,860
06/17/2013	Dr. Helmut Becker	2009 SOP	2,000	27.01	54,020
06/18/2013	Dr. Helmut Becker	2009 SOP	1,331	25.56	34,020
06/19/2013	Dr. Helmut Becker	2009 SOP	669	23.98	16,043
06/21/2013	Dr. Helmut Becker	2009 SOP	155	22.86	3,543
08/08/2013	Dr. Helmut Becker	2009 SOP	5,345	35.00	187,075
08/08/2013	Dr. Helmut Becker	2009 SOP	5,500	35.00	192,500
11/11/2013	Ingo Chu	2009 SOP	9,000	49.27	443,430
11/12/2013	Ingo Chu	2009 SOP	16,000	46.34	741,440

* *Difference between issue and lowest daily price; capped at €35.00 for Dr. Helmut Becker (concerns exercise on 8/8/2013)*

Premature termination of employment

In the event of the death of an Executive Board member during the term of the director's contract, the Company is obligated to pay the proportionate annual salary for the month of death and the following three months, but not beyond the end of the Board contract, to the heirs of the deceased Board member. Otherwise, as of December 31, 2013, all Executive Board contracts contain severance cap clauses in the event of the premature termination of the contract without good cause based on the recommendations set out in item 4.2.3 of the German Corporate Governance Code.

The contract of an Executive Board member in office also contains provisions associated with a change in control at the Company. In the event of a change in control, this Executive Board member has a right to be released from the director's contract provided other requirements are met. In the event of the justified exercise of this right, the Executive Board member in question is entitled to settlement of all remuneration components (basic salary, variable remuneration, remuneration from the SSP or LTI), the total amount of which is subject to the severance cap as recommended by item 4.2.3 of the German Corporate Governance Code.

Other

No pension obligations were agreed for the members of the Executive Board and none of the members in office held shares of the Company as of December 31, 2013. Likewise, no loans, interest or advances were granted to members of the Executive Board and no members received or were promised benefits or similar assurances from third parties in connection with their Executive Board mandate. Furthermore, no commitments were made concerning the granting of such benefits.

XING AG has taken out Directors & Officers (D&O) insurance for the members of its Executive Board covering the personal liability risk in the event of the Executive Board being held liable for pecuniary loss within the scope of or as a result of their Executive Board mandate. The insurance policy includes a deductible for the members of the Executive Board in keeping with the recommendations of the German Stock Corporation Act (AktG) and the German Corporate Governance Code.

REMUNERATION OF THE SUPERVISORY BOARD

Supervisory Board remuneration was revised by the Annual General Meeting in May 2010 based on a proposal by the Executive Board and Supervisory Board, and is detailed accordingly in the Articles of Incorporation.

The members of the Supervisory Board received fixed remuneration of € 40,000 thousand for each full financial year in which they serve on the Supervisory Board. The Chairman of the Supervisory Board receives twice the amount of the fixed remuneration.

The Vice Chairman of the Supervisory Board, the chairpersons of committees, and members of committees currently do not receive additional remuneration. As the number of committee meetings and instances in which the Vice Chairman has represented the Chairman and the associated workload has been very low in the past and since the Vice Chairman already receives commensurate basic remuneration, both the Executive Board and the Supervisory Board still consider separate remuneration for the Vice Chairman and committee members to be unnecessary. Whether this will continue to be the case in the future for the chairpersons of committees, especially for the chair of the Audit Committee, will be reviewed in the current financial year by the Executive Board and the Supervisory Board, and any changes will be presented to the Annual General Meeting for resolution. In addition to their fixed remuneration, the members of the Supervisory Board do not receive any performance-based remuneration. This in intended to boost the necessary independent function of the Supervisory Board and avoid financial incentives connected with short-term success of the Company.

An overview of Supervisory Board remuneration for the 2013 financial year is broken down in the following table.

Supervisory Board remuneration acc. to the Articles of Incorporation for the 2013 financial year

Supervisory Board members	Total remuneration 2013 in €	Total remuneration 2012 in €
Dr. Neil Vernon Sunderland, Chairman until 05/24/2013	31,562	80,000
Stefan Winners, Chairman since 05/24/2013	48,438	0
Fritz Oidtmann, Vice Chairman of the Supervisory Board	40,000	40,000
Anette Weber (since 05/24/2013)	24,219	0
Dr. Johannes Meier	40,000	40,000
Dr. Jörg Lübcke	40,000	40,000
Jean-Paul Schmetz	40,000	40,000
Simon Guild (until 05/24/2013)	15,781	40,000
Total	**280,000**	**280,000**

The members of the Supervisory Board were also reimbursed for reasonable travel expenses as part of their work. No further assurances were made and none of the Supervisory Board members were granted loans, interest or advance payments. None of the Supervisory Board members held any shares in the Company as of December 31, 2013.

Other

XING AG has taken out Directors & Officers (D&O) insurance for the members of the Supervisory Board that does not include a deductible. This covers the personal liability risk for the Supervisory Board members in the event of the Supervisory Board being held liable for pecuniary loss within the scope of or as a result of their Supervisory Board mandate. Taking out D&O insurance without a deductible constitutes a deviation from the German Corporate Governance Code and was explained by the Executive Board and the Supervisory Board in the Declaration of Conformity last updated in February 2014 and also published online at http://corporate.xing.com/english/investor-relations/corporate-governance/hgb-289a/.

XING shares

Key data on the XING share

	2013	2012	2011	2010	2009
XETRA closing price on Dec. 31	€74.40	€41.87	€41.05	€36.35	€30.80
High	€86,00	€58,50	€63,00	€36,75	€37,50
Low	€38,00	€33,51	€36,95	€26,50	€24,25
Market capitalization as of Dec. 31	€416 million	€232 million	€223 million	€192 million	€176 million
Average trading volume per day (XETRA)	9,292	17,035	22,540	9,619	10,851
TecDAX ranking					
based on trading volume	28	25	25	35	32
based on free-float market capitalization	30	37	25	44	33
Earnings per share (basic)	€1.65[4]	€1.71[3]	€1.73[1]	€1.37	−€0.33
Number of shares	5,592,137	5,554,243	5,426,321	5,291,996	5,271,773
Dividend per share	€0.56	€0.56	–	–	–
Special dividend per share[2]	–	€3.76	–	–	–

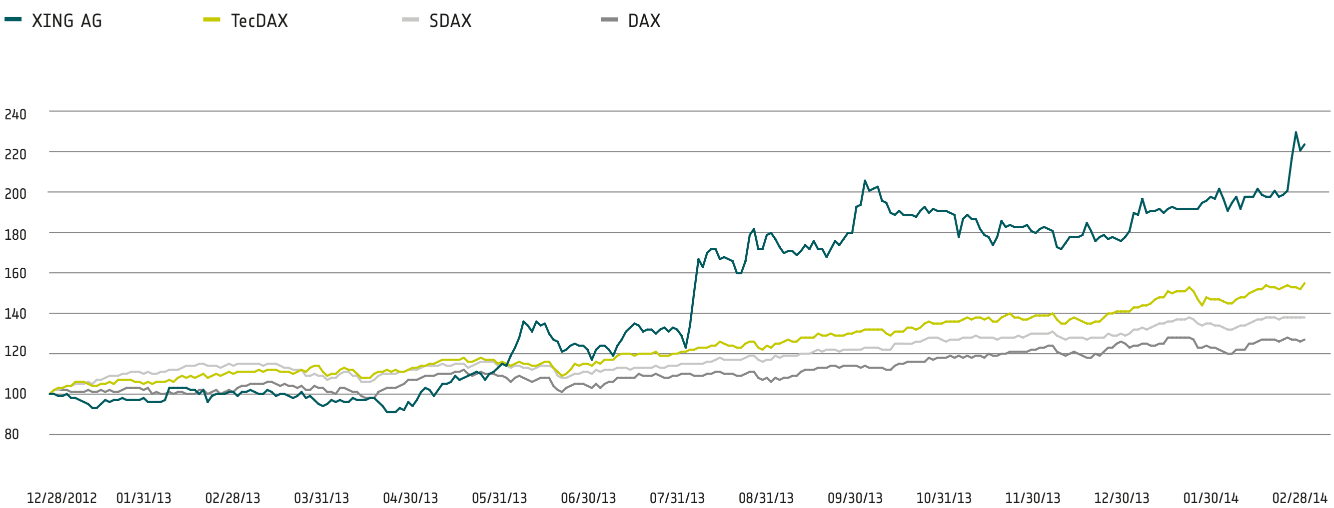
1 Adjusted for the one-time effect of writing down the market entry costs in Spain and Turkey in the amount of €14.4 million.

2 Special distribution of funds agreed on at the 2011 AGM and paid out in 2012.

3 Adjusted for one-time costs of €1.9 million relating to the mandatory tender offer submitted by Burda Digital GmbH and the kununu GmbH acquisition.

4 Excluding the € 1.5 million in non-operating expenses from the earn-out obligation of kununu GmbH earnings per share were € 1.90.

Comparison of share price performance from December 28, 2012 to February 28, 2014



Basic data about the XING share

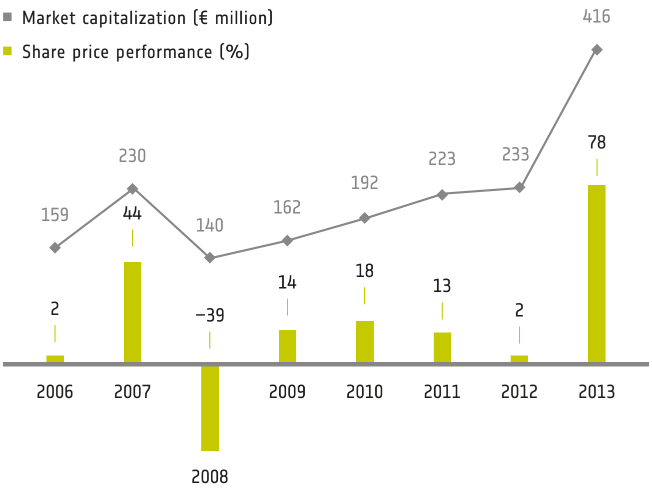
Number of shares as of December 31	5,592,137
Share capital in €	5,592,137
Share type	Registered shares
IPO	December 07, 2006
ISIN	DE000XNG8888
Bloomberg	O1BC
Reuters	OBCGn.DE
Transparency level	Prime Standard
Index	TecDAX
Sector	Software

SHARE PRICE: REVALUATION AFTER RETURN TO GROWTH

XING began financial year 2013 in a changed business environment. After our largest single shareholder – the Burda Digital Group – bumped up its directly held stake from some 30 percent to over 50 percent by way of a mandatory offer of € 44 at the end of 2012, our stock initially disappeared from the watch list of many investors. This was undoubtedly due to the fact that many of them believed that Burda Digital would take over XING completely and delist the Company. However, this was not the declared objective of our largest and most significant shareholder. In the first quarter, our investor Burda Digital sent an important signal by selling a portion of this holding on the market to again increase the number shares in free float. At the same time, we initiated an intensive dialogue with former and potential new investors. The aim was to present XING as a company in these new circumstances as well as our new Executive Board Chairman, Dr. Thomas Vollmoeller, to the capital market as quickly as possible – and to communicate our new strategic direction and goals.

Investor interest snowballed as a result. In May, our share price again outperformed the market considerably for the first time after some six months of sideways movement, thanks to the robust quarterly figures we presented. In the second half of the year, the momentum was strong for a sustained revaluation of our shares due particularly to the steady, quarter-on-quarter increase in our growth rates. XING shares thus finished trading for the year at € 74.40 on December 31, 2013, up 78 percent from the prior-year figure. With the special dividend of € 3.58 per share announced on February 24, 2014, an increase in the base dividend to € 0.62, and the preliminary results for 2013 presented on the following day, our stock has been one of the top performers on the TecDAX index this year as well, thanks to a gain of 26 percent up to the end of February.

Share price performance and market capitalization since the IPO



XING SHARES OUTPERFORM ALL BENCHMARKS IN 2013

We had a very good trading year overall in 2013, considering average performance across all key indexes. In the 2012 financial year, our share price underperformed key indexes due to various events. In 2013, however, our share price gained nearly 80 percent, not only far exceeding the performance of the TecDAX index (which was up a solid 41 percent), but also more than compensating for the below-average performance in 2012.

Stock market performance

In %	2013	2012
XING share	78	2
TecDax	41	21
SDAX	29	19
DAX	25	29

ANALYSTS RAISE SHARE PRICE TARGETS CONSIDERABLY

For a listed company, coverage by brokerage houses is a fundamental tool for keeping capital market attention on its equity story. A total of eight brokers in Germany and abroad track our company's performance regularly and publish their recommendations on investing in XING. Although the average share price target by analysts in 2012 was only around € 47, capital market experts are now putting our share price target at over € 80 on average at the time of publication of this Annual Report. The range for XING shares is between € 60 and € 120. Subsequent to our extraordinarily good share price performance, and our stock outperforming the relevant indexes, half of the analysts now rate XING a "buy." The remaining half recommend that investors either hold or sell our shares. Visit our investor relations site at https://corporate.xing.com/english/investor-relations/aktie/analysten/ for always up-to-date analyses of XING's stock.

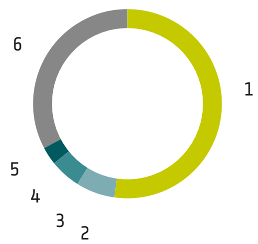
Analyst recommendation

Broker	Analyst	Recom-mendation	Price target
Berenberg Bank	Sarah Simon	Buy	€ 96
Commerzbank	Heike Pauls	Buy	€ 120
Close Brothers Seydler	Marcus Silbe	Buy	€ 90
Deutsche Bank	Benjamin Kohnke	Buy	€ 73
Hauck & Aufhäuser	Sascha Berresch	Sell	€ 60
J.P. Morgan	Nicolas J. Dubourg	Underweight	€ 66
Montega AG	Alexander Braun	Sell	€ 50
Warburg Research	Jochen Reichert	Hold	€ 85

FOCUSED INVESTOR RELATIONS ACTIVITIES TO RAISE INVESTOR AWARENESS

In view of the unusual situation at the beginning of the 2013 financial year (reduced free float due to the mandatory offer by Burda Digital in late 2012), we made it our aim to step up our investor relations activities. One step was to double the number of road shows and conferences in which we participate.

Shareholder structure as of December 31, 2013



1	Burda Digital GmbH	52.26 %
2	Deutsche Asset & Wealth Management	6.66 %
3	Treasury shares	0.23 %
4	Schroders	5.05 %
5	Union Investment	3.10 %
6	Other shareholders	32.70 %

At upwards of 20 road shows and conferences, management and investor relations representatives discussed current developments at XING AG, and our prospects and opportunities with more than 150 interested investors. New York, London, and Frankfurt were the center of our activities. In the past year, we presented three road shows in the United States and were able to introduce 40-plus institutional investors to XING AG there.

The Company's agenda here in Hamburg included a regular series of teleconferences and visits by investors. At the same time, we increasingly aimed our communications more specifically at target investors suitable for XING. Using extensive investor targeting analyses, we identified potentially suitable target investors for XING in various countries and cities, and contacted them specifically.

In order to continually improve our investor relations activities, we regularly conduct perception studies with capital market participants. At fixed intervals, an independent agency surveys all analysts and numerous investors on an anonymous basis regarding XING AG, and work of our management and Investor Relations department.

ANNUAL GENERAL MEETING

Our Annual General Meeting was held on May 24, 2013 at Handwerkskammer Hamburg. We were very pleased to see more than 80 percent of our share capital represented. Burda Digital, the largest single shareholder, represented around 53 percent of XING's share capital. The remaining 27 percent was mostly accounted for by institutional investors. Strong attendance is very important to us. After all, a healthy shareholder culture should feature shareholders using their shares in the company to obtain information about the current performance and potential of the Company directly from the Executive Board, and also exercising their voting rights to signal to management whether or not they as shareholders are satisfied with the Company's strategy and results. At the Annual General Meeting in Hamburg, all agenda items were approved with a significant majority of between 97 and 99.99 percent. At the Meeting, Anette Weber and Stefan Winners were elected to the Supervisory Board for the first time. Moreover, our shareholders accepted our recommendation on the appropriation of retained earnings and approved a regular dividend of € 0.56 per share.

The XING AG Investor Relations department is happy to take questions and comments:

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E-mail: investor-relations@xing.com

XING AG SOCIAL MEDIA CHANNELS

http://corporate.xing.com/english/investor-relations/
(XING AG Investor Relations site)
http://blog.xing.com
(The XING AG corporate blog is available in four languages)
www.xing.com/net/pri1a41bcx/Anlegerforum_XING_Aktie
(German-language group for XING investors)
Twitter: xing_ir
(Information and news related to the capital markets)
Twitter: xing_de
(Topics and news related to the Company in general – German only)
Twitter: xing_com
(Corporate information and news in English)

Slideshare: http://de.slideshare.net/XING_com (German) and http://www.slideshare.net/patmoeller
Youtube: http://www.youtube.com/user/XINGcom7ghDE
Facebook: www.facebook.com/XING

02.

GROUP MANAGEMENT REPORT

for the financial year from January 1 to December 31, 2013

Business and strategy

Business model and internal management system

NETWORK/ PREMIUM

Member base
- 14.0 members worldwide, of which more than 6.9 million members in D-A-CH

Premium membership
- 3 months for € 9.95 per month (incl. VAT)
- 12 months for € 7.95 per month (incl. VAT)
- 830,000 subscribers worldwide, of which 807,000 in D-A-CH

Advertising
- TKP model

E-RECRUITING

Passive Recruiting (job ads)
- Fixed price: € 395 - € 595
- Click price: € 0.85 per click

Active Recruiting
- XING Talent Manager: € 249 / license per month

Employer branding profile
- € 395 - € 1,095+ per month

EVENTS

B2B business
- 5.9 % of the ticket price
- € 0.99 for every ticket sold
- AdCreator (Event Lead Gen): TKP model

This is the first group management report in which we report on a segment basis. The Company's Social Network and Premium divisions have been combined into a single reportable segment, the other reportable segments being E-Recruiting and Events. We generate our revenues from a large number of fee-based product offerings for consumers and companies, a model in which our customers pay for most of the services provided in advance.

NETWORK/PREMIUM SEGMENT

The Network subsegment involves all of the XING platform's basic features, thus representing the basis for all of the other divisions. This also includes the XING API (application programming interface between the XING platform and external developers) as well as a large portion of XING's mobile apps.

The Premium subsegment pursues to key business models:

Premium membership model

This includes the prepaid subscription fees for Premium memberships, which are available with two membership terms: Three-month membership costs € 9.95 per month while twelve-month membership costs € 7.95 per month. As a rule, member subscriptions are currently received in advance.

The key reasons for becoming a Premium member are:

1. Premium members receive exclusive access to offers from cooperation partners like Design Offices®, Blinkist®, Lecturio®, HRS®, Fitness First®, Sixt® & REWE®. Further partners will follow.

2. Premium members can see who visited their profile and how visitors were attracted to their profile.
3. Premium members have access to advanced search features with special search fields and filters.
4. Premium members can send up to 20 messages to non-contacts as well.
5. Premium members can send attachments of up to 100 MB in size to any of their contacts.
6. Premium members have their own clearly structured Premium section on the XING website in which they can easily access all key Premium benefits.

Premium memberships are largely marketed by way of upselling campaigns on the XING platform.

Advertising & Partnerships model

The Advertising & Partnerships team is largely in charge of selling advertising space on www.xing.com. Advertisers also have access to conventional forms of advertising based on the CPM (cost-per-mille) model, meaning that they can post super banners, logout page ads, network news headline ads, wallpaper ads, or advertise in the weekly newsletter.

E-RECRUITING SEGMENT

The E-Recruiting division includes active and passive recruiting products and services as well as employer branding. The Passive Recruiting subdivision allows recruiters to post various kinds of job ads on the XING platform. Two basic billing models are available: either a performance-based method based on a pay-per-click model (€ 0.85 per click on an ad) or the conventional fixed-price model (from € 395 per ad) with a predefined term of 30 days.

The Employer Branding subdivision includes the employer branding profiles. Employers can use their company profile to showcase their employer brand and provide potential candidates with more information about their company's general working environment. Revenues are generated based on a company's number of employees: Smaller companies pay € 395 per month for an employer branding profile. Large companies with more than 5,000 employees pay € 1,095 per month.

We have been pursuing an "active recruiting" business model since September 2012. The XING Talent Manager (XTM) was introduced and successfully established as an active candidate search and management product. XTM is mainly aimed at larger companies and recruiters that regularly use the XING platform to search for and get in touch with people to fill their current vacancies. This product is monetized via fixed-term contracts with single licenses priced at € 249 (per "seat") per month. Customers upgrading from an old recruiter account to XTM pay € 199 per seat.

Our E-Recruiting offers are mainly marketed by the more than 60-strong permanently employed sales and marketing staff.

EVENTS SEGMENT

XING AG's Events division generates revenues by processing events. Event organizers can use the XING platform to take advantage of the XING Events GmbH (formerly: amiando) technology for their event management work, including registration, ticketing and billing services. XING AG charges a fee of € 0.99 per participant plus 5.9 percent of the ticket price for these services. XING AG also generates additional revenue with the AdCreator for events. AdCreator allows event organizers to select suitable target groups for events they post on XING and then advertise them on the platform. As with the display advertising product, monetization is based on the CPM (cost-per-mille) model, i. e. on the selected range. The services are marketed mainly by the permanent staff of the Events division.

Strategy

OUR STRATEGY FOR DOUBLING REVENUES	MANTRA AND VISION	KEY STRATEGIC INITIATIVES
NETWORK	**Socializing business** We are the social network that adds value to business interaction every single day.	Increasing relevance and adding value for our users
PREMIUM	**Desired membership** Users experience the added value of their membership every single day.	Setting up and developing a paying community
E-RECRUITING	**Matching people and jobs** No job search happens without XING – this applies both to recruiters and applicants.	Establishment as the leading platform for direct candidate searches and employer branding
EVENTS	**Digital mastermind of events** We are the prime address for event organizers and attendees of professional events.	Establishment of Europe's largest platform for seminars and conferences

As the operator of the largest and most frequently used social network for business professionals in German-speaking countries (the D-A-CH region), we are superbly positioned to generate further growth. Our goal is to build on this strong basis to continue to grow dynamically in the next few years, principally by establishing new products and services for members and companies. At less than 10 percent, the penetration rate of social networks used for business purposes in the D-A-CH region is still very low by international standards. Likewise, there is considerable growth potential to be tapped in our target markets of e-recruiting and business events when we consider the size of these markets and compare it with our existing market share.

We therefore derived our Group strategy from the strategies for our three segments.

1. Strategy for the Network / Premium segment

The strategic objective of this segment is to attract greater numbers of users in the coming years, continuing the trend of recent years. With almost 7.0 million users, we are the market leader in Germany, Austria, and Switzerland and, thanks to a potential target group of over 20 million people in these three countries, have considerable opportunities to expand in our market. To achieve this strategic objective, we need to improve our innovative capacity and develop new, relevant functions for our members. In the 2014 financial year, these will predominantly be mobile features, though web-based developments for profiles, content, groups or messaging, for example, are also possible. Since fall 2013, we have also been using our open developer interface API to broaden our range of creative offerings.Our strategic objective in the Premium subsegment is to give the over 800,000 paid members of XING a new, improved home. In previous years, XING had provided this important group of customers, which generates as much as two-thirds of our revenue, with too few convincing arguments of why they must remain premium customers and why potential members should become subscribers. At the end of 2013, we reached an important milestone in the revitalization of this key segment by presenting our new Premium offering. Our objective for 2014 is to make subscription more attractive through the addition of exclusive online and offline partner offerings with a view to generating faster growth in this segment.

2. Strategy for the E-Recruiting segment

Back at the end of 2012, we took important strategic steps to continue to safeguard growth in our E-Recruiting segment on a long-term basis. Previously, the Company had concentrated very heavily on marketing in the cyclical market of online job advertisements. For this reason, and thanks to our strong market position based on the number of members, we decided to position XING in this market with three separate packages of measures and continue growing there:

We intend to carve out a niche for ourselves in the active recruitment market, in which companies themselves search directly for candidates. We have by far the largest database, we have a competitive product in our Talent Manager, and we have a sales team of over 60 people selling this product across Germany, Austria, and Switzerland.

Employer branding is another area in which we generate revenues. We have observed that as the war for talent increases in intensity, demand for paid company representation through our employer branding profiles grows. For this reason, we have considerably expanded our sales activities in Vienna and in the summer consolidated the products of XING and its subsidiary kununu that had been marketed separately up until mid-year. This subsegment will be another future source of revenues in the E-Recruiting segment.

However, we have also implemented strategic measures to continue growing in the business with online job advertisements. In the summer, for example, we modified the conventional job ad at XING. By "socializing" job advertisements, we now show prospective job applicants how they can find out more about the job in the network, we disclose the rating of the advertising company at kununu, and we reveal further information about the company in question.

3. Strategy for the Events segment

Since its acquisition of Munich-based XING Events GmbH, XING AG has generated revenues by providing the technological infrastructure for better marketing as well as the management and execution of professional events. In November 2013, we presented the next strategic step for this segment. We are aiming to make the sometimes nontransparent business event market transparent, with the goal of leading our almost 7 million members in German-speaking regions to the best and most useful events for them. On the basis of the network, we introduced initial functions in connection with the rebranding and launched the XING Events app in January 2014. Alongside online ticketing, our goal is to facilitate the future presentation and communication of business events over XING using XING Events.

By implementing segment-specific strategies, we are striving to maintain our market lead in professional networks in the D-A-CH region. This we will achieve with innovative and even more relevant offerings on the platform, but also by actively shaping the market for active recruitment in our home markets.

Over the coming years, we also plan to develop a network that will differ substantially from other offerings in the market through being anchored more heavily in the real world, for example in the Premium or the Events segment. This will be achieved by expanding our offerings for the future working world in Europe, e. g., the project exchange for freelancers, and by emphasizing content that is especially relevant for members in German, Austria, and Switzerland.

Further information on our goals is presented in the report on expected developments and opportunities.

Strategic financing measures

XING AG has a highly cash-generative business with low capital intensity, which is why from a present-day perspective no strategic financing measures are required or planned for the foreseeable future.

Organizational structure of the Group

In the past financial year, XING AG had a total of nine active investments in companies in and outside Germany, of which five were direct investments and four were indirect investments through intermediate companies. Vienna-based kununu GmbH, which XING AG had acquired in January 2013, was added to the investment portfolio in 2013. Seven of the nine investees are controlled by XING AG and are therefore fully consolidated in XING AG's consolidated financial statements. XING AG and XING EVENTS GmbH (formerly amiando GmbH) hold minor, non-controlling interests in two other investees. These companies are therefore not included in the consolidated financial statements; the value of the investment is reported as Other holdings under Financial assets.

KEY LOCATIONS

XING AG is headquartered in Hamburg, Germany, where 424 of the Company's 571 employees were based as of December 31, 2013. The Company also has an office with 78 employees based in Munich, Germany, as of December 31, 2013, which is home to the "Events" division. XING also has an important development office in Barcelona with 32 people working there as of the end of 2013. The Company also has 4 employees in Switzerland and one employee in Austria. The acquisition of Vienna-based kununu GmbH has significantly expanded the workforce in Austria. At the end of the financial year, kununu GmbH had 32 employees.

Product development and important events in 2013

The central value and the basis of our business success are the functions and services we provide that are used by members and companies. Following the realignment of the organizational structure into the Network, Premium, E-Recruiting, Events, and Other divisions, we created three principal revenue-generating segments:

1. NETWORK/PREMIUM
2. E-RECRUITING
3. EVENTS

As distinct from before, since their establishment, these three divisions have had their own development resources to be able to develop new product ideas or services for the individual division significantly faster and in a more focused manner.

NETWORK/PREMIUM SEGMENT

The main tasks of this division are continuously refining the XING platform and increasing its benefits for subscribers and basic members alike. Enhancing our mobile offerings is particularly vital in this regard because at the beginning of the 2013 financial year, XING's mobile offerings already accounted for around 30 percent of usage.

In March 2013, we took the next important step in the expansion of our mobile offerings by launching the new iPad app, where we initially focused on core functionality such as the overview of contacts, messaging, and search. The bookmark feature is completely new to the mobile domain and allows users to bookmark interesting jobs and potential new contacts. The iPad app largely uses hybrid technology (native code + HTML) as this enables our developers to add smaller features faster and iron out any bugs without having to update the app manually. By the end of the year, mobile usage had reached nearly 40 percent of total usage (increase in 2013 by 10 percentage points).

In July 2013, we launched a new version of our **XING profile** – a necessary move as the market in which we operate is undergoing sweeping changes. We believe that the working world familiar to earlier generations is changing radically due to the increasing level of digitization, the shortage of skilled labor owing to demographic shifts in the face of a robust economy, and changes in values among younger generations. In the past, members' profiles mainly focused on their resume, but now users have far more individual options to present themselves in a professional environment. Therefore, it is no longer only members with conventional career paths who have the opportunity to present their career appropriately. Members who have chosen less conventional careers such as freelancers, creative people and designers, but also students, entrepreneurs, bakers, and dentists can also show people what they do in an individual manner. Successful projects, visits to trade fairs and events, and products and services being marketed can all be showcased in the new portfolio using images and text. Users can also integrate their tweets and blog posts as well as certain XING-related content to give visitors to the new XING profile an in-depth look at who they are and what they are doing both on XING and beyond.

At the end of the second quarter, we released a new version of the **XING Outlook Connector** for all Microsoft® Outlook users. The Connector links the e-mail program with the XING platform and provides numerous tools and add-ons for daily work with MS Outlook, for example:

- Contacts and shared contact details are imported into Outlook and automatically updated.
- Users of the Connector can also see their contacts' XING activity directly in Outlook and thus will never again miss a profile update or a new contact.
- Outlook contacts and business partners can be added as XING contacts with the click of a mouse.

At the end of the second quarter, we adjusted our Premium membership pricing with three-month memberships for all members wishing to use the advanced functions of the XING platform now costing € 9.95 per month and twelve-month memberships costing € 7.95 per month since June 2013.

As we consider the business with paid memberships to have considerable future potential, we worked hard on the preparations for the relaunch of XING's core business of premium membership during the first nine months of the past financial year. After focusing very heavily on growing XING's basic membership in recent years, it is of fundamental importance to us to strengthen the loyalty of the particularly active group of paid XING users and to increase customer satisfaction. This led us to launch the "New Premium" membership in the fourth quarter of 2013.

Overview of the most important new features:

1. The personal cockpit: Premium overview

The new homepage or the cockpit provides our Premium members with all key information on their advanced features and allows them to navigate directly in all of the premium features and offerings available.

2. Profile visitors

The extremely popular profile visitors overview will be expanded so that Premium members now see not only who visited their profile, but also how often those persons paid a visit, which search terms they used, and which industry or companies those persons are mainly from. This provides Premium members with an even more systematic way to optimize their profile and make sure they get found. For the first time, Premium members can also see which activities visitors performed on their XING profile. This gives Premium members an overview of who viewed their profile and consequently a more comprehensive picture of their professional identity. Job-seekers and people thinking of switching jobs can also see if any recruiters visited their profile – a particularly interesting feature.

3. Find members

This feature is specifically designed to help members expand their personal network. Paid members have the following options:

1. By commonality

- Similar profiles: members with similar profiles
- Contacts: shared contacts
- Industries: work in the same industry
- Organizations: active in the same organizations
- Interests: common interests
- Current employer: colleagues
- Former employer: used to work at the same company together

2. By selection criteria

- Want what I have
- Visited
- May know
- Recently logged in
- New to XING

4. Contact updates

The contact updates section gives Premium members a clear overview of the most relevant updates in their personal network at all times, enabling existing contacts to be efficiently updated. The following contact updates are available:

- New jobs
- New employers
- New contact details
- Upcoming birthdays
- Past birthdays

5. Premium perks

The New Premium also provides paid members with special third-party offers and deals to help them with their daily working life. Through the use of customized offers, Premium members obtain benefits and value-added in their everyday work. The third-party offers and deals have been continuously expanded since the launch of the New Premium.

For instance, Premium members receive access to a working space in Design Offices® public co-working spaces and twelve months' free access to the Blinkist® educational app's entire non-fiction library. They can take ten training courses from our partner Lecturio® for € 750, and use the otherwise paid access to the online issue of "DIE WELT" for one year free of charge. We will continue to expand this area to make Premium membership even more attractive.

E-RECRUITING SEGMENT

In the E-Recruiting segment the year began with a special event. We acquired the Austrian company **kununu GmbH** with effect from January 1, 2013. Established in 2007 and headquartered in Vienna, kununu is the leading platform for employer reviews in German-speaking countries with around 7.3 million page impressions per month. We paid the vendors € 3.6 million on the signature of the contract. A further € 0.9 million is payable in financial year 2014. Based on a number of factors, in particular kununu GmbH's revenue and EBITDA performance in 2013 and 2014, the former shareholders – who remain the company's managing directors – will receive a maximum of € 4.7 million as performance-based remuneration components. kununu is to job searches as hotel review platforms are to travel plans: kununu gives employees, former employees, trainees, and interns the opportunity to rate their employer in various categories such as working environment, promotion opportunities, and salary. This provides job-seekers with an insight into companies from people who actually work there. Inversely, companies can take out a paid employer branding profile on kununu and use it to showcase their business to prospective job applicants. Since mid-year, kununu's and XING's products have been consolidated and are being marketed by the new Vienna-based subsidiary as an employer branding profile under a new pricing model.

We set ourselves extremely ambitious growth targets for the E-Recruiting segment at the beginning of the year and reported a positive result at year-end. Even without the kununu acquisition, the pace of revenue growth increased compared with 2012.

In September 2013, we presented the new version of the **XING Talent Manager** for active sourcing at the "Zukunft Personal" human resources trade fair in Cologne. This tool enables companies to find and approach interesting candidates using our platform in an uncomplicated manner by giving recruiters an advanced search function featuring special filters and handy tools for managing candidate profiles. Our aim is to match the right candidates with the right companies as quickly and simply as possible. Users can upload a job advertisement in Word or PDF to the XTM; it is then promptly read by the system and a project folder is created. The XTM then suggests suitable candidates for the position. Also new to the XTM: HR professionals are granted exclusive access to salary expectations and desired work places that members have activated in their profile for recruiters.

We also launched a new generation of **job ads** in the third quarter. The starting point was a survey XING AG carried out among 532 employees in German-speaking countries showing that 90 percent of them prefer to gather information and opinions from employees rather than from company careers sites. We took these findings and used them to reinvent the job ad. Up until now, job ads were merely official company presentations. But since the third quarter of 2013, job-seekers on XING have been able to receive first-hand information and insights into companies that post job ads and also see which of their contacts work there. If none of their direct contacts works at a company in which they are interested, job-seekers will be shown contact paths indicating whether any of their contacts knows someone who does. These personal links are a quick and easy way for potential job candidates to get the low-down on a company from people who work there. They can even ask them for a personal recommendation. Another new feature is that job ads on XING now also contain reviews from kununu. On a scale from 1 to 5, ratings let job-seekers know what current and former employees think about the company in terms of the working atmosphere, leadership, and work-life balance. This therefore provides members with an immediate overview of the company as an employer and helps them to decide whether or not they would like to apply there.

EVENTS SEGMENT

We attended a number of national and international trade fairs such as Bedouk (Paris), Mice and Business Travel (Munich), and Confex (London), where we presented our technical solutions along with XING's other products.

In March, we launched a completely revamped **ticket shop** featuring a much-improved user interface. Going forward, we will focus even more on expanding our event marketing offerings. Equally important is the continuous expansion of our organizer base, i. e., targeting event organizers. To this end, we hired Kati Rittberger, who started as our new Director of Sales and Customer Service on January 1, 2013. Kati is a seasoned manager who will continue to professionalize and drive sales of event products and solutions both in Germany and abroad.

In April, our Munich-based subsidiary XING EVENTS GmbH launched its **mobile ticket shop** which gives organizers an additional channel for offering tickets to their current and future events with the simplified purchase process improving the conversion rate of the ticket shops and thus the number of tickets sold. The mobile-optimized ticket shop enables customers to buy and save tickets on their mobile device.

Just a few months later, XING Events launched another helpful aid to mobile ticketing. At the beginning of July, XING Events integrated the **wallet function Passbook®** and since sends mobile tickets. This makes it easier than ever for people to attend events. Passbook® is a program provided by Apple® for saving and managing electronic tickets on a user's iPhone.

In September, we then launched a new version of the **XING Events website** containing optimizations from content, design, and technical perspectives.The message conveyed by the relaunch is that XING Events is the business event expert and a strong partner for organizers. As an events expert, XING offers event management software for online event registration and ticketing as well as advice for organizers on topics such as participant management and event marketing. The aim of the relaunch is to meet website visitors' needs and foster customer relations.

In November, **amiando was formally renamed XING EVENTS** and its business realigned. Going forward, XING EVENTS will focus on the presentation and communication of business events over XING in addition to its established core business of online ticketing. Furthermore, our members will also have access to new smart features that make it quick and easy for them to find events matching their needs and attended by interesting people. Event matching is based on members' profile entries and their personal networks. This rebranding goes hand in hand with a new logo and the redesign of the www.xing-events.com website.

Our aim is to lead our some 7 million members in German-speaking countries to the best, most useful events for them. The new and smart XING events features will include personalized event recommendations sent to members that are based on their network and profile entries. Furthermore, XING Events will make guest lists clearer than ever before as they will not only point out any contacts that will be attending the same event, but will also show attendees who are worth meeting.

At the same time as the rebranding, **XING Events** is introducing a new smartphone app for iOS and Android that allows users to search and browse any events organized on XING Events. The app also suggests events and guests that match the user's profile. The mobile version additionally presents users with local events and events that their contacts will be attending. Moreover, the app has various interaction options such as sending and receiving messages and contact requests.

External development sources

The Company also regularly hired freelance software and quality assurance developers in order to increase short-term capacities and cover parental and sick leave.

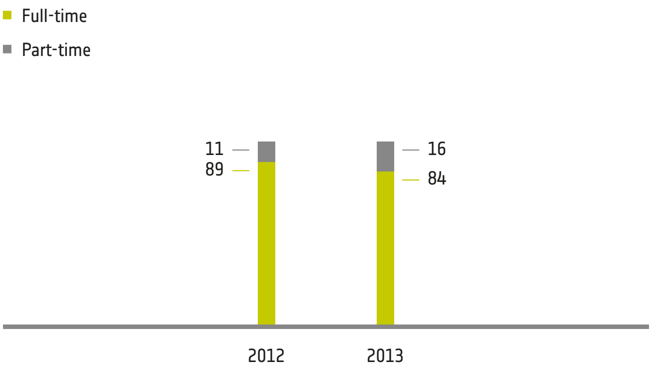
Employees

XING AG had 571 employees at the end of the financial year.

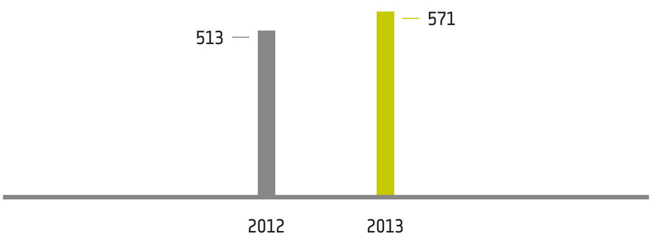
Under new management, a large number of changes in our human resources work were implemented last year. Actively approaching potential candidates using XING's own Talent Manager was a particularly important activity for us in 2013. With the help of this tool, professional recruiters can search the entire XING database for prospective job applicants for XING to fill vacancies with the most talented candidates and thus ensure qualitative growth.

In order to retain talented employees, the Company gives its staff not only extensive design leeway, but also the freedom to realize their professional potential. Two examples: Once a year, XING organizes its Prototyping Days, at which employees from all departments in individually arranged teams work on products and ideas over several days and present these to the entire Company. Also, every eight weeks, the software developers have the opportunity to work freely for one week on projects that interest them, independently of the XING road map. Not only have these measures generated a great many new ideas for products, but they also increase employee satisfaction.

Employee distribution (in %)



Number of employees



Financial and non-financial key performance indicators

We use segment-specific financial and non-financial key performance indicators for effective management of our business activities and to measure the success of the strategic objectives of the Network & Premium, E-Recruiting, and Events divisions. The overriding goal of our corporate activities is to increase the number of members and people using our services in the long term while also expanding our revenue base. To this end, we focus on two financial key performance indicators and at least one non-financial key performance indicator in each segment. These indicators are continually monitored and compared with a rolling forecast as well as budget targets on a daily, weekly and monthly basis.

FINANCIAL KEY PERFORMANCE INDICATORS

Revenues

We have carved out a strong market position for ourselves in the German-speaking region in recent years. Nevertheless, the penetration rate in the industries on which we focus is still low and provides scope for further growth. For this reason, ensuring sustainable revenue growth is one of our top priorities as a publicly traded company. Revenue growth is continuously measured in all three segments and reported to the Executive Board and Supervisory Board. In the Network/Premium segment, revenues are principally generated through paid Premium membership. We also generate additional revenues from the marketing of advertising space on the XING platform based on the CPM (cost-per-mille) model.

In the E-Recruiting segment, there are three main sources of revenues:

1. Revenues from the sale of job advertisements to companies
2. Revenues from the sale of employer branding profiles to companies
3. Revenues from the sale of the XING Talent Manager to companies

In the Events segment, we currently generate most of our revenues from the sale of ticketing and event management services to event managers (generally companies).

Segment EBITDA

The second important financial key performance indicator is EBITDA, the segment operating result. To calculate EBITDA, all segment-related costs and expenses such as personnel, rental, and other operating expenses are subtracted from segment revenues.

Non-financial key performance indicators

We employed three important non-financial key performance indicators in the past financial year:

1. Number of XING members
2. Number of XING Premium members
3. Number of corporate customers

The first two key performance indicators are used in the Network / Premium segment. We use the number of corporate customers as a key performance indicator in the E-Recruiting and Event segments because these divisions generate their revenue exclusively from the sale of services to corporate customers.

Business and operating environment

Macroeconomic and sector-specific environment

MACROECONOMIC ENVIRONMENT

In line with forecasts by the International Monetary Fund (IMF) and Deutsche Bundesbank, the German economy expanded by 0.4 percent in 2013.[1] This growth was fueled by consumer spending, which was boosted by rising wages in the face of moderate price increases. Foreign trade had a negative impact, decreasing as a consequence of dwindling demand from emerging markets, the crisis in the euro zone, and the deterioration in price competitiveness. In addition, capital spending was at a very low level. In the second half of the year, the German economy overcame its weak phase on the back of the improvement in the global economy and the easing of the debt crisis. According to the Austrian Economic Chambers (WKO), the Austrian economy grew by 0.3 percent.[2] Figures from the Swiss State Secretariat for Economic Affairs (SECO) show that Switzerland's GDP was up 1.9 percent.[3]

SECTOR-SPECIFIC ENVIRONMENT

The German labor market remained in good shape throughout the year. While the jobless figure rose marginally, figures released by the Federal Statistical Office showed that the number of people in work progressively increased, exceeding the 42 million mark in September for the first time since reunification. At the end of 2013, just under three million people in Germany were unemployed.[4] By contrast, the situation on the Austrian labor market remained strained the entire year. According to the Public Employment Service Austria, the unemployment rate in 2013 averaged around 7.6 percent during the year, reaching a new record high.[5] The Swiss labor market demonstrated mixed performance throughout the year. Although the number of unemployed people decreased in the first half of the year, it rose again in the second six months. The number of people out of work stabilized at the end of the year; the unemployment rate, which was low by international standards, was around 3.2 percent (figures from SECO).[6]

Overall, there are significant regional disparities between the labor markets in the D-A-CH region (Germany, Austria, Switzerland). Some areas still have high unemployment levels, whereas others are experiencing a shortage of labor, especially skilled labor. The large disparities in the European labor markets have given rise to much greater mobility among workers, particularly among younger people, who use the Internet to find information and send out applications. This tool is becoming an increasingly important source of information for the labor market.

At the same time, the acceptance of the Internet is steadily growing. In 2013, 78 percent of the over 14s in Germany were online, putting the number of Internet users at over 55 million. The number of people using social networks also rose: According to a BITKOM study, 78 percent of all Internet users in Germany are registered in one of the social networks and 67 percent are also active users of social networks. In the 14 to 29 age bracket, as many as 90 percent are active in one or more networks.[7]

Results of operations, net assets, and financial position

OUTLOOK FOR 2013 AND ACTUAL DEVELOPMENT IN THE 2013 FINANCIAL YEAR.

In the past, XING AG mainly formulated exclusively qualitative targets. We issued a quantitative target at the beginning of 2013 solely for the planned investments.

Non-financial key performance indicators for 2013

At the beginning of 2013, we announced that we were aiming to increase our member growth in absolute terms year-on-year. In the 2012 financial year, a total of 816,000 new members in German-speaking countries had registered on the XING platform. With 839,000 new members in the 2013 financial year, the forecast was met accordingly.

1 *www.bundesbank.de/Redaktion/DE/Downloads/Veroeffentlichungen/Monatsberichte/ 2014/2014_01_monatsbericht.pdf?__blob=publicationFile*
2 *http://wko.at/statistik/prognose/prognose.pdf*
3 *http://www.seco.admin.ch/themen/00374/00375/00376/index.html?lang=de*
4 *http://statistik.arbeitsagentur.de/Navigation/Statistik/Statistik-nach-Themen/Arbeitsmarkt-im-Ueberblick/Arbeitsmarkt-im-Ueberblick-Nav.html*
5 *http://www.ams.at/ueber_ams/14202.html*
6 *http://www.seco.admin.ch/themen/00374/00384/*
7 *https://www.bitkom.org/de/markt_statistik/64018_77780.aspx*

Financial key performance indicators for 2013

As regards the financial key performance indicators, we concentrated on three principal indicators at the beginning of 2013. We forecast that revenues including other operating income would increase further. With growth of 16 percent, especially thanks to sustained strong performance in the E-Recruiting segment in the 2013 financial year, this target was easily achieved.

Also for the forecast of the increase in absolute terms in the operating result (EBITDA) adjusted for non-recurring extraordinary items, we achieved this objective with 11 percent growth.

For the planned capital expenditures (CAPEX), at the beginning of 2013 we had forecast a high single-digit million figure for the past financial year. We slightly exceeded this figure at € 10.46 million. On the whole, we can be very satisfied with the results achieved.

The forecast for the 2014 financial year is explained in detail in the report on opportunities and risks.

Table comparison of targets and actual results for the 2013 financial year

	Forecast 2013	Results 2013
Member growth in D-A-CH	Increase (2012: 816,000 new members)	839,000 new members +3 percent
Revenues (incl. other operating income)	Further increase	+16 percent
EBITDA (adjusted for extraordinary items)	Increase	+4 percent (+11 percent*)
Capital expenditures (CAPEX)	High single-digit million amount	in € 10.46 million

* *Excluding the € 1.5 million in non-operating expenses from the earn-out obligation for the acquitisition of kununu GmbH, the EBITDA margin increased by 11%.*

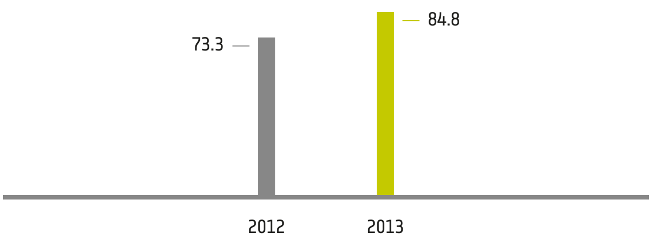
RESULTS OF OPERATIONS

Overall revenue performance

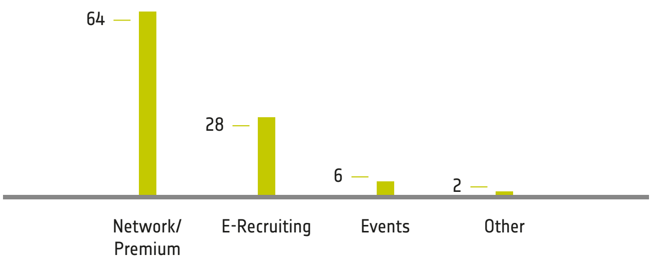
Revenues of the XING Group including other operating income rose from € 73.26 million in the 2012 financial year to € 84.78 million in 2013. This corresponds to a relative growth rate of 16 percent or year-on-year growth of € 11.51 million in absolute terms. On a quarter-on-quarter basis, we actually successively lifted our growth rates. Revenues increased by 11 percent in the first quarter, by 15 percent in the second quarter, by 18 percent in the third quarter, and by as much as 19 percent in the fourth quarter. In contrast to the previous year, this key performance indicator also included the revenue of the acquired Vienna-based company kununu GmbH for the first time. Especially after the merger of the former Company Profiles division with the recently acquired employer branding profiles business at kununu, a division is no longer possible because since mid-year the new XING site in Vienna has only been marketing a single joint product – the employer branding profiles.

Among other things, the revenue growth is attributable to the strong performance of the E-Recruiting segment (€ +7.07 million in 2013). This stems from the introduction of the XING Talent Manager (XTM) at the end of 2012 and the acquisition of the employer ratings platform kununu from Vienna, Austria, as well as the organic growth in the existing e-recruiting products such as online job advertisements. In the Network/Premium segment, revenue growth was achieved by converting basic membership into Premium membership and by raising prices in July 2013. In the Events segment, revenues were increased by € 1.02 million, mainly through the expansion of the Organizer base, i. e., the event organizers. Revenues in the past financial year were therefore broken down as follows: Network/Premium division: 64 percent; E-Recruiting division: 28 percent, and Events division: 6 percent. The remaining 2 percent comprises other operating income such as income from offsetting non-cash benefits, income from returned bank transfers and dunning fees, and income from exchange rate differences.

Total revenues, Group (in € million)



Revenue share (in %)



Personnel expenses
At the end of 2013 we had 571 employees. They are our most valuable asset as it is they who develop and market the products and services of XING AG and therefore have a significant influence on the Company's revenue and earnings performance. For this reason, we continued to invest in the acquisition of highly qualified, motivated people again in the past financial year. As a result, our headcount increased from 513 as of December 31, 2012 to 571 at the end of the reporting period. Personnel expenses consequently rose from € 31.1 million in 2012 (including a one-time expense of € 1.1 million for stock options that vested prematurely due to the takeover bid by Burda Digital GmbH) to € 35.8 million in the reporting period (incl. € 1.5 million in non-operating expenses from the earn-out obligation for the acquisition of kununu GmbH).

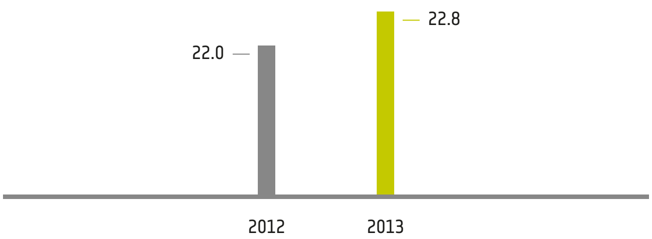
Marketing expenses
To further strengthen member growth and the brand awareness of XING in German-speaking countries, we spent a total of € 6.1 million on marketing in the past financial year, around € 1 million more than in the previous year (2012: € 5.1 million). Marketing activities were conducted in the area of conventional display advertising as well as in the areas of social media, SEM (search engine marketing), and affiliate and offline marketing (print, conferences and events). Marketing campaigns were also conducted in the E-Recruiting segment. At the end of December 2013, for the first time in three years, a television campaign was broadcast on German television stations that ran until the end of the first quarter.

Other operating expenses
Other operating expenses rose by a total of € 3.1 million to € 20.0 million (previous year: € 16.9 million incl. non-recurring expenses for legal advice in connection with the takeover bid by Burda Digital GmbH in the amount of € 0.4 million as well as other one-time costs of € 0.4 million in connection with the acquisition of kununu GmbH). The main operating expenses here include IT and other services (€ 4.7 million compared to € 3.9 million in 2012), expenses for premises (€ 4.0 million compared to € 3.0 million in 2012), legal consulting fees (€ 0.5 million compared to € 1.3 million in 2012), payments relating to bank balances (€ 1.7 million – the same as 2012), travel, entertainment and other business expenses (€ 1.7 million compared to € 1.4 million in 2012), and server hosting, administration and traffic costs (€ 2.0 million compared to € 1.2 million in 2012). Point 11 of the notes to the financial statements includes a detailed table of all items reported under other operating expenses.

EBITDA
After deducting expenses, the operating result (EBITDA) of the XING Group in the reporting period was € 22.8 million. Compared with the prior-year operating result, which had been adjusted for the non-recurring expenses of € 1.9 million in connection with the takeover bid of Burda Digital GmbH and the acquisition of kununu GmbH, we therefore lifted EBITDA by € 2.4 million or 11 percent. Excluding the € 1.5 million in non-operating expenses from the earn-out obligation

for the acquitisition of kununu GmbH, EBITDA was € 24.3 million, which represents an increase of € 2.4 million or eleven percent compared with 2012.

EBITDA (in € million)



Depreciation, amortization and impairment losses

Depreciation, amortization and impairment losses increased only slightly year-on-year to € 8.5 million in the reporting period (2012: € 8.3 million). This item includes impairment charges of € 0.3 million for platform modules that are no longer in use (2012: € 0.6 million) as well as of € 0.1 million for software and licenses (2012: € 0.0 million). Other depreciation and amortization of € 8.1 million relate to purchased and internally developed software as well as other intangible assets such as the acquired customer relationships and trademark rights of XING Events GmbH and kununu GmbH, plus depreciation of property, plant, and equipment, and rose by € 0.2 million year-on-year (previous year: € 7.7 million).

Finance income and taxes

The financial result (€ 0.1 million) includes € 0.1 million (previous year: € 0.3 million) in interest income and, for the first time, € 0.03 million (previous year: € 0.0 million) in expenses from the unwinding of discounts on non-current liabilities. Reflecting the continuation of XING AG's conservative investment policy, interest income fell by € 0.2 million due to the low level of interest rates. The expenses from unwinding discounts are mainly attributable to non-current liabilities from the kununu acquisition.

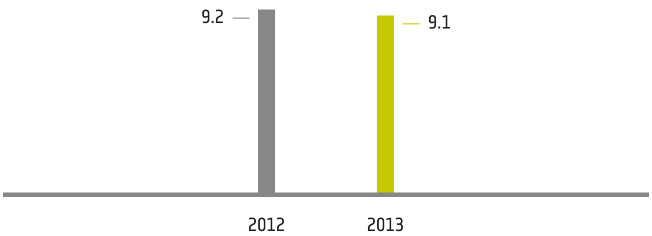
Current taxes are determined by the companies of the XING Group based on the tax laws applicable in their country of domicile. Tax expense amounted to € 5.3 million in the 2013 reporting period, up from € 4.3 million in the previous year. In 2013, the tax rate was 33.4 percent (2012: 35.8 percent) of earnings before taxes.

After an increase in the tax rate in 2012, largely due to the deferred tax income generated in the previous year in connection with the acquisition of XING EVENTS GmbH, the tax rate therefore returned to normal in the reporting period.

Net profit and earnings per share

After deducting all costs, net profit in 2013 amounted to € 9.1 million or € 10.5 million excluding the non-operating expenses from the earn-out obligation, up from € 7.7 million, or an adjusted net profit of € 9.2 million in 2012 (adjusted for the non-recurring expenses of € 1.9 million incurred in 2012 and the notional tax reduction that arose as a result). This gives rise to (basic) earnings per share of € 1.65. Excluding the non-operating expense from the earn-out obligation, net profit was € 10.5 million. This corresponds to (basic) earnings per share of € 1.90 for financial year 2013, after € 1.44 per share in 2012 (adjusted: € 1.71).

Net profit (in € million)



Dividend distribution

Based on the 2013 results and the implementation of a long-term dividend policy, the Executive Board and Supervisory Board will propose to the next annual general meeting to be held on May 23, 2014 that the shareholders be paid a dividend of € 0.62 per share (previous year: € 0.56). This figure is based on the Company's net profit and also on benchmarks of TecDax companies with comparable growth figures.

Furthermore, the Management Board decided to propose payment of a special dividend of € 3.58 per share. The liquid funds of € 66 million as of the end of 2013 and XING's cash-generative business model enable the Company to pay a special dividend without changing its business strategy, which is aimed at achieving growth.

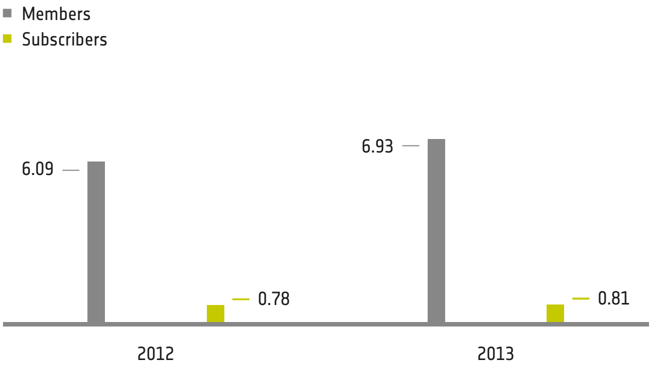
SEGMENT PERFORMANCE

This is the first Group management report to include a segment-based presentation of the income statement.

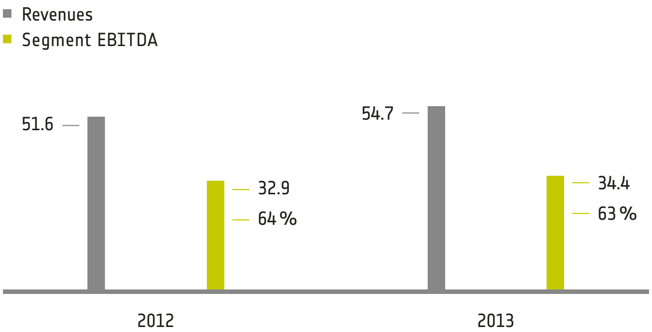
Network/Premium segment

In Network/Premium, the oldest and still the largest division based on its share of revenues, we raised our revenues by 6 percent in the 2013 financial year. The increase in revenues from € 51.6 million in 2012 to € 54.7 million in 2013 is partly attributable to the higher number of members, especially paid Premium members, but also to a mid-year change in the monthly fees for paid Premium membership. Income from the marketing of advertising space on the XING platform was another factor driving the solid revenue growth. We lifted our revenue in this subsegment as well by expanding bookable space. After deducting directly attributable costs and expenses, we generated segment EBITDA of € 34.4 million for the 2013 financial year with a margin of 63 percent (2012: € 32.9 million with a 64 percent margin). The member base in the D-A-CH region increased by 839,000 members to 6.9 million as of December 31, 2013. The portfolio of paid members in the region was lifted by around 24,000 members to approximately 807,000 at year-end. XING therefore has over 14 million registered users worldwide, including some 830,000 paid members. A few weeks after the end of the financial year, membership in German-speaking countries reached 7.0 million. The dynamic growth of XING AG thus continued at the beginning of 2014.

Members and subscribers in D-A-CH (number in million)



Network/Premium – Segment revenues and EBITDA (in € million) **& margin** (in %)



E-Recruiting segment

We posted the strongest revenue growth of all of our divisions last year in both absolute and relative terms in the E-Recruiting segment, where we lifted the growth rates from 32 percent in the first quarter of 2013 to over 50 percent in the fourth quarter of 2013. Over the entire year, segment revenues thus climbed 42 percent, from € 16.7 million in 2012 to € 23.7 million in the 2013 financial year. Several factors contributed to this increase:

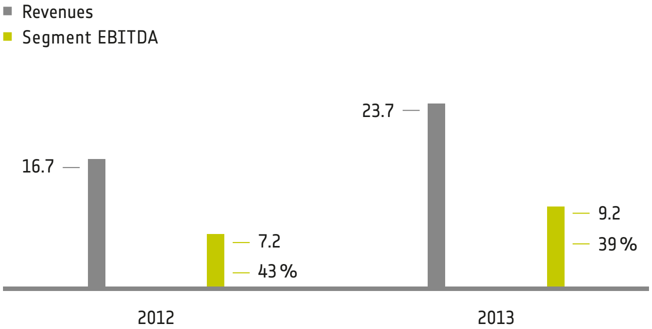
1. Employer Branding: Buoyant demand for paid company employer branding profiles on www.xing.com and kununu.de (acquired in 2013)

2. Active Recruiting: The successful establishment of the XING Talent Manager for proactive recruitment
3. Passive Recruiting: Strong demand for online job ads on www.xing.com

These three important developments raised segment revenue in the past financial year by a total of € 7.0 million. After deducting directly attributable costs and expenses, we generated segment EBITDA of € 9.2 million in 2013. Excluding € 1.5 million in non-operating expenses from the earn-out obligation, Segment EBITDA amounts to € 10.7 million in 2013 with a margin of 45 percent (2012: € 7.2 million with a 39 percent margin).

The number of corporate customers (B2B customers) in Germany, Austria, and Switzerland rose to 16,031 in the 2013 financial year (2012: 15,731).

E-Recruiting – Segment revenues and EBITDA (in € million) **& margin** (in %)



Events segment

In the Events segment, we likewise posted extremely dynamic growth in the past financial year with a revenue increase of 26 percent to € 4.9 million (previous year: € 3.9 million). After the growth rates had tapered off substantially at the beginning of 2013 (Q1 2013: 5 percent), due among other things to the exit of the founders of the Events business, we lifted them again to well over 30 percent from the second quarter of 2013 by professionalizing the sales structure. On account of the start-up losses sustained in the establishment of sales, product development, and marketing, this division generated an operating loss of € 2.7 million in the past financial year (2012: operating loss of € 2.9 million).

The number of corporate customers (B2B customers) rose to 2,246 in the 2013 financial year (2012: 1,874).

Events – Segment revenues and EBITDA (in € million)

NET ASSETS

Non-current assets increased from € 23.1 million in the previous year to € 30.9 as of December 31, 2013. This is mainly due to the acquisition of kununu GmbH in financial year 2013. Non-current assets accounted for 27.5 percent of total assets as of December 31, 2013, up 2.5 percentage points from 2012 (25.0 percent). As a result, current assets accounted for a lower proportion of total assets, dropping to 72.5 percent (previous year: 75.0 percent).

On December 31, 2013, liquid funds of € 69.0 million (previous year: € 58.8 million) accounted for 61.4 percent (previous year: 63.7 percent) of the total assets of € 112.3 million (previous year: € 92.2 million).

Liquid funds as of December 31, 2013, included third-party cash of € 2.8 million (previous year: € 2.6 million) from XING Events GmbH. The Company has € 66.2 thousand in cash, which accounts for 58.9 percent of total assets (previous year: € 56.2 million or 60.9 percent). The increase in cash is mainly due to rise in revenues and additional advance customer payments.

The increase in receivables from services from € 7.3 million in the previous year to € 8.6 million as of December 31, 2013, was largely related to the increase in revenues. Receivables from services mainly include receivables from paid memberships and B2B receivables.

The increase in other assets was largely due to the increase in advances paid, deferred costs and receivables from credit card companies. The year-on-year decrease in receivables from personnel had an offsetting effect.

The value of purchased software rose from € 2.9 million to € 3.5 million as of December 31, 2013 due to the additions that exceeded amortization expense. Internally generated intangible assets include the internally generated parts of the platform that qualify for capitalization, the XING mobile applications, and the XING testing tool. Internally generated intangible assets were reduced by amortization and impairment losses of € 0.3 million (previous year: € 0.6 million), mainly resulting from the overhaul and redesign of the platform.

Goodwill results from the acquisition of XING EVENTS GmbH in 2011 (€ 5.6 million) and from the acquisition of kununu GmbH in the 2013 financial year (€ 2.2 million).

The value of other intangible assets rose from € 1.6 million to € 3.5 million as of December 31, 2013 due to the additions that exceeded amortization expense. Significant additions relate to the customer relationships acquired as part of the acquisition of kununu GmbH in the amount of € 2.0 million as well as the brand/domain thereby acquired for € 0.8 million. These additions were reduced by amortization.

FINANCIAL POSITION

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 54.0 percent compared with 56.1 percent in 2012. This puts XING in an excellent position for future growth. The slight decline in the equity ratio is the result of two offsetting effects: The equity ratio rose on the strength of the net profit (€ 9.1 million) and through the exercise of options by members of the Executive Board as well as employees (€ 1.2 million). The increase in total assets to € 112.3 million (previous year: € 92.2 million) as a consequence of the acquisition of kununu GmbH and the payment of the regular dividend in the amount of € 3.1 million had an offsetting effect.

The Company's equity amounted to a 196.3 percent surplus over the non-current assets (previous year: 224.4 percent). The decrease results from the acquisition of kununu GmbH and the increase in non-current assets associated with this. The current assets (including liquid assets) amounted to a 186.0 percent surplus over the current liabilities (previous year: 188.5 percent).

Cash flows from operating activities

The cash flows from operating activities for the reporting year amounted to € 23.8 million, up from € 18.9 million in the previous year. This increase is chiefly attributable to the € 2.4 million increase in earnings before taxes over the previous year and the increase in deferred income that was significantly higher than in the previous year (€ +6.3 million; previous year: € +2.2 million).

Cash flows from investing activities

In 2013, the cash flows from investing activities included payment of € 2.9 million for the acquisition of kununu GmbH. In 2012, the cash flows from investing activities included payment of the remaining € 2.5 million purchase price obligation for XING Events. In contrast to the previous year, higher amounts were invested in tangible assets (€ 4.3 million compared to € 2.7 million). Payments for acquired and internally developed software rose from € 4.7 million in 2012 to € 5.9 million in 2013.

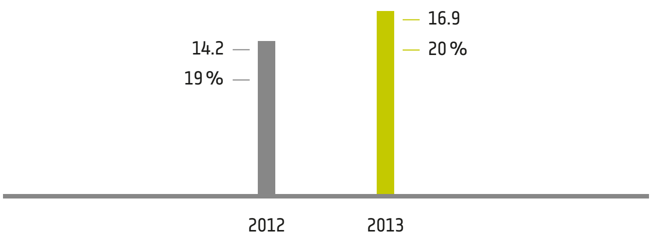
Cash flows from financing activities

During the 2013 financial year, XING generated significant proceeds from financing activities of € 2.7 million (2012: € 3.8 million) resulting from the exercise of employee stock options. Cash payments were made for the distribution of the regular dividend of € 3.1 million (previous year: return of capital contributions of € 20.0 million; regular dividend of € 3.0 million).

INVESTMENTS IN RESEARCH AND PRODUCT DEVELOPMENT

During the past financial year, we again invested heavily in product development in particular in all of our divisions. As in previous years, the lion's share of our investments in the amount of € 16.9 million (previous year: € 14.2 million) was in our workforce (developers and programmers). Total expense for the development of new products in the amount of € 3.79 million was capitalized in the past financial year.

Research and product development expenses
(in € million and in % of total revenues)



Additional disclosures on development costs and changes to the carrying amount for internally developed software is listed in the notes under intangible assets.

Management's summary of the Company's economic position

Thanks to new, innovative service offerings, particularly in the E-Recruiting segment, such as the XING Talent Manager, but also the employer branding profiles, we achieved the highest earnings in the history of the Company with total revenues in excess of € 84 million and an operating result (EBITDA) of over € 24 million. We increased our growth rate in every single quarter of the past financial year and hope to sustain this trend in the current year. In addition, XING AG is debt-free and has a highly cash-generative business model due to the fact that most of its revenues are paid in advance. This extremely comfortable basis enables us not only to continuously invest in the expansion of our business and the development of new business models, but also to make regular dividend distributions to our shareholders. The proposed dividend is explained in the section on the results of operations.

Risk report

PRINCIPLES OF RISK MANAGEMENT

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 consolidated financial statements again confirmed the functionality of the system.

Each individual employee is required to avert potential loss from the company. Their task is to immediately remove all risks in their own area of responsibility and to immediately notify the corresponding contacts 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 in regular introductory events and also with the aid of 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 and kununu 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 of any risks originating from the subsidiaries that may have a negative long-term impact on the Company.

The risk management system covers only risks but not opportunities.

INTERNAL CONTROL SYSTEM

In accordance with Section 315 (2) no. 5 HGB, below we describe the key features of the internal control and risk management system relevant for the financial reporting process:

We consider the internal control and risk management system to be a comprehensive system, and use the definitions of the Institut der Wirtschaftsprüfer in Deutschland e. V., Düsseldorf, concerning the financial reporting-related internal control system and the risk management system. An internal control system is defined as the principles, procedures and measures which have been introduced by management in the company, and which are designed to ensure the organizational implementation of the decisions of management for the purpose of

- ensuring the effectiveness and profitability of the Company's business (which includes protecting its assets, as well as preventing and detecting any impairment of its assets);
- ensuring that both the internal and the external financial reporting processes are proper and reliable; and
- ensuring compliance with all statutory requirements applicable to the Company.

The risk management system comprises all organizational rules and measures for recognizing risk and for handling the risks associated with business activities.

The following structures and processes are implemented at XING AG with regard to the financial reporting processes of the integrated companies and the Group financial reporting process:

The Executive Board of the Group bears overall responsibility for implementing and monitoring the internal control and risk management system with regard to the financial reporting processes of the integrated companies and the Group financial reporting process. All companies integrated in the consolidated financial statements are involved via a defined management or reporting organization. Within this organization, the Group Executive Board is (constantly) provided with information concerning the following measures: definition of the risk fields which might result in developments posing a threat to the continued existence of the Company as a going concern;

risk recognition and risk analysis; risk communication; allocation of responsibilities and tasks; and documentation of the measures which have been taken.

Beyond the continuous risk reporting, significant risks must be reported to the Group's Executive Board immediately, at the latest when they occur.

The principles, the structure and procedure organization as well as the processes of the financial reporting-related internal control and risk management system are summarized in guidelines and organizational instructions throughout the Group; these are adapted and brought into line with current external and internal developments at regular intervals. The objective is to identify the main risk fields in good time and define control areas which are relevant for the Group-wide financial reporting process.

With regard to the financial reporting processes of the integrated companies and the Group financial reporting process, we consider those features of the internal control and risk management system report to be material that can have a major impact on the Group's financial reporting and the overall tenor of the consolidated financial statements including the Group management. The material components of the internal control system are listed below:

- Monitoring controls for monitoring the Group-wide financial reporting process and the related results at the level of the Group Executive Board and Corporate Accounting and also at the level of the companies included in the consolidated financial statements; Uniform accounting standards and requirements are specified by Corporate Accounting and agreed on with the accounting departments at the subsidiaries.
- The annual financial statements of the single entities are each prepared at single-entity level. The data is automatically transferred to the Group's principal bookkeeping system (Microsoft Dynamics NAV 2009 R2), where following consolidation it is recorded under a separate Group client and managed. The main responsibility for the preparation of the consolidated financial statements as well as the propriety of the single-entity financial statements taken over lies with the Corporate Accounting department of XING AG.
- Preventative control measures in the financial and accounting systems of the Group and of the companies included in the consolidated financial statements, as well as in operational management processes which generate major information for preparing the consolidated financial statements including the Group management report, including functional segregation and predefined approval processes in relevant areas.
- Measures that ensure proper IT-based processing of Group financial reporting-related items and data such as regular checks of user authorizations and evaluations of control records.
- Strict principle of dual control across all hierarchy levels including the Executive Board.
- The tasks of the internal audit system for monitoring the financial reporting-relevant internal control and risk management system are not carried out by an "internal audit" staff department; instead, this is the responsibility of the Controlling and Accounting departments.

In relation to the Group-wide financial reporting process, the Group has also implemented a risk management system which comprises measures for identifying and measuring major risks as well as appropriate measures for limiting risk in order to ensure the adequacy of the consolidated financial statements. The Executive Board and Supervisory Board also continually look into ways of further optimizing the risk management system processes.

RISK ASSESSMENT

Risks are assigned to risk classes based on their estimated probability of occurrence and the expected loss.

We consider a risk that is very likely to occur and that is expected to cause a high loss to be a going-concern risk.

Expected loss	Probability of occurrence			Risk class	
	low	medium	high		
high					Risk class 1 (high risk or going-concern risk)
medium					Risk class 2 (medium risk)
low					Risk class 3 (low risk)

The probability of occurrence and the expected loss is based on the following criteria:

	quantitatively	qualitatively
PROBABILITY OF OCCURRENCE		
high	51 – 100 %	at least once per year
medium	11 – 50 %	once within 24 months
low	0 – 10 %	less frequently than once within 24 months
	quantitatively	**qualitatively (examples)**
EXPECTED LOSS		
high	more than € 500 thsd.	large damage to the Company's image, large damage for customers
medium	€ 100 thsd. to € 500 thsd.	Services impacted over a long period of time
low	€ 50 thsd. to € 100 thsd.	Service impacted in isolated cases

SIGNIFICANT INDIVIDUAL RISKS

In the explanations below, the significant risks identified are aggregated to a greater extent than for internal risk management purposes. Unless otherwise specified, all risks described affect all of the Company's segments to varying degrees.

STRATEGIC RISKS

Competition

XING AG already competes with companies that offer similar services. New competitors might enter the market in the future. Revenues would probably be negatively affected if XING AG were to lose customers to these current or future competitors. Competitors might be able to capture market share from XING AG by offering services that are superior to the services offered by XING AG or through particularly aggressive and successful marketing. In addition to the direct competition posed by other social networks, companies that are closely related to the sector might also succeed in capturing market share from XING AG. Some conceivable examples are search engines that extend their portfolio by way of community structures or major portal providers that already have a wide range of users, for example by offering e-mail services. In addition, as a result of strategic partnerships between foreign competitors and companies with extensive reach in the D-A-CH region, competitors might be able to penetrate XING's domestic market even more rapidly and exert additional pressure on XING AG with their prices and services. The increasing availability of mobile devices with Internet capability can also lead to competition from mobile communities. We categorize the overall competition risk as a potential going-concern risk.

Payment and receivables management

Because payment defaults would result in loss of revenues, the efficient billing of payments and the entire receivables management are extremely important for the Company. The involvement of external service providers means that there are certain dependencies in this particular field. The Company counters this risk, which is considered to a medium risk, by designing the respective partnerships with the help of legal professionals. Appropriate contract forms in particular ensure that the reliance on service providers is minimized, the necessary service standards are met, and that the risk of technical failures is minimized.

MARKET AND SALES RISKS

Generally, there is a risk of a significant increase in customer losses due to unforeseen external or internal factors. We categorize this risk as a medium risk. XING AG mainly counters this risk by constantly improving and extending its own services, and also by means of strategic partnerships. In addition, XING AG permanently monitors the development in user numbers and can take a response in plenty of time by means of prepared measures and crisis plans in the event of sudden signs of customer losses.

RISK OF A LOSS OF EXPERTISE RESULTING FROM EMPLOYEE TURNOVER

Due to the low average age of the XING Group's workforce and the general propensity to change jobs in the Internet industry, employee turnover in recent years has been between 10 and 20 percent. There is a risk that the regular departure of employees will lead to the loss of crucial expertise. We manage this risk by increasing documentation requirements for our employees and through the regular exchange of information, so that several employees always have crucial expertise. Overall, we categorize this risk as a medium risk.

RISKS OF CUSTOMER SUPPORT (NETWORK/PREMIUM AND E-RECRUITING SEGMENTS)

XING AG is continuously expanding its business model to include additional sources of revenues. This policy reduces the Company's reliance on subscriptions by Premium members. However, this fact does not involve any departure from the principle of XING AG, whereby customer satisfaction enjoys maximum priority not only with regard to financial success. Because of XING AG's own stringent requirements regarding the quality of its platform, user expect that the Company will refuse to accept any compromises in terms of quality. This comprises in particular the identification of incorrect profiles and tracing inappropriate or offensive comments or fraudulent activities. We categorize this risk as a medium risk.

As a result of the strong identification of many user with XING, the Company usually receives direct and rapid feedback with regard to certain processes on the platform. This means that XING AG is able to respond promptly where necessary and to avert membership cancellations which would result in losses in terms of revenues.

FINANCIAL RISKS

Defaults in the Network/Premium and E-Recruiting segments accounted for less than one percent of the total revenues in the previous financial year, and is thus not of material significance. We categorize the counterparty credit risk as a low risk. XING AG limits its liquidity risk by depositing its cash and cash equivalents exclusively with banks with high ratings. The main business model of Premium memberships and corresponding regular cash inflows provide the Company with adequate liquidity. In addition, there is also a liquidity preview. This means that the solvency of the Company is guaranteed at all times. We categorize this risk as a low risk.

In the Events segment, we generally see a high foreign exchange risk and currency risk. This risk is managed by maintaining separate bank accounts for all relevant currencies.

IT RISKS

Risks in network security, hardware and software

For internal purposes and in order to perform its services, XING AG is dependent on the use of automated processes, the reliability and efficiency of which are, in turn, dependent on the functionality, stability and security of the underlying technical infrastructure. The servers used by XING and the related hardware and software are vital to the success of the Company's business.

The Company's systems, website, internal processes, and services could be materially impacted by failures or disruptions to its IT systems as a result of physical damage, power outages, system crashes, software problems, malware (such as viruses and worms), operating errors, abuse or malicious attacks (including denial-of-service attacks). Attacks, operating errors and abuse, for instance, might result in the destruction, alteration or loss of stored data, or might mean that data could be used for unlawful purposes or without approval. These risks include identity theft, credit card fraud or other cases of fraud, advertising emails and spam emails from companies which are not affiliated with XING AG.

The above problems might cause interruptions to operations which increase operating expenses and considerably damage the Company's reputation. We categorize this risk as a potential going-concern risk.

XING AG is permanently engaged in ensuring the security of its systems and its network through the ongoing development of its technology and the deployment of its own employees in the area of network security. The measures initiated to date have proven to be effective. At the same time, however, the possibility of future breaches cannot be excluded.

PROCESS AND ORGANIZATION RISKS

Product development risks

XING AG aims to achieve constant and proactive improvement of the platform. The Company is aware that defective or low-quality products and functions can have a considerably negative impact on the Company. We categorize this risk as a high risk.

In order to minimize risk, a special team of employees has been set up to test new products and functionalities and has also been made responsible for constant quality assurance. In addition, the process of developing new functionalities and changes on the platform will usually be accompanied by a process of exchanging information between XING AG and its customers.

Data protection and personal rights

XING users provide extensive personal data to the Company, trusting that the data will be processed and used for the intended purpose and in compliance with the applicable provisions of the law.

XING AG's data centers for direct data processing are located in Germany. In addition, XING AG commissions selected service providers to process data. This data is accessible to users located both within and outside the European Union. In addition, XING allows its users to transmit personal data worldwide.

If XING AG or its providers were to violate these statutory provisions on data protection, telecommunications secrecy or the protection of personal rights, it could become the subject of investigations, data protection orders or claims for damages, including non-pecuniary damages. Under certain circumstances, criminal proceedings could even be initiated against XING AG and its management.

Any violation of data protection regulations and laws designed to protect personal rights or any processing, use or disclosure of data contrary to its intended purpose might also have an adverse effect on the Company's reputation and its ability to sign up new members and to retain the loyalty of existing members. Indeed, this might even mean that the Company will no longer be able to offer and provide some or all of its services temporarily or permanently in some countries.

We categorize this risk as a medium risk.

XING AG charges specific employees with the task of monitoring adherence to data protection legislation. Corresponding contractual and, if necessary, technical safety measures are taken to prevent infringements of the law by service providers.

In addition, amendments to data protection provisions are identified on an ongoing basis in conjunction with the Company's legal advisers, and measures for monitoring and complying with these provisions are reviewed and revised as necessary. The Company reviews potential implications for data protection law of new functionalities of the platform before they are introduced. Such new functionalities are only released if compliance with all relevant data protection regulations is guaranteed.

MANAGEMENT'S SUMMARY REGARDING THE COMPANY'S RISK SITUATION

As part of an overall assessment of the Group risks, the most significant are IT risks as well as the risks attributable to the satisfaction of existing customers and the signing-up of new customers. Overall, the risks in the Group are of manageable proportions. The future of the Company as a going concern is also assured.

Report on expected developments and opportunities

ECONOMIC OUTLOOK

The global economy will gradually regain momentum in 2014, a trend that will be seen in industrialized countries and emerging markets alike. The euro zone could also return to a growth trajectory, resulting in further stabilization. With unemployment falling though still high, central banks will be very slow to scale back their expansionary monetary policy, which means financing terms and conditions will remain favorable.

The general international data points to the economy picking up more speed next year. Deutsche Bundesbank and the Hamburg Institute of International Economics (HWWI) estimate that under these conditions Germany can expect to grow by around 1.7 percent in 2014,[1] with consumer spending remaining an important pillar of growth. In contrast to 2013, capital expenditures and net exports will also be able to make a positive contribution to growth once more. This encouraging trend in Germany, but also the improved situation in the euro zone on the whole should stimulate economic growth in Austria and Switzerland, generating growth rates of 1.7 percent in Austria (WKO)[2] and 2.3 percent in Switzerland (State Secretariat for Economic Affairs – SECO).[3] Austria's growth will be mainly sustained by exports, whereas in Switzerland the economy will also be boosted by domestic activity.

EXPECTED SECTOR TRENDS

The situation in the German labor market is set to improve further in 2014, leading to another slight drop in unemployment in the course of the year. HWWI estimates that on average around 2.87 million people will be out of work in 2014.[4] The situation in the Austrian labor market is expected to remain strained. According to the Austrian Institute of Economic Research, the growth in employment will be unable to compensate for the increase in the supply of labor resulting from pension reforms and the opening up of the labor market to workers from Bulgaria and Romania. Consequently, the jobless rate is expected to rise in 2014 on the whole to an average of around 7.9 percent for the year.[5] As the Swiss economy recovers, the country's labor market should develop positively and unemployment should decline (SECO).[6] However, the disparities within the German-speaking region will diminish only slightly, more so within the EU.

In the euro zone, the labor force will become more mobile in the coming years. The imbalances in the labor markets will disappear, albeit exceedingly slowly. This will increase the importance of e-recruiting, which could especially benefit social media offerings such as the XING platform. What is more, the German-speaking market in particular is very small by international standards with a penetration rate of professionally used social networks of around 10 percent of the total population of the D-A-CH region (approximately 100 million inhabitants). Penetration rates in countries such as the United States or the Netherlands stand at over 20 percent of the population, which means there is further catch-up or growth potential for the D-A-CH region above all.

EXPECTED DEVELOPMENT OF XING AG

Clear strategy for further growth

The largest platform for business social networking in the D-A-CH region in conjunction with the services we have established for our members and business customers provides an excellent starting point for further profitable growth in the coming years. We are now active in a variety of markets and have progressively diversified our business and revenue flows in recent years. With our e-recruiting and employer branding offerings, we have pursued new opportunities for growth in an existing market. Yet we also have considerable potential to continue growing in our core business with paid memberships, thanks to the steady growth in the number of basic members.

1 *http://www.arbeitgeber.de/www/arbeitgeber.nsf/res/BIP_Verbr_Prod_Prognosen.pdf/$file/BIP_Verbr_Prod_Prognosen.pdf*
2 *http://wko.at/statistik/prognose/prognose.pdf*
3 *http://www.seco.admin.ch/themen/00374/00375/00376/*
4 *http://www.hwwi.org/fileadmin/hwwi/Publikationen/Externe_PDFs/WD_12_2013_Rossen_OEkonomische_Trends.pdf*
5 *http://www.ams.at/ueber_ams/14202.html*
6 *http://www.seco.admin.ch/themen/00374/00384/*

Organic growth is a key element of our strategy. In addition, we continuously monitor our business environment and the market to identify suitable acquisition opportunities for supporting our organic strategy.

Revenue and earnings targets

In our financial key performance indicators, we expect revenues and earnings to increase on the whole.

As things currently stand, we 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 2014
Revenues Group	Double-digit percentage growth
EBITDA (adjusted for special factors) Group	Significant increase in EBITDA
Revenues Network/Premium segment	High single-digit percentage growth
EBITDA (adjusted for special factors) Network/Premium segment	Significant increase in segment EBITDA
Revenues E-Recruiting segment	Double-digit percentage growth
EBITDA (adjusted for special factors) E-Recruiting segment	Significant increase in segment EBITDA
Revenues Events segment	Double-digit percentage growth
EBITDA (adjusted for special factors) Events segment	Slightly negative segment EBITDA

Dividend targets

We announced a sustainable dividend policy in 2012. Accordingly, we are also planning to propose to the Annual General Meeting to be held on May 23, 2014 that a regular dividend be paid amounting to € 0.62 per no-par value share carrying dividend rights. Furthermore, the Executive Board decided to pay a special dividend of € 3.58 per share. The liquid funds of € 66 million as of the end of 2013 and XING's cash-generative business model enable the Company to pay a special dividend without changing its business strategy, which is aimed at achieving growth. We intend to continue to make regular dividend payments in the future.

Liquidity and financial targets

On account of our highly profitable, cash-generative business model, our liquidity requirements are very low. We therefore anticipate a further increase in cash funds in the 2014 financial year excluding extraordinary items such as acquisitions or special dividends.

Planned capital expenditures

Following an increase in the investment volume (CAPEX) of € 3.2 million to € 10.46 million in the 2013 financial year, we anticipate a less substantial increase for the 2014 financial year. As in previous years, capital expenditure will be concentrated on server capacity, software licenses, and internally developed software.

Forecast of non-financial key performance indicators

The non-financial key performance indicators being reported for the first time are important measures of the success and attractiveness of our offerings. For this reason, we defined the number of members in the D-A-CH region as well as the number of subscribers in this region as key performance indicators for the Network/Premium segment. Our objective is to generate more growth in the D-A-CH region in 2014 than in the financial year just ended (2013: +839,000) and to grow our portfolio of subscribers compared with the previous year (2013: +24,000 new subscribers) as well. This guidance is essentially based on the penetration rates of networks used by professionals in German-speaking countries, which is low compared with other countries.

Relationships with business customers are the most important measure in the E-Recruiting and Events segments. This is because unlike in the Network/Premium core business, revenues in these segments are generated exclusively from the sale of services to corporate customers (B2B). For this reason, the number of corporate customers will be significantly increased in both segments in the 2014 financial year with the help of the Sales function, among other things. By the end of 2013, we had a total of 18,277 customers in the E-Recruiting and Events segments. The forecast for the current year is mainly based on experience and sales performance in the past financial year.

Non-financial key performance indicators	Forecast for 2014
Network/Premium segment Members in the D-A-CH region	Year-on-year growth (2013: +839,000)
Network/Premium segment Subscribers in the D-A-CH region	Stronger growth in absolute terms (2013: +24,000)
E-Recruiting segment Number of corporate customers (B2B)	Sharp increase
Events segment Number of corporate customers (B2B)	Sharp increase

REPORT ON OPPORTUNITIES

With our business models in the Network/Premium, E-Recruiting, and Events divisions, we are active in a range of different yet extremely dynamic markets. In this respect, opportunity management is an integral part of our business activities aimed at safeguarding our enterprise value in the long term and achieving our goals. Opportunity management at XING therefore focuses heavily on the divisions' individual strategies. The opportunities of the strategic divisions are assessed at regular meetings on the development of business. Here, we evaluate analyses of the market and the competition as well as trends, deriving potential opportunities for XING AG from these. Any opportunities identified are discussed with the individual divisions as part of the planning and controlling process in order to perform a qualitative and quantitative assessment. One of the tasks of the divisions 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.

Opportunities presented by positive economic developments

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.

Opportunities presented by product development and innovation

As a growing company, our business success depends to a large extent on our speed of innovation and ability to implement ideas when developing new product offerings and services for our members and business customers in all of our segments. For this reason, one particular focus is on enhancing our product development processes and accelerating our capacity for innovation accordingly. Here, by clearly assigning product and development resources to the individual divisions, we took important steps in the 2013 financial year toward making our product development activities more efficient. This might provide further opportunities for improving growth rates. If we make progress in this area faster than expected and subsequently establish more offerings for our customers, this would have additional positive effects on XING AG's revenues and earnings development.

Opportunities presented by faster penetration of important growth markets

In the E-Recruiting division, additional opportunities could arise if companies come to accept the implementation of active recruitment measures and employer branding quicker than anticipated. This could be driven in particular by the changes in the labor market, because the shortage of skilled labor, demographic change, and shifts in the demands of new generations of employees will have a major impact on personnel work in the future. There are simply fewer and fewer employees joining the market, which naturally reduces the number of highly qualified experts accordingly. These in turn know how coveted they are on the labor market and have high expectations. However, it will no longer be possible to tempt such employees with expensive career pages and high salaries. These days, specialists who are in a position to choose no longer go for the company offering the company car, the promise of becoming head of department one day, and annual salary increases. Instead, they choose companies that provide assistance with child care, a good work/life balance, and transparent and opinion-promoting work structures. If this trend continues in the German-speaking markets at a faster rate than expected, it may have extremely positive effects on our revenue and earnings development, especially in the E-Recruiting segment.

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 these markets up to now. Further opportunities could be provided by the establishment of new sources of revenues or business models.

Legal information

The following section mainly contains information and explanations in accordance with Section 315 (4) of the German Commercial Code (HGB). This information relates to company law structures and other legal relationships.

CORPORATE GOVERNANCE DECLARATION

The corporate governance declaration issued in accordance with Section 289a HGB is published on our website at http://corporate.xing.com/english/investor-relations/corporate-governance/hgb-289a/. It contains a description of how the Executive Board and Supervisory Board operate, the declaration of conformity in accordance with Section 161 of the German Stock Corporation Act (AktG), and information on key corporate governance practices.

REMUNERATION REPORT

The remuneration report details the amount and structure of Executive Board earnings, and summarizes the principles used as the basis for the remuneration of the XING AG Executive Board. It also contains information on the principles and amount of Supervisory Board remuneration. The remuneration report also includes information concerning the shareholdings of the Executive Board and of the Supervisory Board. The remuneration report is part of the management report.

TAKEOVER-RELATED DISCLOSURES

The following details in accordance with Section 315 (4) HGB describe the situation as of December 31, 2013. The following explanation of this information also meets the requirements of an explanatory report as per Section 176 (1) line 1 of the German Companies Act (AktG).

Share capital

The share capital of the Company was increased in 2013 by € 37,894.00 through the issue of 37,894 no-par-value shares under the employee stock option plans. The share capital of the Company amounted to € 5,554,243 on December 31, 2013 (previous year € 5,554,243), and consists of 5,592,137 no-par value shares at a calculative value of € 1.00 of the share capital. The share capital is fully paid in. All shares have the same rights.

Treasury shares

The Company held 12,832 no-par-value shares as of December 31, 2013 (previous year: 75,332). This corresponds to 0.23 percent (previous year: 1.36 percent) of the Company's share capital. These shares are largely designated for fulfilling obligations arising from current stock option plans.

Restrictions on voting rights or on the transfer of shares

The Executive Board is not aware of any restrictions in terms of voting rights or share transfers.

Shareholders with more than 10 percent of the Company's voting rights

As of December 31, 2013, the Company was aware that Burda Digital GmbH, Munich, held 52.3 percent (previous year: 52.6 percent) of XING AG's voting rights.

The Company is not in possession of any further information or notifications in accordance with Sections 21 et seq. of the German Securities Trading Act (WpHG) concerning shareholders who directly and/or indirectly hold more than 10 percent of the capital and voting rights.

Appointment and dismissal of members of Executive Board / changes to the Articles of Incorporation

Any appointment and dismissal of members of the Executive Board is subject to Sections 84, 85 AktG as well as item 7 of the Articles of Incorporation as amended on May 26, 2011. In accordance with item 7 (1) of the Articles of Incorporation, the Executive Board consists of one or more persons. The Supervisory Board determines the number of members of the Executive Board. The Articles of Incorporation do not include any special rules for the appointment and dismissal of individual or all members of the Executive Board. Any such appointment or dismissal is the responsibility of the Supervisory Board.

Changes to the Articles of Incorporation are made in accordance with Sections 179 and 133 AktG. The Articles of Incorporation have not taken advantage of the option of specifying further requirements applicable for changes to the Articles of Incorporation. Unless required otherwise by law, the resolutions of the Annual General Meeting shall be passed with a simple majority of the votes cast. In the event that the law stipulates a capital majority in addition to the majority vote, resolutions shall be passed with a simple majority of the share capital represented at the time the resolution was passed. In accordance with items 5.3 to 5.6 and 18 of the Articles of Incorporation as amended, the Supervisory Board is authorized to make changes to the Articles of Incorporation only relating to that particular version.

Powers of the Executive Board to issue and repurchase shares

The powers of the Executive Board of the Company to issue or repurchase shares are all based on corresponding authorization resolutions of the Annual General Meeting, the contents of which are detailed in the following.

Authorized and contingent capital

Authorized and contingent capital are described in "Equity" in the notes to the consolidated financial statements.

Authorization to purchase own shares

Pursuant to the resolution of the Annual General Meeting of May 27, 2010, and in view of the cancellation of the previous resolution of May 28, 2009, the Executive Board was authorized to purchase treasury shares as follows:

a) Authorization to purchase treasury shares

Until May 26, 2015, the Executive Board is authorized to purchase treasury shares up to a total of 10 percent of the Company's share capital which, at the time at which the resolution is adopted, amounts to € 5,272,447.00. The shares purchased in this way, together with other treasury shares which are owned by the Company or which are attributable to the Company in accordance with Sections 71a et seq. AktG must not at any time exceed 10 percent of the share capital. This authorization must not be used for the purpose of trading treasury shares.

b) Types of acquisition

The Executive Board may decide to purchase the shares (1) via the stock exchange or (2) on the basis of a public offer directed to all shareholders or on the basis of a public invitation directed to all shareholders to submit offers to sell the shares.

1) If the shares are purchased via the stock exchange, the purchase price per share paid by the Company (excl. ancillary purchase costs) must not differ by more than 10 percent from the price in the XETRA trading system (or an equivalent successor system) on the Frankfurt stock exchange determined on the market trading day by the opening auction.

2) If the shares are purchased on the basis of a public offer directed to all shareholders or on the basis of a public invitation directed to all shareholders to submit offers to sell the shares,

- the purchase price share which is offered in the event of a public offer directed to all shareholders (excl. ancillary purchase costs) or
- the limits of the purchase price range fixed by the Company in the event of a public invitation directed to all shareholders to submit offers to sell the shares (excl. ancillary purchase costs) must not differ by more than 10 percent from the average of the closing prices of the shares of the Company in the Xetra trading system (or an equivalent successor system) on the Frankfurt stock exchange during the five market trading days prior to the day of the public announcement of the public offer or the public invitation to submit offers to sell the shares.

If there are considerable changes to the relevant price after the publication of a public offer directed to all shareholders or after a public invitation directed to all shareholders to submit offers to sell the shares, the purchase offer or the invitation to submit offers to sell the shares can be adjusted. In this case, the price will be based on the average of the closing prices of the shares of the Company in the Xetra trading system (or an equivalent successor system) on the Frankfurt stock exchange during the five market trading days prior to the public announcement of the adjustment.

If a public offer directed to all shareholders is oversubscribed, it can only be accepted on a proportionate basis. If several equivalent offers are submitted in the event of a public invitation directed to all shareholders to submit offers to sell the shares, and if not all of these equivalent offers can be accepted, the offers will only be accepted on a proportionate basis.

Small lots of up to 100 shares per shareholder may be accepted on a preferential basis.

The public offer directed to all shareholders or the public invitation directed to all shareholders to submit offers to sell the shares may specify further conditions.

c) Use of treasury shares

With the approval of the Supervisory Board, the Executive Board is authorized to use the treasury shares purchased on the basis of this authorization for all lawful purposes, and in particular for the following purposes:

1) The shares may also be sold in ways other than via the stock exchange or on the basis of an offer to all shareholders if the purchase price to be paid in cash is not significantly lower than the market price of the already listed shares with essentially the same rights. The number of shares which are sold in this way, together with the number of new shares which are issued out of authorized capital with the exclusion of shareholders' subscription rights in accordance with Section 186 (3) line 4 AktG during the period covered by this authorization and the number of shares which can be created as a result of the exercising of option and/or conversion rights or fulfillment of conversion obligations from option and/or convertible bonds and which are issued with the exclusion of shareholders' subscription rights in accordance with Section 186 (3) Clause 4 AktG during the period covered by this authorization must not exceed 10 percent of the share capital.

2) The shares may be sold in return for a non-cash contribution, particularly also in connection with the acquisition of companies, parts of companies or equity participations in companies as well as mergers of companies.

3) The shares may be used by the Executive Board or – if the Executive Board is a beneficiary – by the Supervisory Board for serving subscription rights relating to shares of the Company which have been granted or which will be granted to members of the Executive Board of the Company, selected senior executives, other key members of staff and employees of the company, as well as members of management, selected senior executives, other key members of staff and employees of enterprises which are affiliated with the Company in accordance with Section 15 of the German Stock Corporation Act (AktG)

- within the framework of the stock option plan 2006, which was authorized to be issued by the Annual General Meeting of November 3, 2006, pursuant to the resolution regarding item 6 of the agenda, most recently modified by the resolution of the Annual General Meeting of May 28, 2009, to item 10 of the agenda, or
- within the framework of the stock option plan 2008, which was authorized to be issued by the Annual General Meeting of May 21, 2008, pursuant to the resolution regarding item 7 of the agenda, most recently modified by the resolution of the Annual General Meeting of May 28, 2009, to item 10 of the agenda, or
- within the framework of the stock option plan 2009, which was authorized to be issued by the Annual General Meeting of May 28, 2009, pursuant to the resolution regarding item 11 of the agenda, or
- within the framework of the stock option plan 2010, which was authorized to be issued by the Annual General Meeting of May 27, 2010, pursuant to the resolution regarding point 8 of the agenda. If members of the Company's Executive Board are beneficiaries in the above cases, the Supervisory Board shall decide on whether to use treasury shares to serve subscription rights.

4) Treasury shares may be used for serving options and conversion rights relating to shares of the Company. If treasury shares are to be transferred to members of the XING AG Executive Board, this authorization shall apply to the Supervisory Board.

5) The shares can be offered for sale, or transferred, to persons who are employed by the Company or an enterprise affiliated with the Company in accordance with Section 15 AktG, subject to a lock-out period of not less than two years. They may also be offered for sale or transferred to members of the Executive Board of the Company or members of the management of an enterprise affiliated with the Company in accordance with Section 15 AktG subject to a lock-out period of not less than two years. If members of the XING AG Executive Board are beneficiaries, the Supervisory Board is responsible for selecting the beneficiaries and determining the volume of shares to be granted to them.

6) The treasury shares may be retired without such retirement or the performance of such action requiring a further resolution of the Annual General Meeting. They may also be retired in a simplified procedure without a capital reduction by adjusting the proportionate theoretical interest of the other no-par value shares in the Company's share capital. If the shares are retired using the simplified procedure, the Executive Board is authorized to adjust the number of shares in the Articles of Incorporation.

The authorizations detailed above can be utilized on one or more occasions, in part or in whole, individually or jointly. The authorizations detailed under (2) and (3) can also be used by dependent enterprises or enterprises which are majority owned by the Company or by third parties acting for their account or for the account of the Company.

The shareholders' subscription rights relating to the treasury shares purchased on the basis of this authorization are excluded if these shares are used in accordance with the authorizations detailed above under (1) to (5).

Compensation agreements of the Company with members of the Executive Board or employees in the event of a takeover bid

In the event of a change in control at XING AG, XING AG has granted Executive Board member Ingo Chu a special right of termination of limited duration that can be exercised by Mr. Chu provided other requirements are met. On exercise of this special right of termination, Mr. Chu is entitled to a settlement payment of no more than twice his contractually stipulated annual salary plus € 250,000. In this case, Executive Board member Ingo Chu will also receive a cash payment for the stock options or shadow shares that are irredeemable or have not yet been alloted on termination of the contract. If Mr. Chu does not exercise his special right of termination following a change in control despite the requirements being met, he is entitled to receive corresponding cash settlements in relation to shadow shares.

Further disclosures

The other information required in accordance with Section 315 (4) HGB relates to circumstances which do not exist at XING AG. There are no holders of shares with special rights conferring control powers, nor are there any voting right controls attributable to employees owning a share of the Company's capital, nor are there any major agreements which are subject to the condition of a change of control following a takeover bid.

LEGAL FACTORS

The Company largely operates as a social business network via the online platform www.xing.com where millions of people enter their personal details along with their CV. It is therefore imperative that XING provides its registered users with a secure and trustworthy environment. The legislation in place in Germany, in particular German privacy law, sets the standard for how XING handles its users' sensitive data.

Executive Board report on relations with affiliated companies

As set out in Section 312 AktG, the Executive Board has prepared a report on relations with affiliated companies, which contains the following final declaration: "We declare that XING AG received an appropriate consideration for each transaction and measure listed in the report on relations with affiliated companies under the circumstances known to us at the time the transactions were made or the measures taken or not taken."

Report on post-balance sheet date events

No further events of significance for the Group occurred after the reporting period.

Hamburg, March 27, 2014

The Executive Board

Dr. Thomas Vollmoeller	Ingo Chu
Timm Richter	Jens Pape

03.

CONSOLIDATED FINANCIAL STATEMENTS

for the financial year from January 01 to December 31, 2013

Consolidated income statement of XING AG

for the financial year from January 01 to December 31, 2013

Consolidated income statement

In € thousand	Note	01/01/2013 – 12/31/2013	01/01/2012 – 12/31/2012
Service revenues	7	83,330	72,125
Other operating income	8	1,453	1,131
TOTAL OPERATING INCOME		**84,783**	**73,256**
Personnel expenses	9	−35,782	−31,119
Marketing expenses	10	−6,144	−5,138
Other operating expenses	11	−20,031	−16,936
EBITDA		**22,826**	**20,063**
Depreciation, amortization and impairment losses	15	−8,453	−8,338
EBIT		**14,373**	**11,725**
Finance income	12	131	353
Finance costs	12	−32	−22
EBT		**14,472**	**12,056**
Taxes on income	13	−5,335	−4,313
CONSOLIDATED NET PROFIT/LOSS		**9,137**	**7,743**
Earnings per share (basic)	14	1.65	1.44
Earnings per share (diluted)	14	1.65	1.43

Consolidated statement of financial position of XING AG

as of December 31, 2013

Assets

In € thousand	Note	12/31/2013	12/31/2012
NON-CURRENT ASSETS			
Intangible assets			
Software and licenses	15	3,534	2,876
Internally generated software	15	8,752	7,044
Goodwill	15	7,743	5,574
Other intangible assets	15	3,510	1,582
Property, plant and equipment			
Leasehold improvements	15	490	547
Other equipment, operating and office equipment	15	5,805	4,574
Financial assets			
Equity investments	15	51	51
Other financial assets	15	42	23
Deferred tax assets	13	941	797
		30,868	**23,068**
CURRENT ASSETS			
Receivables and other assets			
Receivables from services	16	8,621	7,322
Income tax receivables	16	389	388
Other assets	16	3,443	2,660
Cash and cash equivalents and short-term deposits			
Cash	16	66,160	56,159
Third-party cash	16	2,820	2,614
		81,433	**69,143**
		112,301	**92,211**

Equity and liabilities

In € thousand	Note	12/31/2013	12/31/2012
EQUITY			
Subscribed capital	17	5,592	5,554
Treasury shares	17	−455	−2,039
Capital reserves	17	18,477	17,393
Other reserves	17	16,368	16,302
Net retained profits	17	20,600	14,552
		60,582	**51,762**
NON-CURRENT LIABILITIES			
Deferred tax liabilities	13	3,578	2,507
Deferred income	18	2,082	1,270
Other provisions	18	215	0
Other financial liabilities	18	0	0
Other liabilities	18	2,077	0
		7,931	**3,777**
CURRENT LIABILITIES			
Trade accounts payable	19	2,015	1,429
Deferred income	19	29,368	23,842
Other provisions	19	703	2,379
Other liabilities	19	11,702	9,022
		43,788	**36,672**
		112,301	**92,211**

Consolidated statement of comprehensive income of XING AG

for the financial year from January 01 to December 31, 2013

Consolidated statement of comprehensive income

In € thousand	01/01/2013 – 12/31/2013	01/01/2012 – 12/31/2012
Consolidated net profit / loss	**9,137**	**7,743**
Currency translation differences	0	87
Other comprehensive income	**0**	**87**
CONSOLIDATED TOTAL COMPREHENSIVE INCOME	**9,137**	**7,830**

Consolidated statement of changes in equity of XING AG

for the financial year from January 01 to December 31, 2013

Consolidated statement of changes in equity

In € thousand	Note	Subscribed capital	Capital reserves	Treasury shares	Other reserves	Net retained profits	Equity, total
AS OF 01/01/2012		**5,426**	**14,008**	**–2,367**	**15,700**	**9,829**	**42,596**
Currency translation	3,5	0	0	0	87	0	87
Total income and expenses for the period recognized directly in equity		**0**	**0**	**0**	**87**	**0**	**87**
Consolidated net profit/loss		0	0	0	0	7,743	7,743
Consolidated total comprehensive income		**0**	**0**	**0**	**87**	**7,743**	**7,830**
Capital increase from share-based payment		128	3,385	0	0	0	3,513
Sale of treasury shares		0	0	328	0	0	328
Dividend for 2011		0	0	0	0	–3,020	–3,020
Personnel expenses, stock option program	9	0	0	0	515	0	515
AS OF 12/31/2012		**5,554**	**17,393**	**–2,039**	**16,302**	**14,552**	**51,762**
AS OF 01/01/2013		**5,554**	**17,393**	**–2,039**	**16,302**	**14,552**	**51,762**
Currency translation	5	0	0	0	0	0	0
Total income and expenses for the period recognized directly in equity		**0**	**0**	**0**	**0**	**0**	**0**
Consolidated net profit/loss		0	0	0	0	9,137	9,137
Consolidated total comprehensive income		**0**	**0**	**0**	**0**	**9,137**	**9,137**
Capital increase from share-based payment		38	1,084	0	0	0	1,122
Sale of treasury shares		0	0	1,584	0	0	1,584
Dividend for 2012		0	0		0	–3,089	–3,089
Personnel expenses, stock option program	9	0	0	0	66	0	66
AS OF 12/31/2013		**5,592**	**18,477**	**–455**	**16,368**	**20,600**	**60,582**

Consolidated statement of cash flows of XING AG

for the financial year from January 01 to December 31, 2013

Consolidated statement of cash flows

In € thousand	Note	01/01/2013 – 12/31/2013	01/01/2012 – 12/31/2012
Earnings before taxes		14,472	12,056
Amortization and write-downs of capitalized development costs	15	1,920	2,455
Depreciation, amortization and impairment losses on other fixed assets	15	6,533	5,883
Personnel expenses, stock option program	9	66	515
Interest income	12	−131	−353
Interest received		163	474
Interest expense	12	32	22
Taxes paid		−5,013	−4,768
Non-capitalizable payments for the acquisition of consolidated companies		372	0
Profit from disposal of fixed assets		−52	0
Change in receivables and other assets		−2,133	−2,552
Change in liabilities and other equity and liabilities		2,859	3,391
Non-cash changes from changes in basis of consolidation		−1,431	84
Change in deferred income		6,338	2,247
Elimination of XING Events third-party obligation		−206	−593
CASH FLOWS FROM OPERATING ACTIVITIES		**23,789**	**18,861**
Payment for capitalization of internally generated software	15	−3,791	−2,427
Payment for purchase of software	15	−2,408	−2,213
Payments for purchase of other intangible assets	15	−123	0
Proceeds from the disposal of fixed assets		200	69
Payments for purchase of property, plant and equipment	15	−4,314	−2,725
Payments for the purchase of financial assets	15	−19	0
Payment for acquisition of consolidated companies (less cash acquired)	3	−2,949	−2,455
CASH FLOWS FROM INVESTING ACTIVITIES		**−13,404**	**−9,751**

Consolidated statement of cash flows

In € thousand	Note	01/01/2013 – 12/31/2013	01/01/2012 – 12/31/2012
Proceeds from the exercise of options		1,122	3,513
Proceeds from the sale of treasury shares		1,584	328
Payment for return of capital contributions		0	−19,953
Dividend payment		−3,089	−3,020
Interest paid		−1	−22
CASH FLOWS FROM FINANCING ACTIVITIES		**−384**	**−19,154**
Currency translation differences		0	7
Net change in cash funds		10,001	−10,037
Cash funds at the beginning of the period		56,159	66,196
CASH FUNDS AT THE END OF THE PERIOD [1]	16	**66,160**	**56,159**
Third-party cash funds at the beginning of period		2,614	2,021
Consolidation-related allocation of third-party cash funds		0	0
Change in third-party cash and cash equivalents		206	593
THIRD-PARTY CASH FUNDS AT THE END OF THE PERIOD		**2,820**	**2,614**

1 *Cash and cash equivalents consist of liquid funds.*

Notes to the Consolidated Financial Statements

(A) Principles and methods

1. Information on the Company

The registered offices of XING AG are located at Dammtorstrasse 29-32, 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.

Measured in terms of the total number of individual visitors worldwide, XING operates one of the leading professional networking websites. The international, multilingual, Internet-based platform is a "relationship engine" which provides its members with the opportunity of establishing new business contacts, maintaining existing contacts, extending their operations to new markets, and exchanging opinion and information. XING generates its revenues primarily from membership subscriptions of Premium Members, and currently operates the platform without any paid advertising for Premium Members.

The consolidated financial statements and the Group management report of XING AG for the period ending December 31, 2013 were approved for publication by the Executive Board on March 26, 2014, and will be presented to the Supervisory Board of the Company for approval on March 27, 2014. The consolidated financial statements and the group management report are published in the electronic Federal Gazette.

2. Basis of preparation

The consolidated financial statements of XING AG (referred to hereinafter as "XING", "XING AG" or "the Company") have been prepared in accordance with the International Financial Reporting Standards (IFRSs) as published by the International Accounting Standards Board (IASB) and the additional provisions of commercial law stipulated by Section 315a (1) HGB. Due consideration has been given to all IFRSs and IFRICs which were adopted by the EU Commission as of December 31, 2013 and which are subject to mandatory adoption.

The consolidated financial statements have been prepared in euros. Unless otherwise specified, all figures have been rounded up or down to the nearest thousand euros (€ thousand). The tables and figures included may therefore contain rounding differences.

The consolidated income statement has been prepared in accordance with the nature of expense method.

The accounting policies applied are consistent with those of the prior financial year.

NEW AND REVISED STANDARDS AND INTERPRETATIONS APPLICABLE TO THE 2013 FINANCIAL YEAR

IAS 1 Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income

The amendments to IAS 1 have resulted in a grouping of the items presented under other comprehensive income (reporting periods from July 1, 2012).

IAS 12 Income Taxes – Deferred Taxes

The amendments to this standard do not have any effect on the consolidated financial statements.

IAS 19 Employee Benefits:
No significant effects on the consolidated financial statements result from the amendment to this standard.

IFRS 13 Fair Value Measurement
This standard defines uniform guidelines for measuring fair value.

Improvements to IFRSs (issued in May 2012)
In May 2012, the IASB issued a collection of amendments to five IFRSs under its annual improvements project. The aim of the project is to clarify guidelines and wording and correct comparatively minor points.

The mandatory adoption of the revised standards for the first time in the financial year did not materially affect the consolidated financial statements.

STANDARDS ISSUED THAT WERE APPLIED EARLY:
XING applies the following standard early as of January 1, 2013:

IAS 36 Impairment of Assets (revised 2013) (from / after January 01, 2014)
This amendment changed some disclosure requirements regarding the measurement of the recoverable amount of impaired assets. This standard shall be applied to financial years beginning on or after January 1, 2014. Earlier application is permitted.

STANDARDS ISSUED BUT NOT YET EFFECTIVE:
Standards and interpretations that are relevant for the activities of the Group and that had been issued but were not yet effective by the time the consolidated financial statements were published are detailed below.

IAS 27 Separate Financial Statements (revised 2011) (from / after January 01, 2014)
The adoption of IFRS 10 and IFRS 12 limits the scope of IAS 27 to the accounting for subsidiaries, jointly controlled and associated entities in separate financial statements of the Group.

IAS 32 and IFRS 7 – Offsetting a Financial Asset and a Financial Liability (from / after January 01, 2014)
The purpose of this amendment is to eliminate inconsistencies by supplementing the application guidance. However, the existing fundamental regulations regarding the offsetting of financial instruments have been retained. The amendment also serves to define supplementary disclosures.

IFRS 9 Financial Instruments: Classification and Measurement
The initial phase of preparing the introduction of IFRS 9 Financial Instruments comprises the classification and measurement of financial assets. Accordingly, all financial instruments which come under the scope of IAS 39 have to be measured at fair value upon initial recognition. Under certain conditions, debt instruments may be subsequently measured at amortized cost. Equity instruments are measured either directly in equity or at fair value through profit or loss, with the Company having to take an irrevocable decision in this respect for each asset. In July 2013, the IASB provisionally decided to delay the mandatory effective date and to leave it open until the conclusion of the second phase of IFRS 9 on impairment methodology. The European Financial Reporting Advisory Group postponed its recommendation to adopt the current version of IFRS 9 for use in the EU.

IFRS 10 Consolidated Financial Statements (from / after January 01, 2014)
IFRS 10 replaces the requirements of both IAS 27 Consolidated and Separate Financial Statements and covers topics previously regulated by SIC-12 Consolidation - Special Purpose Entities.

IFRS 12 Disclosure of Interests in Other Entities (from / after January 01, 2014)
This standard governs the disclosure requirements related to Group accounting principles and consolidates the disclosures required of subsidiaries (heretofore subject to IAS 27); the disclosures required of jointly controlled and associated entities (heretofore subject to IAS 31 and IAS 28, respectively); as well as those required of structured entities.

Implementation takes place no later than in the year of initial mandatory application. The effects of IFRS 9 are currently being analyzed. Based on current knowledge, we do not anticipate these standards and also the other new standards to have any significant impact on the consolidated financial statements upon initial application, with the exception of new or modified disclosures in the notes.

3. Basis of consolidation and business combinations

In addition to XING AG, the consolidated financial statements include the subsidiaries that are controlled by XING AG as the parent company. Control is being assumed if the parent company can exercise control over the investee, is exposed to variable returns from the equity investment and can influence the amount of the returns due to its control. Control is assumed if the parent company directly or indirectly holds more than half of the voting rights of the subsidiary, unless it can clearly be shown that this holding does not constitute control. The subsidiaries are consolidated from the time at which the Group acquires control, and are no longer consolidated after the time at which the Group no longer exercises control.

All intercompany balances, transactions, income and expenses as well as all results of intercompany transactions are eliminated in full.

The basis of consolidation in the consolidated financial statements comprises the following companies:

	Equity interest 12/31/2013 in %	Initial consolidation
amiando UK Ltd., Birmingham, United Kingdom [1]	100	2011
Grupo Galenicom Tecnologías de la Información (eConozco), S.L., Barcelona, Spain	100	2007
XING International Holding GmbH, Hamburg, Germany	100	2007
XING Networking Spain S.L., Barcelona, Spain [2]	100	2007
XING Switzerland GmbH, Sarnen, Switzerland [2]	100	2008
XING Events GmbH (formerly: amiando GmbH), Hamburg, Germany	100	2011
kununu GmbH, Vienna, Austria	100	2013

1 100 % are held indirectly via a 100 % equity interest in XING Events GmbH, Hamburg, Germany.

DECONSOLIDATION OF SOME COMPANIES IN THE FINANCIAL YEAR 2012

In the financial year 2012, the following companies were deconsolidated because they had been liquidated: EUDA Uluslararasi Danismanlik ve Bilisim Hizmetleri Limited Sirketi (XING Turkey), Istanbul, Turkey, XING Insan Kaynaklari Uluslararasi Danismanlik Hizmetleri Ltd. Sti., Istanbul, Turkey, XING Italy S.R.L., Milan, Italy, Socialmedian Inc., Wilmington, Delaware, USA, and XING Hong Kong Ltd., Hong Kong, China. The deconsolidation result of € -0.1 million recognized for financial year 2012, which is shown in the other operating expenses, is mainly attributable to the reversal of the foreign currency translation for these companies which previously had been recognized directly in equity.

ACQUISITION OF KUNUNU GMBH IN JANUARY 2013

On January 8, 2013, XING AG acquired all interests in kununu GmbH, the Vienna-based operator of the leading employer review platform in German-speaking countries.

By acquiring this company, XING AG has extended its value chain in the e-recruiting business. XING AG initially paid the vendor € 3.6 million upon signing the contract. A further € 0.9 million is payable in financial year 2014. Based on a number of factors, in particular kununu GmbH's revenue and EBITDA performance in 2013 and 2014, the former shareholders – who remain the company's managing directors – will receive a maximum of € 4.7 million as performance-based remuneration, which shall not be recognized as a purchase price. Costs of € 0.4 million were incurred in connection with this acquisition in the 2012 financial year; they are included in the other operating expenses. The Austrian company was consolidated for the first time on the date on which ownership of the interests was transferred.

The outflow of funds in financial year 2013 as a result of the business acquisition is shown below:

In € thousand	2013
Purchase price	−4,562
Costs directly attributable to the acquisition	−372
Third-party cash acquired with the subsidiary	1,085
Plus unpaid portion of the purchase price (discounted)	900
Cash outflow (net)	−2,949

The assets and liabilities of kununu GmbH at the acquisition date before purchase price allocation were as follows:

Initial consolidation	01/08/2013 in € thousand
ASSETS	
Property, plant and equipment	109
Trade accounts receivable	15
Other assets	135
Cash and cash equivalents	1,085
	1,344
LIABILITIES	
Provisions	−42
Trade accounts payable	−99
Other liabilities	−1,407
	−1,548
Total identifiable net assets before purchase price allocation	−204

Purchase price allocation was initially performed on a provisional basis in the interim consolidated financial statements as of March 31, 2013. On account of better subsequent knowledge of the relationships existing on the acquisition date the obligation to pay a maximum of € 4.7 million to the sellers which was accounted for as contingent consideration has now been recognized as remuneration for executive management services after the business combination. The purchase price and the goodwill were changed accordingly. The fair values of the assets and liabilities identified in connection with the purchase price allocation as well as the goodwill were as follows at the date of initial consolidation:

Initial consolidation	01/08/2013 in € thousand
Purchase price	4,562
Negative goodwill of kununu GmbH (before purchase price allocation)	204
VALUE OF PURCHASE PRICE ALLOCATION	**4,766**
Value of internally generated software	−380
Value of brand/domain	−780
Value of customer relations	−2,020
Deferred tax assets	−213
Deferred tax liabilities	796
GOODWILL	**2,169**

The goodwill is attributable to anticipated synergies and other effects arising from the activities of kununu GmbH. The Company assumes that the recognized goodwill will not be tax deductible. In the financial year 2013, kununu GmbH generated revenues of € 3,900 thousand and earnings of € 1,102 thousand.

4. Material judgments and estimates

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.

Material estimates and assumptions were made particularly in connection with the following accounting policies: impairment of goodwill, capitalization of development costs for software, impairment of doubtful receivables, calculation of the amount of deferred tax assets qualifying for capitalization and the amount of the share-based compensation as well as the calculation of other provisions. With regard to the main forward-looking assumptions as well as other major sources of estimation uncertainty which existed on the reporting date, as a result of which there might be a risk that the carrying amounts might be adjusted in the course of the next financial year, please refer to the corresponding individual disclosures.

In addition, estimates and assumptions are made for the purpose of determining the useful lives of intangible assets and property, plant and equipment, which are subject to an annual review. The actual figures may differ from the estimates. Changes are recognized in the income statement at the time at which better information becomes available.

5. Foreign currency translation

The consolidated financial statements are prepared in euros, the functional currency and reporting currency of the Group. Every company within the Group determines its own functional currency, and all items relating to this company in the annual financial statements are recognized in this functional currency. Monetary assets and liabilities in a foreign currency are translated into the functional currency at the exchange rate prevailing on the reporting date. Expenses and income are translated at average annual exchange rates. Exchange rate differences arising from this are shown in the net profit/loss for the period.

Non-monetary items measured at historic cost in a foreign currency are translated using the exchange rate prevailing at the date of the transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate prevailing at the date on which the fair value was determined.

Because of the financial, economic and organizational independence of the foreign subsidiaries, the functional currency is the local currency in each case. As of the reporting date, the assets and liabilities of companies are translated into the Group's reporting currency at the exchange rate prevailing on the reporting date. The income statement is translated using the weighted average exchange rates for the reporting year. Exchange rate differences are recognized directly as a separate component of equity.

6. Significant accounting policies

Income from member contributions is recognized on a daily basis, taking into account the proportional length of each membership as of the reporting date. All prepayments received for periods after the reporting date are listed as deferred income in the statement of financial position; revenues are recognized in the subsequent periods.

Income from jobs and advertising is recognized on a daily basis, taking into account the proportional length of each term of contract as of the reporting date. All payments received for periods after the reporting date are listed as deferred income in the statement of financial position; revenues are recognized in the subsequent periods.

The statement of comprehensive income comprises only items that can be reclassified to the income statement in subsequent reporting periods.

Expenses for the purchase of other intangible assets are recognized and written down over their expected useful life using the straight-line method. Amortization begins at the time at which the intangible asset can be used.

In accordance with IAS 38 and SIC 32, intangible assets which arise from the development of a single project can only be recognized if the Group can demonstrate the technical feasibility for completing the project for internal use or sale; the intent to complete the project so that the asset can be used internally or sold; that the asset will generate a future economic benefit; that the resources for completing the project are available; and outputs can be reliably measured. After the first-time application of development costs, the asset is recognized at cost less cumulative amortization and cumulative impairments. All capitalized development costs are amortized over the remaining useful life of the XING platform using the straight-line method.

On December 31, 2013, the remaining useful life of the platform was 48 months. At the beginning of financial year 2013, the remaining useful life of the platform was fixed at a further five years.

The fair value of development costs is subjected to an annual impairment test, provided that the asset has not yet been used or if there are any indications of impairment over the course of the year.

Intangible assets are tested for impairment as soon as there are any indications of impairment. The amortization period, the residual values and amortization method of an intangible asset with a finite useful life are reviewed at least at the end of each financial year.

There is no interest that is directly attributable to the acquisition or production of a qualifying asset and thus could be capitalized as part of the cost of that asset.

The Company recognizes business acquisitions using the acquisition method, which leads to the recognition of goodwill in the event of a positive difference. Goodwill acquired during a business combination is initially recognized at cost; it refers to the additional costs of the business combination in excess of the share of the Group in the net present value of identifiable assets, liabilities and contingent liabilities. In accordance with IFRSs, goodwill is not amortized over its economic service life. The Company is required to test goodwill for impairments at least once a year, provided there are no indications of potential impairments.

If there are indications of impairment, goodwill must be tested immediately for impairment. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generative units which will conceivably benefit from the synergies of the combination from the date of acquisition. Impairment is determined by calculating the recoverable amount of the cash-generative unit to which the goodwill has been allocated. If the recoverable amount of the cash-generative unit is less than the carrying amount, an impairment is recognized. Even if in future periods the recoverable amount exceeds the carrying amount of the cash-generative unit to which the goodwill has been allocated, impairment losses recognized on goodwill are not reversed.

The impairment test of goodwill requires an estimate to be made of the recoverable amount of the cash-generative unit to which the goodwill has been allocated. The recoverable amount is the higher of net realizable value and value in use. Net realizable value is the amount obtainable from the sale of an asset in an arm's length transaction, less costs to sell. Value in use is generally calculated on the basis of estimated future cash flows expected to arise from the continuing use of an asset and its disposal at the end of its useful life, using the discounted cash flow method. Cash flows are derived from the business plans and reflect current developments. They are discounted to the date of the impairment test using risk-equivalent capitalization rates.

Because of the structure of XING operations, there was only one cash-generative unit (CGU) within the Group. It contained all transactions handled via the XING platform. Accordingly, the goodwill acquired in connection with business combinations was allocated to this CGU "XING platform". At the beginning of financial year 2013, the existing operating segments were redefined. The XING Group has since been divided into three segments (Network/Premium, E-Recruiting, Events). The Network/Premium segment comprises two sub-segments.

Fixed assets are recognized at cost less cumulative straight-line depreciation for the entire useful life of three years (IT equipment) to 13 years (office equipment) and cumulative impairments. The carrying amounts, useful lives and depreciation methods are revised and adjusted at the close of the financial year, if necessary.

Financial assets as defined by IAS 39 are assigned to different categories. XING's financial assets principally comprise cash and cash equivalents as well as trade accounts receivable.Cash and cash equivalents were not designated as available-for-sale financial assets because these financial assets were not subject to any fluctuations in value. At the initial recognition of such assets, they are measured at fair value. Directly attributable transaction costs of financial investments which are not classified as measured at fair value through profit or loss are also recognized.

After initial recognition, available-for-sale financial instruments are measured at fair value, with gains and losses recognized directly in equity.

Fair values of equity investments which are actively traded on an organized financial market are determined at the end of the financial year based on the offering price prevailing as of the reporting date. If the fair value cannot be reliably determined, the equity investments are measured at amortized cost.

Financial instruments in the categories "Loans and receivables" and "Other liabilities" are measured at amortized cost.

Impairments to financial instruments are recognized in profit or loss.

At present, the Group does not hold any financial instruments in the categories "Fair value through profit or loss" and "Held to maturity".

Financial assets are derecognized if i) the contractual rights to cash flows from the financial asset expire, or ii) the Group retains the right to generate cash flows from the asset but is obliged to pay these cash flows immediately to a third party as part of a transfer agreement; or iii) the right to generate cash flows from the financial assets is transferred and either (a) all material risks and opportunities are transferred or (b) all material risks and opportunities are neither transferred nor retained, but the right of control over the asset has been transferred.

The fair value of financial assets or liabilities amounts to the carrying amounts.

A financial liability is derecognized when the obligation arising from the liability is waived or rescinded or expires.

Current tax assets and liabilities for current and previous periods are shown with the expected amount. The amount is calculated on the basis of the tax rates and laws applicable as of the reporting date of the given period.

Deferred taxes result from temporary differences between the carrying amount of an asset or a liability in the statement of financial position and its tax assessment base as well as from tax loss carryforwards. They are calculated using the balance sheet liability method, and are based on the application of the tax rates expected in the individual countries at the time of realization. These are based on the legal regulations applicable on the reporting date. The effect of changes to tax law which affect deferred tax assets and deferred tax liabilities must be recognized in the income statement in the period in which the change becomes effective. Tax assets resulting from tax losses carried forward are recognized to the extent that it is probable in the near future that there will be a tax result against which the tax losses carried forward can be offset. The deferred tax assets are tested annually to establish whether they are realizable.

The Group offsets current tax assets and liabilities and deferred tax assets and liabilities if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Receivables and other assets are recognized with the original invoice amount less allowances for amounts that are irrecoverable or no longer completely recoverable. Allowances are recognized if there are objective indications that a receivable is no longer recoverable or completely recoverable.

Bank balances and cash funds are recognized at their nominal amounts.

In accordance with IAS 32.35, costs of procuring equity are shown as deductions from equity (offset against capital reserves), less the associated income tax benefits, but only to the extent to which these tax benefits are likely to be expected.

Certain employees and senior executives in the Group receive share-based payments in the form of equity instruments (stock options). The remuneration components to be recognized in profit or loss over the vesting period are equivalent to the fair value of the options granted at the grant date (if settled in the form of shares) or as of the reporting date (if settled by cash and cash equivalents). The fair value is determined by external experts (Mercer Deutschland GmbH) by means of established valuation models. A corresponding increase in the capital reserves (if settlement is in the form of shares) or corresponding provisions/liabilities (if settlement is in the form of cash and cash equivalents) are recognized. Additions to liabilities or provisions are shown in personnel expenses, and reversals are shown in the other operating income. The vesting period ends at that moment at which the employee or executive in question irrevocably becomes a beneficiary. The dilutive effect of outstanding stock options is taken into account when calculating earnings per share.

The purchase of treasury shares is recognized directly in equity and reduces equity accordingly.

Finance leases which transfer essentially all risks and all benefits of ownership of the leased asset to the Group are recognized at the beginning of the leasing arrangement at the cost of the asset. Leasing payments are divided into an interest portion and a repayment portion of the lease liability, allowing for a constant interest rate over the entire period for the remaining liability. Finance costs are recognized directly in profit or loss. As of December 31, 2013, as was the case in previous years, there were no finance leases.

In the leases entered into by the Group as the lessee, essentially all of the risks and rewards of ownership remain with the lessor. The leases are therefore classified as operating leases. Lease payments under operating leases are recognized as an expense in the consolidated income statement on a straight-line basis over the lease term.

Provisions are recognized if i) the Company has a present obligation arising from past events, ii) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and iii) the amount of the obligation can be measured with sufficient reliability.

Contingent liabilities are defined as a possible obligation whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Obligations for which an outflow of resources is unlikely or for which an outflow of resources cannot be reliably measured are summarized under this item. In accordance with IAS 37, contingent liabilities are not recognized in the statement of financial position.

Trade accounts payable and other liabilities are shown at their settlement amount.

The following table summarizes the main measurement principles for preparing the consolidated financial statements:

Items	Measurement principle	Items	Measurement principle
ASSETS		**EQUITY AND LIABILITIES**	
Cash and short-term deposits	Nominal value	Trade accounts payable	Amortized cost
Receivables from services	Amortized cost	Accrued liabilities	Amortized cost
Property, plant and equipment	Amortized cost	Other liabilities	Amortized cost
Goodwill	Impairment-only approach		
Intangible assets (excl. goodwill) with finite useful lives	Amortized cost		
Other financial assets, loans and receivables	Amortized cost		

(B) Income statement disclosures

7. Service revenues

In financial year 2013, revenues amounted to € 83,330 thousand (previous year: € 72,125 thousand). The breakdown of revenues and the corresponding development according to business divisions and regions are shown in segment reporting.

8. Other operating income

The following table breaks down the main items of other operating income:

In € thousand	01/01/2013 – 12/31/2013	01/01/2012 – 12/31/2012
Income from non-cash benefits	419	391
Earnings from returned bank transfers and dunning fees	314	307
Income from currency translation	206	206
Income from deferred investment grants	144	0
Prior-period income	57	53
Income from receivables written off	36	68
Other	277	106
	1,453	**1,131**

9. Personnel expenses

The following table breaks down the personnel expenses including the costs of freelance staff:

In € thousand	01/01/2013 – 12/31/2013	01/01/2012 – 12/31/2012
Salaries and other types of remuneration	29,585	25,231
Social security contributions (employer portion)	5,031	4,198
Pension costs (defined-contribution plan)	440	442
Termination benefits	434	607
Stock option plan	66	515
Provisions for vacation	8	–116
Other	218	242
	35,782	**31,119**

The salaries and other types of remuneration include € 1,458 thousand in performance-based remuneration for the former shareholders of kununu GmbH from the acquisition of kununu GmbH. The former shareholders remain the company's managing directors. This performance-based remuneration depends on a number of factors, in particular the revenue and EBITDA performance of kununu GmbH in 2013.

The social security contributions include payments of € 2,326 thousand (previous year: € 1,807 thousand) into the statutory pension insurance scheme.In the previous year, the salaries and other types of remuneration included a one-off expense of € 1,095 thousand for stock options that vested ahead of schedule as a result of the takeover offer of Burda Digital GmbH in 2012.

10. Marketing expenses

Marketing expenses are broken down as follows:

In € thousand	01/01/2013 – 12/31/2013	01/01/2012 – 12/31/2012
Marketing costs	5,283	4,611
Events	622	463
Sales commissions	221	45
Other	18	19
	6,144	**5,138**

The marketing costs comprise the costs of marketing and sales organization. These include costs of online advertising, traditional display advertising as well as costs of customer acquisition.

11. Other operating expenses

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

In € thousand	01/01/2013 – 12/31/2013	01/01/2012 – 12/31/2012
IT services, management services and services for new markets	4,677	3,856
Occupancy expenses	3,976	2,989
Payment transaction costs	2,035	1,672
Server hosting, administration and traffic	2,012	1,161
Travel, entertainment and other business expenses	1,687	1,393
Other personnel expenses	912	893
Training costs	556	444
Legal consulting fees	517	1,321
Accounting fees	438	542
Financial statements preparation and auditing costs	394	302
Phone/cell phone/postage/courier costs	377	376
Supervisory Board remuneration	280	280
Office supplies	270	136
Bad debts	248	245
Rental/leasing expenses	214	131
Other	1,438	1,195
	20,031	**16,936**

The other expenses mainly comprise currency translation expenses, expenses attributable to prior periods, costs of contributions, other charges and insurance costs. The legal consulting fees contain one-off costs for legal advice in connection with the takeover offer of Burda Digital GmbH (€ 439 thousand) and also in connection with the acquisition of kununu GmbH (€ 370 thousand).

12. Finance income and finance costs

The financial result can be broken down as follows:

In € thousand	01/01/2013 – 12/31/2013	01/01/2012 – 12/31/2012
Finance income	131	353
Finance costs	−32	−22
	99	**331**

13. Taxes on income

The result of taxes on income can be broken down as follows:

In € thousand	01/01/2013 – 12/31/2013	01/01/2012 – 12/31/2012
Deferred taxes	323	−42
Trade tax	2,533	2,237
Corporation tax (incl. solidarity surcharge)	2,471	2,114
Tax refunds for previous years	0	0
Other taxes	8	4
	5,335	**4,313**

The effective and deferred taxes were mainly incurred in Germany, as in the previous year.

The following tables shows the breakdown of the deferred taxes in the income statement.

In € thousand	01/01/2013 – 12/31/2013	01/01/2012 – 12/31/2012
Utilization/reversal of tax losses carried forward	213	0
Deferral of rental expenses and investment grants	−257	0
Recognition of provision for anticipated losses	0	−73
Recognition/amortization of internally developed software	468	21
Correction of figure for internally developed software shown for tax purposes	0	14
Amortization of brand/domain	−130	−65
Correction of figure for brand/domain shown for tax purposes	0	36
Amortization of customer relations	−103	−31
Correction of figure for customer relations shown for tax purposes	0	34
Amortization of goodwill deductible for tax purposes	40	40
Correction of figure for goodwill shown for tax purposes	0	−6
Other	92	−12
	323	**−42**

As was the case in the previous year, the effective and deferred taxes were mainly incurred within Germany. The following overview reconciles the expected tax expense with the actual tax expense:

In € thousand	01/01/2013 – 12/31/2013	01/01/2012 – 12/31/2012
Earnings before taxes (EBT)	14,472	12,056
Expected tax result	4,671	3,891
Tax effects attributable to		
different foreign tax rates	−23	−3
expenses not deductible for tax purposes	687	425
ACTUAL TAX RESULT	**5,335**	4,313

The theoretical tax rate is determined as follows:

In %	12/31/2013	12/31/2012
Corporation tax including solidarity surcharge (effective)	15.83	15.83
Trade tax rate	16.45	16.45
AVERAGE TAX RATE	**32.28**	**32.28**

Deferred taxes in the statement of financial position are broken down as follows:

In € thousand	12/31/2013	12/31/2012
Tax amortization of goodwill	482	522
Intangible assets		
Internally developed software	−2,784	−2,221
Brand/domain	−195	−130
Customer relations	−558	−156
Deferred rental expenses and investment grants	257	0
Other	182	275
	−2,616	**−1,710**

The purchase price allocation in connection with the acquisition of kununu GmbH took into account deferred tax assets of € 213 thousand and deferred tax liabilities of € 871 thousand.

The deferred tax assets (€ 941 thousand, previous year: € 797 thousand) and deferred tax liabilities (€ 3,557 thousand, previous year: € 2,507 thousand) were not offset because the criteria in IAS 12.71 were not satisfied.

In the reporting year, as was the case in the previous year, there were no additional tax expenses or tax income as a result of the application of amended or new standards.

The deferred taxes for the amortization of goodwill relate to goodwill that was recognized only in the tax accounts in 2011 and is written down over a period of 15 years.

14. Earnings per share

Earnings per share are broken down as follows:

	12/31/2013	12/31/2012
Consolidated profit or loss attributable to the shareholders of XING AG in € thousand	9,137	7,743
Weighted average number of issued shares	5,539,191	5,359,771
Dilutive effect due to granted stock options	14,399	53,240
Weighted average number of shares, diluted	5,553,589	5,539,191
Consolidated earnings per share attributable to the shareholders of XING AG		
Basic	€1.65	€1.44
Diluted	€1.65	€1.43

The treasury shares held by the Company as of the reporting date are not taken into consideration for establishing the weighted average of shares issued, because the Company is not entitled to any rights arising from treasury shares and is thus also not entitled to any proportionate dividend distribution. The treasury shares are therefore debited to equity.

The dilutive effect is attributable to the option rights of the stock option program for some employees and senior executives of the Group which were in the money as of December 31, 2013. All option rights existing as of December 31, 2013 were taken into consideration for calculating the diluted earnings per share using the treasury stock method, if the option rights were in the money and irrespective of whether the option rights were actually exercisable as of the reporting date. The dilutive effect resulting from the conversion is calculated by first establishing the sum of potential shares. The average fair value is then used as the basis for establishing the number of shares which could be acquired from the total amount of payments (nominal value of rights plus additional payment). If the difference between the two figures is zero, the total payment is precisely equivalent to the fair value of the potential shares, so that no dilutive effect has to be taken into account. If the difference is positive, it is assumed that the shares will be issued free-of-charge.

The calculation of diluted earnings per share was based on 41,130 (previous year: 158,524) potential shares (from the theoretical utilization of the rights). Based on average market price of € 57.30 (previous year: € 44.75), this would result in 14,399 shares being issued free-of-charge (previous year: 53,240).

(C) Consolidated statement of financial position disclosures

15. Non-current assets

INTANGIBLE ASSETS

As of the reporting date, the intangible assets include brand rights, the customer base, purchased software as well as internally developed software and goodwill.

Internally developed software in the amount of € 4,171 thousand (previous year: € 2,427 thousand) was capitalized as internally generated intangible assets in financial year 2013 because the criteria set out in IAS 38 were satisfied. The development work mainly concerned the products Communities, XTM 2.0, XING Events Marketplace, the new Premium product, Project Postings as well as Mobile. Amortization and write-downs of internally generated software include impairment losses of € 269 thousand (previous year: € 583 thousand). As was the case in the previous year, no reversals of impairment losses charged on internally generated software were recognized. Amortization and write-downs of software and licenses include impairment losses of € 100 thousand (previous year: € 0 thousand).

At the beginning of financial year 2013, the useful life of the XING platform was fixed at a further five years until December 31, 2017. The remaining useful life of the internally developed web site is thus 48 months as of December 31, 2013. The development costs recognized in profit or loss amounted to € 10,861 thousand (previous year: € 9,123 thousand); of this figure, personnel expenses accounted for € 10,168 thousand (previous year: € 8,861 thousand).

Mandatory annual impairment testing was performed in the fourth quarter of the 2013 financial year. This led to goodwill from the acquisition of XING EVENTS GmbH (formerly: amiando AG) in the amount of € 5.6 million being allocated to the Events cash-generative unit, while goodwill from the acquisition of kununu GmbH in the amount of € 2.2 million was allocated to the E-Recruiting cash-generative unit. The estimate of the recoverable amounts was higher than the carrying amounts of the cash-generative units. The fundamental assumptions on the basis of which management calculates the value in use as the recoverable amount of the cash-generative units include long-term growth rates of 2.0 % and discount rates (before tax) of 13.3 % for the E-Recruiting and 10.9 % for the Events cash-generative units. In measuring value in use as the recoverable amount, the Company projected cash flows for the next three years based on past experience, the most recent operating results, and management's best estimate of future developments, as well as market participants' expectations. The result projected on the basis of these estimates is largely influenced by the successful integration of the acquired companies and expected economic developments. The Events unit failed to meet the guidance for the past financial year, though the pace of growth picked up in the second half of 2013. The deviations identified were factored into subsequent planning. The value in use is mainly determined by the final value (present value of the perpetual annuity) that is particularly sensitive to changes in the assumptions about the long-term growth rate and the discount rate. Both of these assumptions are determined individually for each cash-generative unit. Discount rates reflect current market assessments of the risks specific to the individual cash-generative unit and are based on the weighted average cost of capital. The growth rates take account of external macroeconomic data and industry-specific trends.

In 2012, goodwill from the acquisition of XING Events GmbH in the amount of € 5.6 million was allocated to the only cash-generative unit existing at this time, XING Platform. This goodwill remained unchanged because the recoverable amount of the cash-generative unit exceeded its carrying amount. Here the recoverable amount was equivalent to the net realizable value and was calculated on the basis of the mandatory tender offer submitted by Burda Digital on November 9, 2012.

Net currency differences attributable to intangible assets arising from the currency translation of subsidiaries are negligible.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of IT hardware and other operating and office equipment as well as leasehold improvements.

Depreciation and write-downs of other equipment, operating and office equipment include impairment losses of € 18 thousand (previous year: € 0 thousand). As was the case in the previous year, no reversals of impairment losses charged on property, plant and equipment were recognized.

Net currency differences attributable to property, plant and equipment arising from the currency translation of subsidiaries are considered negligible.

The carrying amount of leased property, plant and equipment amounts to € 0 thousand as was the case in the previous year.

FINANCIAL ASSETS

As of the reporting date, the other financial assets include equity interests in the companies Win Local (formerly KennstDuEinen) (€ 50 thousand; previous year: € 50 thousand) and altruja GmbH (€ 1 thousand; previous year: € 1 thousand) as well as rent deposits (€ 42 thousand; previous year: € 23 thousand).

The following table shows the changes in fixed assets:

Consolidated statement of changes in fixed assets

In € thousand	Cost 01/01/2013	Additions	from initial consolidation	Reclassi-fications	Disposals	12/31/2013
1. INTANGIBLE ASSETS						
1. Software and licenses	10,496	2,408	32	0	−101	12,835
2. Internally generated software	18,661	3,791	380	0	0	22,832
3. Goodwill	14,836	0	2,169	0	0	17,005
4. Other intangible assets	9,358	123	2,800	0	0	12,281
	53,351	**6,322**	**5,381**	**0**	**−101**	**64,953**
2. PROPERTY, PLANT AND EQUIPMENT						
1. Leasehold improvements	1,261	21	0	0	0	1,282
2. Other equipment, operating and office equipment	10,888	4,293	109	0	−460	14,830
	12,149	**4,314**	**109**	**0**	**−460**	**16,112**
3. FINANCIAL ASSETS						
1. Equity investments	251	0	0	0	0	251
2. Other financial assets	23	19	0	0	0	42
	274	**19**	**0**	**0**	**0**	**293**
TOTAL	**65,774**	**10,655**	**5,490**	**0**	**−561**	**81,358**

In € thousand	Cost 01/01/2012	Additions	from initial consolidation	Reclassi-fications	Disposals	12/31/2012
1. INTANGIBLE ASSETS						
1. Software and licenses	8,283	2,213	0	0	0	10,496
2. Internally generated software	16,234	2,427	0	0	0	18,661
3. Goodwill	22,491	0	0	0	−7,655	14,836
4. Other intangible assets	9,358	0	0	0	0	9,358
	56,366	**4,640**	**0**	**0**	**−7,655**	**53,351**
2. PROPERTY, PLANT AND EQUIPMENT						
1. Leasehold improvements	1,150	111	0	0	0	1,261
2. Other equipment, operating and office equipment	8,846	2,614	0	20	−592	10,888
3. Advance payments made and construction in progress	20	0	0	−20	0	0
	10,016	**2,725**	**0**	**0**	**−592**	**12,149**
3. FINANCIAL ASSETS						
1. Equity investments	251	0	0	0	0	251
2. Other financial assets	23	0	0	0	0	23
	274	**0**	**0**	**0**	**0**	**274**
TOTAL	**66,656**	**7,365**	**0**	**0**	**−8,247**	**65,774**

Depreciation, amortization and impairment losses				Carrying amounts	
01/01/2013	Additions	Disposals	12/31/2013	12/31/2013	12/31/2012
−7,620	−1,782	101	−9,301	3,534	2,876
−11,617	−2,463	0	−14,080	8,752	7,044
−9,262	0	0	−9,262	7,743	5,574
−7,776	−995	0	−8,771	3,510	1,582
−36,275	**−5,240**	**101**	**−41,414**	**23,539**	**17,076**
−714	−78	0	−792	490	547
−6,314	−3,135	424	−9,025	5,805	4,574
−7,028	**−3,213**	**424**	**−9,817**	**6,295**	**5,121**
−200	0	0	−200	51	51
0	0	0	0	42	23
−200	**0**	**0**	**−200**	**93**	**74**
−43,503	**−8,453**	**525**	**−51,431**	**29,927**	**22,271**

Depreciation, amortization and impairment losses				Carrying amounts	
01/01/2012	Additions	Disposals	12/31/2012	12/31/2012	12/31/2011
−5,987	−1,633	0	−7,620	2,876	2,296
−9,162	−2,455	0	−11,617	7,044	7,072
−16,917	0	7,655	−9,262	5,574	5,574
−6,443	−1,333	0	−7,776	1,582	2,915
−38,509	**−5,421**	**7,655**	**−36,275**	**17,076**	**17,857**
−300	−414	0	−714	547	850
−4,334	−2,503	523	−6,314	4,574	4,512
0	0	0	0	0	20
−4,634	**−2,917**	**523**	**−7,028**	**5,121**	**5,382**
−200	0	0	−200	51	51
0	0	0	0	23	23
−200	**0**	**0**	**−200**	**74**	**74**
−43,343	**−8,338**	**8,178**	**−43,503**	**22,271**	**23,313**

16. Current assets

As was the case in the previous year, receivables arising from XING services recognized as of December 31, 2013, were due within one year.

At the end of the year, the following impairments were recognized in relation to receivables from services:

In € thousand	12/31/2013	12/31/2012
Total amount of receivables from services	8,893	7,636
Allowances on receivables	−272	−314
RECEIVABLES FROM SERVICES	**8,621**	**7,322**

Impairments of € 42 thousand were reversed in the financial year 2013 (previous year: reversal of impairments amounting to € 81 thousand). There was essentially no income from payments relating to receivables from services which had previously been eliminated.

As of the reference date, there are income tax receivables as a result of refund claims of € 389 thousand (previous year: € 388 thousand).

The following table shows the composition of other assets:

In € thousand	12/31/2013	12/31/2012
Deferred cost	1,462	1,249
Advances paid	979	4
Receivables due from credit card companies	727	495
Receivables due from personnel	63	629
Deferred interest	39	71
Other assets	173	212
	3,443	**2,660**

In the previous year, receivables due from personnel were mainly attributable to wage tax paid in connection with the exercising of stock options.

Cash and cash equivalents and short-term deposits as of the reporting date consisted of bank balances of € 68,962 thousand (previous year: € 58,755 thousand) and cash-in-hand of € 18 thousand (previous year: € 18 thousand). Bank balances include a figure of € 2,820 thousand (previous year: € 2,614 thousand) relating to third-party cash held by XING Events GmbH.

17. Equity

SHARE CAPITAL

The share capital of the Company was increased in 2013 by € 37,894.00 through the issue of 37,894 no-par-value shares under the employee stock option plans. The share capital of the Company amounted to € 5,592,137.00 on December 31, 2013 (previous year: € 5,554,243.00), and consists of 5,592,137 no-par-value registered shares at a calculative value of € 1.00 of the share capital.The share capital is fully paid in. All shares have the same rights.

The Company held 12,832 no-par-value shares as of December 31, 2013 (previous year: 75,332). This equals 0.23 % (previous year: 1.36 % of the Company's share capital.

The following details of the existing authorized capital does not include the cancellations of the Authorized Capital 2006 as well as the Authorized Capital 2008 adopted by the Annual General Meeting on May 26, 2011; these had not been utilized by May 26, 2011.

Authorized Capital 2011

Pursuant to the resolution of the Annual General Meeting of May 26, 2011, the Executive Board has been authorized, with the approval of the Supervisory Board, to increase the share capital of the Company by up to € 2,645,998.00 by May 25, 2016, by way of issuing, on one or more occasions, new no-par-value registered shares in return for cash and/or non-cash contributions (Authorized Capital 2011). The number of shares must be increased in the same ratio as the share capital. A subscription right must be granted to the shareholders. The new shares can also be taken up by one or more credit institutions specified by the Executive Board on condition that they are offered to the shareholders (indirect subscription right). The Executive Board however is authorized, with the approval of the Supervisory Board, to exclude the subscription right of shareholders:

1. in order to settle fractional amounts;

2. if the shares are issued in return for a non-cash contribution, in particular for the purpose of acquiring companies, parts of companies, equity interests in companies or other assets in connection with an acquisition project or in connection with business combinations;

3. if the shares of the Company are issued in return for a non-cash contribution and if the issue price of each share is not significantly lower than the market price of the shares which are already listed and which essentially carry the same rights at the time at which the issue price is definitively fixed. The number of shares issued in this way with the exclusion of subscription rights must not exceed 10 % of the share capital, either at the time at which this authorization becomes effective or at the time at which this authorization is exercised. Other shares which have been sold or issued with the exclusion of subscription rights during the life of this authorization upon the direct or corresponding application of Section 186 (3) sentence 4 AktG must be offset against this maximum limit. Shares which have to be issued for serving option and/or conversion rights or conversion obligations arising from convertible bonds and/or option bonds or stock options, to the extent that these bonds or stock options have been issued during the life of this authorization with the exclusion of the subscription rights upon corresponding application of Section 186 (3) Clause 4 AktG, also have to be offset in relation to the maximum limit;

4. if the shares are offered to employees of the Company and/or employees or members of management of a company which is affiliated with the Company in accordance with Section 15 AktG or if the shares are transferred to such persons. The new shares can also be issued to a suitable credit institution which takes up the shares with the undertaking to forward them exclusively to the relevant beneficiaries. The number of shares issued in this way with the exclusion of subscription rights must not exceed 2 % of the share capital, either at the time at which this authorization becomes effective or at the time at which this authorization is exercised.

The proportionate amount of the share capital accounted for by shares which are issued with the exclusion of the subscription rights of shareholders in return for cash or non-cash contributions must not exceed 25 % of the share capital of the Company which existed at the time at which the authorization becomes effective.

The Executive Board is authorized, with the approval of the Supervisory Board, to define the contents of the share rights, the details of the capital increase as well as the conditions of the share issue, and in particular the issue amount.

The Executive Board has not yet made use of this authorization.

Contingent Capital I 2006

Pursuant to the resolution of the Annual General Meeting of November 3, 2006, and in consideration of the amendments by resolution of the Annual General Meeting of May 28, 2009, the share capital of the Company has been increased by € 200,822.00 out of contingent capital by issuing up to 200,822 new no-par-value registered shares (Contingent Capital I 2006). The Contingent Capital I 2006 serves to ensure that the Company can satisfy subscription rights arising from stock options issued by the Company as part of the 2006 stock option plan in the period until October 31, 2011, on the basis of the authorization granted at the Annual General Meeting on November 3, 2006, and in consideration of the amendments by resolution of the Annual General Meeting of May 28, 2009. The contingent capital increase is carried out only to the extent that stock options are issued and the holders of the stock options actually use their subscription right for shares of the Company and the Company does not grant treasury shares or a cash settlement in order to fulfill the subscription rights. The shares are issued out of the Contingent Capital at the exercise price defined in accordance with c) (e) of agenda item 6 of the Annual General Meeting on November 3, 2006. The new shares participate in the profits from the beginning of the financial year in which no resolution has yet been made at the Annual General Meeting regarding the appropriation of net retained profits at the time the subscription right is exercised.

The Contingent Capital I 2006 as of December 31, 2012 amounted to 57,135.00.The share capital increased by € 12,000.00 in 2013 through the issue of 12,000 subscription shares with a nominal value of € 12,000.00. Following this issue, Contingent Capital I 2006 as of December 31, 2013 had declined to € 45,135.00.

Contingent Capital II 2006

Pursuant to a resolution of the Annual General Meeting of November 3, 2006, the share capital of the Company was increased by € 1,540,680.00 out of contingent capital by issuing up to 1,540,680 new no-par-value registered shares (Contingent Capital II 2006). Contingent Capital II 2006 serves exclusively to ensure that new shares can be issued to the holders of options or conversion rights granted by the Company or companies in which the Company holds a majority interest, either directly or indirectly, under the authorization resolution adopted by the Annual General Meeting of November 3, 2006, under agenda item 7 a). The new shares will be issued at the conversion or option price to be determined in accordance with this resolution. The contingent capital increase will only be carried out to the extent that the holders of the conversion or option rights take advantage of their conversion or option rights or comply with the conversion obligations arising from such debt instruments. Provided that they are created before the start of the Annual General Meeting, the shares participate in profit from the start of the preceding financial year. Otherwise, they will participate in profit from the start of the financial year in which they are created. As of December 31, 2013, no shares have been issued out of Contingent Capital II 2006.

Contingent Capital 2008

The share capital of the Company has been increased by € 231,348.00 out of contingent capital by issuing up to 231,348 new no-par-value registered shares (Contingent Capital 2008). Contingent Capital 2008 serves exclusively to ensure that new shares can be issued to the holders of options or conversion rights granted by the Company or companies in which the Company holds a majority interest, either directly or indirectly, under the authorization resolution adopted by the Annual General Meeting of May 21, 2008. The contingent capital increase will only be carried out to the extent that holders of conversion or option rights actually exercise these rights. The new shares participate in profit from the start of the financial year in which they are created.

The Contingent Capital 2008 was partially revoked pursuant to a resolution of the Annual General Meeting of May 28, 2009, and amounted to € 32,104.00 as of December 31, 2012. The share capital increased by € 2,694.00 in 2013 through the issue of 2,694 subscription shares with a nominal value of € 2,694.00. Following this issue, Contingent Capital 2008 as of December 31, 2013 had declined to € 29,410.00.

Contingent Capital 2009

The share capital of the Company has been increased by € 197,218.00 out of contingent capital by issuing up to 197,218 new no-par-value registered shares (Contingent Capital 2009). Contingent Capital 2009 serves exclusively to ensure that new shares can be issued to the holders of options or conversion rights granted by the Company or companies in which the Company holds a majority interest, either directly or indirectly, under the authorization resolution adopted by the Annual General Meeting of May 28, 2009. The contingent capital increase will only be carried out to the extent that holders of conversion or option rights actually exercise these rights. The new shares participate in profit from the start of the financial year in which they are created.

The Contingent Capital 2009 was partially revoked pursuant to a resolution of the Annual General Meeting of May 27, 2010, and amounted to € 61,150.00 as of December 31, 2012. The share capital increased by € 23,200.00 in 2013 through the issue of 23,200 subscription shares with a nominal value of € 23,200.00. Following this issue, Contingent Capital 2009 as of December 31, 2013 had declined to € 37,950.00.

Contingent Capital 2010

The share capital of the Company has been increased to up to € 94,318.00 by issuing up to 94,318 new no-par-value registered shares out of contingent capital (Contingent Capital 2010). The Contingent Capital 2010 serves to secure subscription rights for stock options which are issued by the Company under the terms of the stock option plan 2010 in accordance with the authorization of the Annual General Meeting of the Company of May 27, 2010. The contingent capital increase is carried out only to the extent that stock options are issued and the holders of the stock options actually use their subscription right for shares of the Company and the Company does not grant treasury shares or a cash settlement in order to fulfill the subscription rights. The shares are issued out of Contingent Capital 2010 for the exercise price fixed in accordance with the resolution of the Annual General Meeting of May 27, 2010, under point 8 letter d) item (5). The new shares participate in profit from the start of the financial year in which they are created. As of December 31, 2013, no shares have been issued out of Contingent Capital II 2010.

Contingent Capital 2012

The share capital of the Company has been increased by up to € 1,085,264.00 out of contingent capital by issuing up to 1,085,264 new no-par-value registered shares (Contingent Capital 2012). The contingent capital increase is only carried out to the extent that the holders of convertible and/or option bonds which XING AG or its Group companies issue by June 13, 2017 (inclusive) as a result of the authorization resolution of the Annual General Meeting of June 14, 2012, to the extent that they exercise their conversion or option rights or conversion or option obligations arising from such bonds are fulfilled and if no other forms of fulfillment are used for serving purposes. Provided that they are created before the start of the Annual General Meeting, the shares participate in profit from the start of the preceding financial year. Otherwise, they will participate in profit from the start of the financial year in which they are created. The Executive Board is authorized, with the approval of the Supervisory Board, to fix the further details for carrying out the contingent capital increase. As of December 31, 2013, no shares have been issued out of Contingent Capital 2012.

As of December 31, 2013, a total of 41,130 (previous year: 158,524) stock options which had not expired or which had not already been exercised had been issued to employees, senior executives and the Executive Board. A total of 17,000 options expired in the financial year.

Capital reserves

The capital reserves mainly comprise the premium from the cash capital increases carried out in previous years minus the ancillary costs of procuring equity.

Other reserves

The other reserves include the effects attributable to currency translation of the financial statements of foreign subsidiaries and the personnel expenses attributable to the stock options program and reclassifications resulting from capital measures.

Other

Under German stock corporation law, the dividend eligible for distribution to shareholders is based on the net retained profits which XING AG disclosed in its annual financial statements prepared in accordance with the regulations of the German Commercial Code. In financial year 2013, XING AG distributed a dividend of € 3,089 thousand (€ 0.56 per share) to the shareholders out of the net retained profits of the previous year. In the previous year, a dividend of € 3,020 thousand (€ 0.56 per share) out of the net retained profits of the previous year was distributed to the shareholders.

The Executive Board and the Supervisory Board propose that a dividend of € 0.62 and a special dividend of € 3.58 per share is to be paid out of the net retained profits of XING AG for financial year 2013. This corresponds to an anticipated total payment of approx. € 23.4 million.Payment of this dividend depends on the approval of the Annual General Meeting on May 23, 2014.

18. Non-current liabilities

The main portion of the non-current deferred income relates to member subscriptions for future periods with a remaining term of more than one year at the reporting date in the amount of € 1,514 thousand (previous year: € 1,270 thousand).

Non-current provisions concerns provisions for Amortization and write-downs of software and licenses include restoration obligations of € 215 thousand (previous year: € 0 thousand).

Non-current financial liabilities in the amount of € 1,485 thousand (previous year: € 0 thousand) result from performance-based remuneration due in 2015 for the 2013 financial year that is payable to the executive management of kununu GmbH in connection with the acquisition of kununu GmbH (earn-out).

The other non-current liabilities principally comprise deferred rental expenses in the amount of € 511 thousand (previous year: € 0 thousand).

19. Current liabilities

Corporation tax liabilities and trade tax liabilities of € 0 thousand (previous year: € 0 thousand) were reported as of December 31, 2013.

As was the case in the previous year, all trade accounts payable recognized as of the reference date December 31, 2013 were due within one year (€ 2,096 thousand; previous year: € 1,429 thousand). The trade accounts payable are not interest-bearing, and are generally due within 10 to 30 days.

The main portion of the deferred income relates to member subscriptions for future periods with a remaining term of less than twelve months in the amount of € 29,189 thousand (previous year: € 23,842 thousand).

As was the case in the previous year, there is no collateral for liabilities in the form of liens or similar rights.

The other current provisions and liabilities are recognized in the amount due for repayment, and are broken down as follows:

In € thousand	12/31/2012	Use	Reversal	Addition	12/31/2013
Personnel expenses	789	643	45	279	380
Financial statements preparation and auditing costs	280	280	0	263	263
Dismantling obligation	390	390	0	0	0
Legal and consulting costs	700	629	71	60	60
Potential losses from rental agreements	220	220	0	0	0
	2,379	**2,162**	**–116**	**602**	**703**

In € thousand	12/31/2013	12/31/2012
Liabilities of XING Events due to event organizers	3,747	3,147
Liabilities from personnel expenses	3,545	2,993
Liabilities from purchase price obligations	930	0
VAT liabilities	725	737
Liabilities for Supervisory Board remuneration	280	280
Liabilities for marketing expenses	213	137
Miscellaneous liabilities	2,262	1,728
OTHER CURRENT LIABILITIES	**11,702**	**9,022**

The liabilities and provisions for personnel expenses mainly comprise liabilities arising from bonuses and incentive payments, as well as vacation allowances, provisions for termination benefits and other personnel obligations as well as social security liabilities. The decrease in the provision for legal and consultancy fees is mainly attributable to the provisions for legal advice reported in the previous year in connection with the takeover bid by Burda Digital GmbH and also in connection with the acquisition of kununu GmbH. The other provisions primarily include provisions for other third-party services.

For assessing the amounts of the provisions, management focuses on the past experience for figures from similar transactions and takes account of all indications arising from events up to the point at which the consolidated financial statements are prepared.

(D) Other disclosures

Segment reporting

REPORTABLE SEGMENTS

Starting in the 2013 financial year, the reporting format is divided into the following operating segments: Network/Premium (basic functions of the XING platform with subscription memberships and enterprise groups), E-Recruiting (job advertisements, company profiles, and the XING Talent Manager), and Events. The breakdown into business divisions and regions is in line with the internal organizational structure and the reporting to the Executive Board and Supervisory Board. For the sake of clarity, the Network/Premium segment has been consciously divided into two subsegments sharing the core business of XING AG (generating revenue from the marketing of the platform through subscription memberships). The reconciliation statement includes corporate divisions such as IT, Accounting, and Human Resources, as well as other business activities that by definition do not constitute segments. Intersegment consolidation is performed in the reconciliation statement.

Assets, liabilities and investments are not segmented on the basis of the operating segments because these indicators are not used as control parameters at segment level. For example, a large share of the investments relates to the internally developed platform that cannot be allocated to the segments. Segment data is calculated on the basis of the accounting policies applied in the consolidated financial statements. No intersegment revenues were generated. Costs are allocated to the originating divisions. Business transactions between the companies in the segments are conducted on an arm's length basis. As the measure of segment earnings XING uses the operating result for the segment, calculated as gross profit or loss less costs that are directly attributable to the segment (staff, marketing, rental expenses, division-related IT expenses (e. g., development costs), etc.). Expenses that are not directly attributable to a segment (e. g., central IT expenses), depreciation/amortization, write-downs, impairment losses, and reversals of impairment losses are presented in the reconciliation statement along with the operating result from central functions that do not constitute a segment. Extraordinary items and items arising from purchase price allocation are eliminated. Extraordinary items to be eliminated include restructuring expenses, gains/losses on disposal, impairment losses, and other non-operating expenses or income.

The segment revenues and results for the period under review are shown in the following tables:

	Network/Premium		E-Recruiting		Events		Total segments	
In € thousand	01/01/2013 – 12/31/2013	01/01/2012 – 12/31/2012	01/01/2013 – 12/31/2013	01/01/2012 – 12/31/2012	01/01/2013 – 12/31/2013	01/01/2012 – 12/31/2012	01/01/2013 – 12/31/2013	01/01/2012 – 12/31/2012
Revenues (from third parties)	54,711	51,593	23,718	16,653	4,901	3,879	83,330	72,125
Segment operating result	34,362	32,856	9,248	7,223	–2,708	–2,889	46,318	42,968
Other operating expenses							23,492	22,905
EBITDA							22,826	20,063

In € thousand	01/01/2013 – 12/31/2013	01/01/2012 – 12/31/2012
D-A-CH	68,766	68,766
International	3,359	3,359
	83,330	**72,125**

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

NON-CURRENT ASSETS

As was the case last year, the non-current assets of € 34,207 thousand (previous year: € 23,068 thousand) are attributable exclusively to the D-A-CH region.

ADDITIONAL INFORMATION ON THE CONSOLIDATED STATEMENT OF CASH FLOWS

As of December 31, 2013, cash and cash equivalents consist exclusively liquid funds of € 68,980 thousand (previous year: € 58,773 thousand), and comprise own funds of € 66,160 thousand (previous year: € 56,159 thousand) and borrowings of € 2,820 thousand (prior year: € 2,614 thousand). Cash and cash equivalents consist mainly of bank balances, on which interest is earned at variable rates with terms of between one day and three months.

CONTINGENT LIABILITIES AND FINANCIAL OBLIGATIONS

As was the case last year, there were no contingent liabilities, e. g. arising from guarantees, as of the reporting date. There is no significant purchase order commitment for intangible assets or property, plant and equipment; this is also applicable for long-term obligations to purchase assets.

The determination as to whether an agreement includes a lease is based on the financial content of the agreement at the time at which this agreement is concluded, and involves an assessment as to whether fulfillment of the contractual agreement depends on the use of a certain asset or certain assets, and whether the agreement confers a right to use the asset.

Operating leases have been taken out by the Group for business premises and staff apartments. The leases have an average term of between three and five years, and there is an option for them to be extended.

Future minimum lease payments existing as of December 31, 2013, in accordance with the operating leases which cannot be terminated, are shown in the following table:

In € thousand	12/31/2013	12/31/2012
in the following year	3,282	2,071
within two to five years	7,315	9,481
more than five years	0	347
	10,597	**11,899**

The Group recognized lease payments of € 2,690 thousand (previous year: € 2,863 thousand) in profit or loss.

There were no future minimum lease payments from finance leases as of December 31, 2013.

PRINCIPLES OF FINANCIAL RISK MANAGEMENT

The financial instruments of the Group mainly consist of cash and cash equivalents, as well as receivables from services attributable to operations. The Group finances its operations primarily via the advance payments of its premium members, and via equity funding. The Company does not hold any further financial instruments which involve material financial risks.

CAPITAL RISK MANAGEMENT AND NET DEBT

The Group manages its capital using the equity ratio with the aim of optimizing returns, where applicable also by using debt. This ensures that all companies in the Group are able to operate on the basis of the going concern principle. The Group monitors its capital by means of the equity ratio.

The capital structure of the Group consists mainly of equity. As of December 31, 2013, equity amounted to € 61,989 thousand (previous year: € 51,762 thousand) and is comprised as follows:

In € thousand	12/31/2013	12/31/2012
Subscribed capital	5,592	5,554
Treasury shares	−455	−2,039
Capital reserves	18,477	17,393
Other reserves	16,368	16,302
Net retained profits	20,600	14,552
	60,582	**51,762**

The equity ratio is 53.6 % (previous year: 56.2 %). As shown in the following table, the cash and cash equivalents and short-term deposits of the Group were considerably higher than the liabilities as of the reporting date:

In € thousand	12/31/2013	12/31/2012
Non-current liabilities	−7,931	−3,777
Current liabilities	−43,788	−36,672
Cash and cash equivalents and short-term deposits	66,160	56,159
SURPLUS OF CASH AND CASH EQUIVALENTS	**14,441**	**15,710**

Current and non-current liabilities include deferred income or deferred grants totaling € 31,450 thousand that do not directly lead to an outflow of cash.

CLASSES OF FINANCIAL INSTRUMENTS

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

In € thousand	12/31/2013	12/31/2012
FINANCIAL ASSETS		
Non-current receivables	93	74
Current receivables from services	8,621	7,322
Cash and cash equivalents and short-term deposits	66,160	56,159
FINANCIAL LIABILITIES		
Current trade accounts payable	2,096	1,429
Other non-current liabilities	1,485	0

The current and non-current receivables as well as the cash and cash equivalents and current deposits are shown at amortized cost.

The other non-current liabilities concern the performance-based remuneration from the acquisition of kununu GmbH in financial year 2013.

The expectations regarding the profitability of kununu GmbH prevailing at the acquisition date did not change until the reporting date.

The other current liabilities are shown at amortized cost.

For all financial assets and liabilities, the fair values, to the extent that they can be determined, correspond to the carrying amounts.

As was the case in the previous year, no financial assets were used as collateral for liabilities of the Group in the financial year.

As was the case in the previous year, the Group did not use any hedging instruments in the course of the financial year to hedge financial assets or financial liabilities or to hedge cash flows.

EXCHANGE RATE AND INTEREST RATE MANAGEMENT

At present, the Group is not exposed to any material exchange rate or interest risks. The revenues are generated mainly in euros. There are no interest-bearing liabilities.

Bank balances earned an average of 0.26 % interest (previous year: 0.58 %).

As the Group is not exposed to any material market risks (currency, interest rate or other price risks), more extensive sensitivity analyses are not carried out in relation to potential market risks.

With regard to consolidated earnings before tax, a change in interest rates will have an impact on interest income (as a result of the impact of variable-income financial assets). If interest rates had increased or decreased by 100 basis points during the reporting period, interest income would have changed by € 607 thousand (previous year: € 612 thousand) on the basis of an average investment volume of € 60,681 thousand (previous year: € 61,213 thousand).

COUNTERPARTY CREDIT RISK MANAGEMENT

Counterparty credit risk is defined as the risk of a loss to the Group which is incurred if a contracting party fails to meet its contractual obligations.

As was the case in the previous year, material financial assets only existed as of the reporting date in the form of subscription claims against users of the XING platform (receivables from services) as well as bank balances (cash and cash equivalents and short-term deposits).

With regard to the receivables, the risk is reduced by the fact that most of the receivables consist of a large number of relatively minor amounts, of less than € 1 thousand in each case. As of the reporting date, the remaining term of virtually all these receivables was less than one month. The maximum counterparty credit risk of € 8,621 thousand is equal to the carrying amount of the receivables (previous year: € 7,322 thousand). Most of the receivables were paid after the reporting date.

Reputable commercial banks with highest ratings are used for investment and payments relating to bank balances. The remaining term of the bank balances is less than six months.

The Group believes that the current counterparty credit risks are low. The necessary valuation allowances were recognized in relation to the receivables from services. As was the case last year, there were no defaults in relation to cash and cash equivalents and short-term deposits.

There are no material risk concentrations.

LIQUIDITY RISK MANAGEMENT

The Group manages liquidity risks by holding appropriate reserves and also by constantly monitoring the forecast and actual cash flows. The maturities of financial assets and liabilities are constantly monitored.

As a result of the current bank balances, there are no major liquidity risks. There are no credit lines with banks, nor are any such lines required at present.

DISCLOSURES ON THE STOCK OPTION PLAN AND SHARE-BASED PAYMENT IN ACCORDANCE WITH IFRS 2

Pursuant to a resolution of the Annual General Meeting of the Company on November 3, 2006, contingent capital (Contingent Capital I 2006) of up to € 288,822.00 was created for the purpose of creating an employee stock option plan. As a result, in December 2006, September 2007 and March 2008, 272,812 stock options were issued to the Executive Board as well as to certain executives of the Company and other employees of XING in connection with the "stock option plan 2006" (SOP 2006); of this figure, 0 option rights had not expired on the reporting date (previous year: 19,000).

Pursuant to a resolution of the Annual General Meeting of the Company on May 21, 2008, further contingent capital (Contingent Capital 2008) of up to € 231,348.00 was created for the purpose of an employee stock option plan. As a result, in September 2008 and February 2009, 180,387 stock options were issued to the Executive Board as well as to certain executives of the Company and other employees of XING in connection with the "stock option plan 2008" (SOP 2008); of this figure, 1,130 option rights had not expired on the reporting date (previous year: 3,824).

Pursuant to a resolution of the Annual General Meeting of the Company of May 28, 2009, further contingent capital (Contingent Capital 2009) of up to € 197,218.00 was created for the purpose of a stock option plan. As a result, in August 2009, April 2010 and May 2010, 128,800 stock options were issued to the Executive Board as well as to certain executives of the Company and other employees of XING in connection with the "stock option plan 2009" (SOP 2009); of this figure, 0 option rights had not expired on the reporting date (previous year: 48,200).

Pursuant to a resolution of the Annual General Meeting of the Company of May 27, 2010, further contingent capital (Contingent Capital 2010) of up to € 94,318.00 was created for the purpose of a stock option plan. As a result, in December 2010 and March 2011, a total of 50,000 stock options were issued to the Executive Board in connection with the "stock option plan 2010" (SOP 2010); of this figure, 40,000 option rights had not expired on the reporting date (previous year: 50,000).

The stock option plans grant the options to take up shares of the Company, and specify a fixed term of five years for the 2006 and 2010 plans. The 2008 and 2009 stock option plan each have terms of ten years. Each option confers the right to take up one share of the Company, excluding the subscription right of shareholders. The main provisions of the SOP 2006 – 2010 are summarized as follows:

Within the framework of the SOP, stock options may be issued only to members of the Executive Board of XING AG, to members of management of subsidiaries as well as to selected senior executives, to other key personnel and other employees of XING AG and its subsidiaries.

The stock options grant the holder the right to take up registered shares with voting rights of XING AG. Each stock option entitles the holder to take up one share of XING AG in return for paying the exercise price. The option conditions may specify that the Company, in order to fulfill its obligations relating to the taking up of shares, may grant to the beneficiary treasury shares or a cash payment instead of new shares using the contingent capital.

The subscription rights provided by the stock options can only be exercised after the end of a waiting period. For the stock option plans 2006 – 2009, the waiting period for 50 % of the stock options granted is at least two years; it is at least three years for a further 25 % of the stock options granted, and at least four years for the remaining 25 %. In the stock option plan 2010, the waiting period is four years. The waiting period commences on the day after the corresponding stock options are issued. In the stock option plans 2006 and 2010, the subscription rights can be exercised within a period of up to five years, starting on the day on which the stock options are issued. In the stock option plans 2008 and 2009, the subscription rights can be exercised within a period of up to ten years, starting on the day on which the stock options are issued.

The exercise price for a share of the Company corresponds to the arithmetic mean of the closing auction prices of the Company's shares in Xetra trading (or an equivalent successor system) on the Frankfurt stock exchange on the last five market days before the corresponding stock option is issued (the day on which the beneficiary's declaration that he intends to take up shares is accepted by the Company or by the credit institution engaged by the Company for processing purposes). Alternatively, the exercise price for stock options issued before the start of trading for shares within the framework of the company IPO corresponds to the price at which the Company shares were placed within the framework of the IPO.

Subscription rights in relation to stock options can only be exercised if the closing auction price of the shares of the Company in Xetra trading (or an equivalent successor system) on the Frankfurt stock exchange has outperformed the SDAX index (or a comparable successor index) on at least ten successive trading days within one year before the day on which the subscription right is exercised.

In 2009 and 2011, two individual commitment to one member of the Executive Board amounting to a total of 100,000 stock options were made: of this figure, 0 option rights had not expired on the reporting date (previous year: 37,500).

The expense of the share-based payment shown in the income statement for the period ending December 31, 2013, amounted to € 66 thousand (previous year: € 515 thousand).

The weighted average exercise price is € 27.08 (previous year: € 27.90) and is calculated as the exercise price of the options in question less the fair value of the amount of future service to be rendered over the remainder of the vesting period of these options. The weighted average term remaining for options which were outstanding as of December 31, 2013, is 2.3 years (previous year: 3.6 years).

The weighted average fair value for the stock options still outstanding as of December 31, 2013, is € 6.18 (previous year: € 7.70).

In financial year 2012, 35,550 stock options which had been issued to selected senior executives and employees of XING subject to equivalent conditions became exercisable ahead of schedule as a result of the acquisition of control in accordance with Section 29 WpUG by Burda Digital GmbH, Munich. The cost recognized in the consolidated income statement as of December 31, 2012 for this share-based payment amounted to a total of € 1,516 thousand, of which € 1,095 thousand is a special effect resulting from the acquisition of control.

The multi-year incentive program for members of the Executive Board is based on a virtual replication of shares allocated to the beneficiaries in annual tranches under specific conditions and which, provided certain conditions are met and following a waiting period of three years from allocation, provide an entitlement to a cash payment tied to the share price or, at the Company's discretion, to the allocation of shares. Shares are allocated based on quantitative multi-year targets set by the Supervisory Board, such as consolidated revenues and consolidated EBITDA. Through the granting of shadow shares a remuneration component is used that takes account of the performance of the Company's shares and therefore provides a sustainable, long-term incentive for the members of the Executive Board.

As remuneration for the current financial year, the fair value for the virtual options granted in this year is shown on the basis of a target achievement level of 100 %. Overall, personnel expenses of € 404 thousand (previous year: € 83 thousand) for cash-settled share-based payment were recognized in the income statement in the 2013 financial year. Provisions of € 487 thousand (previous year: € 83 thousand) were recognized as of December 31, 2013 for entitlements arising from the long-term incentive programs.

The calculations are based on an actuarial report obtained for measuring the value of the stock options and the parameters set out in the report. The fair value of the option rights under the stock option plan 2010 was determined using a binominal model as of the issue date (March 29, 2011). An expected volatility of 30 % was taken into account. The term was assumed to be 4.5 years and the risk-free discount rate was assumed to be 2.59 %. The fair value determined this way was € 6.07 per option. The fair value of the shadow shares is determined using binomial models, applying expected volatility of 45 %, a term of 2.5 years, and a risk-free discount rate of 0.34 %. These measurement bases give rise to a fair value for the options of € 65.47 as of December 31, 2013.

RELATIONS WITH RELATED PARTIES

The members of the Executive Board and the Supervisory Board of XING AG are deemed to be related parties for the purposes of IAS 24. In the year under review, with the exception of their executive body activities, there were no significant business relations between the Executive Board and the Supervisory Board and the companies included in the consolidated financial statements. The Executive Board and the Supervisory Board received total remuneration of € 2,147 thousand and € 280 thousand (previous year: € 1,192 thousand and € 280 thousand) for their work in the financial year ended.

Since December 18, 2012, Hubert Burda Media Holding Kommanditgesellschaft, Offenburg, has held more than 50 % of the share capital of XING AG. XING AG is accordingly a dependent company in accordance with Section 312 (1) Clause 1 in conjunction with Section 17 (2) AktG. Because a control agreement does not exist between XING AG and Hubert Burda Media Holding Kommanditgesellschaft, Offenburg, the Executive Board of XING AG prepares a report regarding relations with affiliated companies in accordance with Section 312 (1) Clause 1 AktG. In the 2013 financial year, XING AG or its affiliated companies and Hubert Burda Media Holding Kommanditgesellschaft, Offenburg, or its affiliated companies as in the previous year purchased products and services from each other subject to arm's length conditions, the scope of which was insignificant with the following exception. In the financial year ended, revenues of € 2,693 thousand were generated with TOMORROW FOCUS Media GmbH, of which € 557 thousand was still outstanding as of December 31, 2013 and is shown as receivables from services.

NUMBER OF EMPLOYEES

XING employed an average of 530 persons (previous year: 500) as well as 4 members of the Executive Board (previous year: 4) during financial year 2013. As of December 31, 2013, a total of 571 persons (previous year: 509) as well as 4 Executive Board members (previous year: 4) were employed by the Group.

NOTIFICATIONS RECEIVED IN ACCORDANCE WITH SECTION 21 WPHG

With regard to the notification obligation in accordance with Section 21 WpHG, please refer to the comments in the notes to the single-entity financial statements of XING AG.

MEMBERS OF THE SUPERVISORY BOARD

The following persons served on the Supervisory Board of the Company in the year under review:

Dr. Neil Vernon Sunderland, independent entrepreneur, Zumikon, Switzerland (Chairman until May 24, 2013)
Other Supervisory Board posts/memberships in control bodies (as of May 24, 2013):

- Chairman of the Administrative Board and Chairman of Management of AdInvest AG and AdInvest Holding AG, Zumikon, Switzerland
- Member of the Administrative Board of Elsevier Holdings SA, Neuchâtel, Switzerland, Elsevier Finance SA, Neuchâtel, Switzerland, and Elsevier Properties SA, Neuchâtel, Switzerland
- Chairman of the Board of Adconion Media Group, Limited, London, United Kingdom
- Member of the Board of Industrial Origami Inc., Cleveland, USA
- Chairman of the Board of Crupe Systems International Holdings (Singapore) Pte. Ltd. Singapore
- Member of the Board of exxeta AG, Karlsruhe, Germany

Stefan Winners, member of the Executive Board of Hubert Burda Media Group, Munich, Germany (Chairman since May 24, 2013)
Other Supervisory Board posts/memberships in control bodies:

- Chairman of the Supervisory Board of TOMORROW FOCUS AG, Munich, Germany (since June 2013)
- Member of the Supervisory Board of zooplus AG, Munich, Germany

Simon Guild, Chairman of the Board, Bigpoint, London, United Kingdom, (until May 24, 2013)
Other Supervisory Board posts/memberships in control bodies (as of May 24, 2013):

- Chairman of the Advisory Board of Bigpoint GmbH, Hamburg, Germany
- Chairman of the Administrative Board of Wayn.com (Where Are You Now?) Ltd., London, United Kingdom
- Chairman of the Administrative Board of Diffusion Media Group Limited, London, United Kingdom
- Chairman of the Administrative Board of Rentify Limited, London, United Kingdom
- Member of the Supervisory Board of sprd.net AG, Leipzig, Germany
- Member of the Administrative Board of DigiCompanion SA, Paris, France
- Member of the Administrative Board of eYeka SA, Paris, France
- Member of the Administrative Board of Horizon Media Group Limited, London, United Kingdom

Dr. Jörg Lübcke, Managing Director, Burda Digital GmbH, Munich, Germany
Other Supervisory Board posts/memberships in control bodies:

- Member of the Supervisory Board of zooplus AG, Munich, Germany

Dr. Johannes Meier, Managing Director, European Climate Foundation, The Hague, Netherlands
Other Supervisory Board posts/memberships in control bodies:

- Member of the Supervisory Board of InfoAnalytics AG, Oldenburg, Germany
- Member of the Supervisory Board of Handelshochschule Leipzig gGmbH, Leipzig, Germany (until November 2013)

Fritz Oidtmann, Managing Partner, Acton Capital Partners GmbH, Bonn, Germany
Other Supervisory Board posts/memberships in control bodies:

- none

Jean-Paul Schmetz, Chief Scientist, Hubert Burda Media Holding KG, Munich, Germany
Other Supervisory Board posts/memberships in control bodies:

- Member of the Advisory Board of HackFwd GmbH & Co. KG, Hamburg, Germany
- Member of the Supervisory Board of OPMS Limited, Seoul, South Korea

Anette Weber, CFO Biopharmaceuticals & Oncology Injectables division of Sandoz International GmbH, Holzkirchen, Germany (since May 24, 2013)
Other Supervisory Board posts/memberships in control bodies:

- none

The members of the Supervisory Board have received fixed remuneration of € 40 thousand for each full financial year they serve on the Board. The chairman of the Supervisory Board receives double the fixed remuneration.

In financial year 2013, the total remuneration paid to Supervisory Board members was € 280 thousand (previous year: € 280 thousand).

Further information is included in the remuneration report, which is an integral part of the Group management report.

MEMBERS OF THE EXECUTIVE BOARD

The following persons served as members of the Executive Board:

Dr. Thomas Vollmoeller, CEO, Hamburg,
Supervisory Board posts/memberships in control bodies:

- Member of the Administrative Board of Conrad Electronic SE, Hirschau, Germany

Dr. Helmut Becker, CCO, Hamburg, Germany (until April 19, 2013)
Other Supervisory Board mandates/memberships in control bodies (as of April 19, 2013):

- Member of the Supervisory Board of Tipp24 SE, Hamburg, Germany

Ingo Chu, CFO, Hamburg, Germany
Supervisory Board posts/memberships in control bodies:

- none

Jens Pape, CTO, Hamburg, Germany
Supervisory Board posts/memberships in control bodies:

- none

Timm Richter, CPO, Hamburg (since March 1, 2013)
Supervisory Board posts/memberships in control bodies:

- none

Further information is included in the remuneration report, which is an integral part of the Group management report.

FEES AND SERVICES OF THE AUDITOR

In financial year 2013, costs of € 155 thousand (previous year: € 173 thousand) were recognized for the auditing services for the period ending December 31, 2013. Fees for other services amounted to € 4 thousand (previous year: € 14 thousand). As was the case in the previous year, tax consultancy services or other assurance services were not utilized.

DIRECTORS' DEALINGS

In accordance with Section 15a of the Security Trading Act (Wertpapierhandelsgesetz; WpHG), members of the Executive Board and Supervisory Board are subject to a legal requirement for disclosing the acquisition or disposal of shares of XING AG or related financial instruments if the value of the transactions carried out within a calendar year by the member and the member's related parties is equal to or exceeds the figure of € 5,000. The transactions reported to XING AG had been properly disclosed, and can be downloaded from the Company's web site http://corporate.xing.com/english/investor-relations/corporate-governance/directors-dealings.

STATEMENT CONCERNING THE CORPORATE GOVERNANCE CODE

In February 2014, the Executive Board and Supervisory Board of XING AG published the statement specified in accordance with Section 161 AktG and made it available by publishing it on the Company's web site (http://corporate.xing.com/english/investor-relations/corporate-governance-code/).

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

No events of significance for the Group occurred after the reporting period.

Responsibility statement of the Executive Board

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group management report 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.

Hamburg, March 27, 2014

The Executive Board

Dr. Thomas Vollmoeller

Ingo Chu

Timm Richter

Jens Pape

Auditors' report

We have audited the consolidated financial statements prepared by the Xing AG, Hamburg, comprising the statement of financial position, the statement of comprehensive income, statement of changes in equity, cash flow statement and the notes to the consolidated financial statements, together with the group management report for the business year from January 1 to December 31, 2013. The preparation of the consolidated financial statements and the group management report in accordance with the IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § (Article) 315a Abs. (paragraph) 1 HGB ("Handelsgesetzbuch": German Commercial Code) is the responsibility of the parent Company's Board of Managing Directors. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of the entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Company´s Board of Managing Directors, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based on the findings of our audit the consolidated financial statements comply with the IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Hamburg, March 27, 2014

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Matthias Kirschke	ppa. Jana Zemmrich
Wirtschaftsprüfer	Wirtschaftsprüferin
(German Public Auditor)	(German Public Auditor)

Financial calendar

Annual Report 2013	March 28, 2014
Interim Report on Q1 2014	May 6, 2014
Annual General Meeting of XING AG	May 23, 2014
Half-yearly Report 2014	August 6, 2014
Interim Report Q3 2014	November 6, 2014

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This Annual 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.xing.com.

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