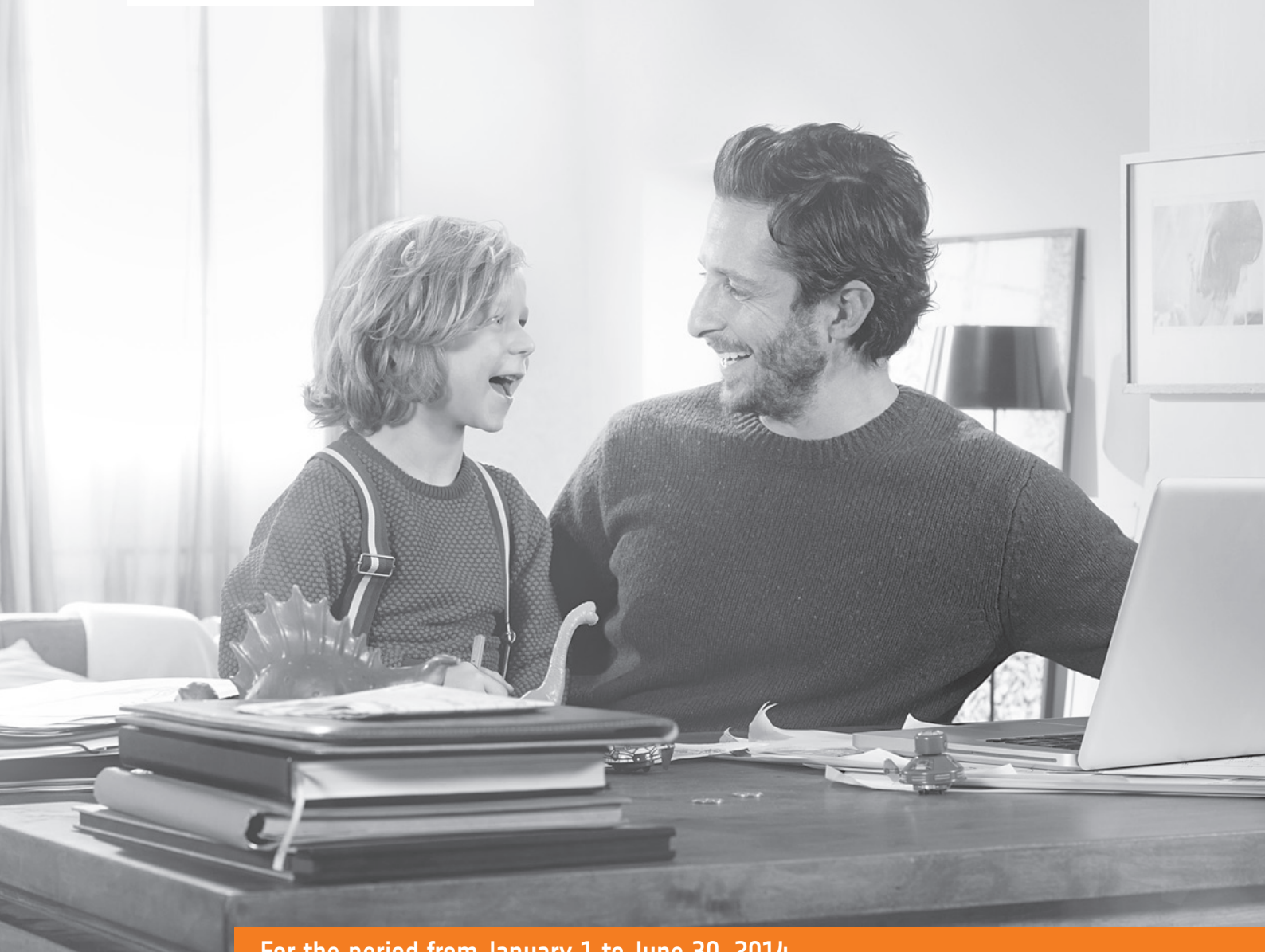


**XING** 



For the period from January 1 to June 30, 2014

# Half-Year Report

[www.xing.com](http://www.xing.com)

# Key figures

	Unit	H1 2014	H1 2013	Q2 2014	Q2 2013	Q1 2014
Revenues <sup>1</sup>	in € million	47.14	40.48	24.38	20.89	22.76
Network/Premium segment	in € million	28.93	26.55	15.02	13.62	13.91
E-Recruiting segment	in € million	14.54	10.87	7.54	5.62	7.00
Events segment	in € million	2.80	2.43	1.36	1.36	1.44
EBITDA reported	in € million	10.54	11.16	6.53	5.86	4.01
EBITDA excl. kununu earn-out <sup>2</sup>	in € million	11.53	11.16	7.02	5.86	4.50
EBITDA margin reported	in %	22	28	27	28	18
EBITDA margin excl. kununu earn-out <sup>2</sup>	in %	24	28	29	28	20
Net profit reported	in € million	3.81	4.69	2.77	2.70	1.04
Net profit excl. kununu earn-out <sup>2</sup>	in € million	4.80	4.69	3.26	2.70	1.54
Earnings per share (diluted) reported	in €	0.68	0.84	0.49	0.48	0.19
Earnings per share (diluted) excl. kununu earn-out <sup>2</sup>	in €	0.86	0.84	0.58	0.48	0.28
Cash flow from operations	in € million	13.99	13.35	6.38	6.95	7.61
Equity	in € million	41.02	55.14	41.02	55.14	61.64
Liquid funds	in € million	50.91	60.67	50.91	60.67	71.49
XING users Germany, Austria, Switzerland (D-A-CH), total	in million	7.57	N/A	7.57	N/A	7.25
thereof platform members	in million	7.39	6.51	7.39	6.51	7.17
thereof subscribers	in thsd.	829	801	829	801	823
thereof XING Events users	in thsd.	183	N/A	183	N/A	81
B2B customers (D-A-CH)						
in the E-Recruiting segment	in thsd.	14.75	15.24	14.75	15.24	16.16
in the Events segment	in thsd.	2.40	1.99	2.40	1.99	2.40
Employees		626	552	626	552	595

1 Total revenues including other operating income.

2 Due to changes in the IFRS guidance on accounting for purchase price obligations from earn-out arrangements arising from the acquisition of companies, since 2013 these have been recognized as personnel expenses instead of as a component of the purchase price. At XING, this change affects the earn-out obligation for the kununu transaction. For this reason, around €1.5 million was recorded in Q4 2013 as personnel expenses for the whole of 2013. A further approx. €0.5 million each was recorded under personnel expenses in Q1 and Q2 2014. These personnel expenses are non-operating expenses and do not affect the cash flows from operations. Accordingly, they only reduce earnings for the 2013 and 2014 fiscal years (Q1–Q4) corresponding to the contractually agreed earn-out period. In its reports, XING AG also reports the key performance indicators eliminated by this effect. To enable an appropriate interpretation of the development of operations based on EBITDA, net profit/loss for the period, and other earnings figures.

# About XING

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XING is the social network for business professionals. More than 14 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 more than 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.

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# 01.

# TO OUR SHAREHOLDERS

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# Chairman's statement



Dr. Thomas Vollmoeller,  
Chief Executive Officer of XING AG

## LADIES AND GENTLEMEN,

The world of work is changing dramatically. Many experts believe we are witnessing the most radical changes since the industrial revolution.

This development is being driven by three factors in particular. The first is digitization, which affects virtually all industries. What can be digitized is being digitized. While this has repercussions for work processes and the division of labor, it also gives knowledge workers the opportunity to do their work anywhere.

The second driver is demographic trends, which are leading to a shortage of skilled labor – something that companies in German-speaking countries are feeling ever more acutely. These trends are creating new opportunities and freedom for our clients, the knowledge workers and the executives who make up an increasingly sought-after segment of the population for industry.

The third driver of change is the change in values that many observers believe started with the demanding attitude of what has been dubbed "Generation Y." A key aspect of this is the claim that work must fit in with a person's lifestyle, not the other way round.

The world of work is our world. At XING work is our core expertise. We have helped to bring about quite a few of the changes that are now prevalent throughout the labor market. We have democratized good contacts and created a network that helps people optimize their everyday working life. We have given them a "net" that catches them when they need it. That the world of work is changing is something we experience every single day, because we are at the epicenter of these changes. This megatrend forms the basis for our new positioning and our new strategic alignment, which I described in this letter on a previous occasion.

So for now I'll just say that our mission is to enable professionals to grow. It is derived from our vision "For a better working life." The opportunities open to knowledge workers to grow and arrange their working life in the form they wish have probably never been better. We help them do this and provide them with services and suggestions for managing their careers and therefore their lives.

The wide range of initiatives and products that we have rolled out, especially in recent months, shows that we mean business. The fact that our strategic development is bearing excellent fruit after a comparatively short time shows that we are in touch with the latest trends.

All of this enabled us to lift our revenues significantly by 16 percent to € 47.1 million in the first six months of this year. The E-Recruiting segment remained the biggest growth driver in the first half year with further unabated growth. This segment's revenues climbed 34 percent to € 14.5 million. However, we have also seen a continuous acceleration in the revenue growth of our Network & Premium core business ever since we improved our products there. After growing by just 5 percent in the first half of 2013, our core business expanded by 9 percent in the first six months of the current fiscal year.

As regards profitability, we returned to the strong results of preceding quarters in the second quarter - after the TV campaign conducted in the first quarter, which depressed our quarterly earnings. EBITDA excluding non-operating expenses for the kununu earn-out obligations amounted to € 11.5 million in the first half-year, up from € 11.2 million in the prior-year period. Below the line, i. e. after deducting depreciation, amortization, and taxes, we therefore generated a profit for the first half year - excluding non-operating expenses for the kununu earn-out obligations - of € 4.8 million.

These figures are the outcome of a large number of product offerings and enhancements that we rolled out in recent months in line with our strategic development. One of these is FutureMe, a completely revolutionary product launched at the end of the second quarter which enables XING members to obtain career guidance on the basis of their individual job situation and get inspiration in the search for new job opportunities. Based on the information provided by XING members, FutureMe shows the typical qualifications and career paths for a wide range of professions.

The integration of kununu, the largest employer review portal in German-speaking countries, also continues to progress. Kununu makes elements such as the behavior of supervisors, solidarity among staff, and the work climate in the company transparent to XING members.

As a consequence of the repositioning, XING additionally offers a job search function allowing members to search not only for conventional criteria such as salary and position but also for aspects such as "child-care", "home office" or even "dog tolerated."

Furthermore, the Company has launched "XING spielraum" (<https://spielraum.xing.com/>), a topics portal which in addition to reports and interviews with experts contains recent studies, facts and figures, as well as tips and best practices relating to the new world of work.

On the basis of these achievements, I am able to report that XING is continuing on its growth trajectory. We are superbly positioned, and the strategic course we are taking is delivering positive results.

Thank you very much for placing your trust in us.

Sincerely,  
Dr. Thomas Vollmoeller CEO XING AG

Hamburg, August 6, 2014

# XING shares

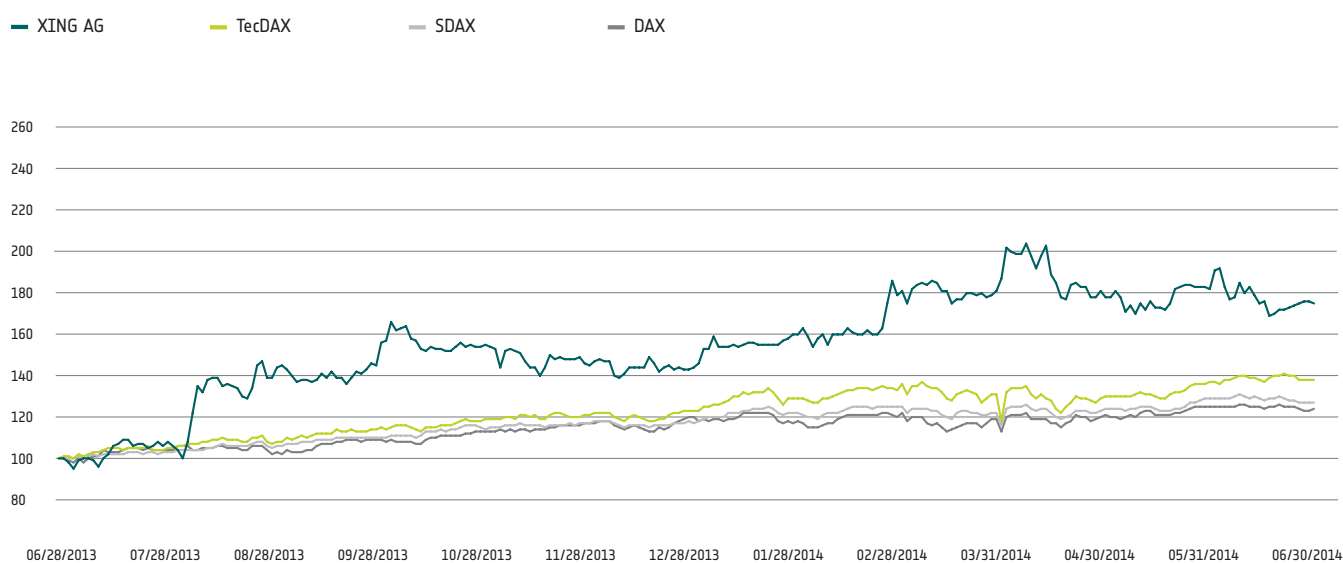
## Basic data about the XING share

Number of shares as of June 30, 2014	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

## Key data on the XING share

	H1 2014	H1 2013
XETRA closing price at the end of the period	€ 90.50	€ 51.81
High	€ 105.85	€ 57.14
Low	€ 75.78	€ 38.00
Market capitalization at the end of the period in € million	506.1	289.1
Average trading volume per day (XETRA)	8,398	8,483
TecDAX ranking		
based on trading volume	28	32
based on free-float market capitalization	29	32
Earnings per share (diluted) excl. kununu earn-out	€ 0.86	€ 0.84

## Share price performance vs. indices from June 28, 2013 to June 30, 2014 (indexed)

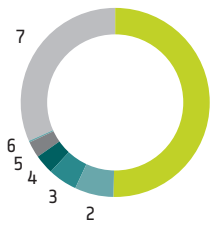




### Analyst recommendations for the XING share

Broker	Analyst	Recommendation	Price target
Berenberg Bank	Sarah Simon	Hold	€96
Commerzbank	Heike Pauls	Buy	€120
Close Brothers Seydler	Marcus Silbe	Buy	€140
Deutsche Bank	Benjamin Kohnke	Buy	€110
Goldman Sachs	Carl Hazely	Buy	€130
Hauck & Aufhäuser	Sascha Berresch	Sell	€60
J.P. Morgan Cazenove	Mark O'Donnell	Hold	€74
Jefferies	David Reynolds	Hold	€110
Montega	Alexander Braun	Sell	€60
Warburg Research	Jochen Reichert	Sell	€90

### Shareholder structure



1 – Burda Digital GmbH	50.51 %
2 – Deutsche Asset & Wealth Management	6.66 %
3 – Union Investment	5.00 %
4 – Oppenheimer	3.12 %
5 – Schroders	3.01 %
6 – Treasury shares	0.22 %
7 – Other shareholders	31.48 %

# 02.

## INTERIM GROUP MANAGEMENT REPORT

for the first six months from January 1 to June 30, 2014

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# Course of business

## Macroeconomic environment

The macroeconomic environment and economic conditions are fundamentally positive in Germany, Austria, and Switzerland. In the first quarter of 2014, the German economy recorded its strongest growth in three years of 0.8 percent. This growth was mainly fueled by the domestic economy, with the construction industry in particular benefiting from the exceedingly mild winter. Even consumer spending continued to improve, buoyed by a rise in real income. Net exports, on the other hand, made a negative contribution to growth because imports increased at a much faster rate than exports.

According to forecasts by the leading economic research institutes and Deutsche Bundesbank, the German economy will expand by around 2 percent in 2014. Since the end of last year, the Austrian economy has been following a growth trajectory once more, though it recorded slightly lower growth rates at the beginning of 2014. Nonetheless, the Austrian Institute of Economic Research (WIFO) estimates that overall growth will reach 1.4 percent this year. The upswing in the Swiss economy gained traction in the first quarter, leading the State Secretariat for Economic Affairs (SECO) to forecast growth of 2.0 percent for 2014. On the whole, the countries are benefiting from a return to a robust global economy and further stabilization of the euro crisis.

## Sector-specific environment

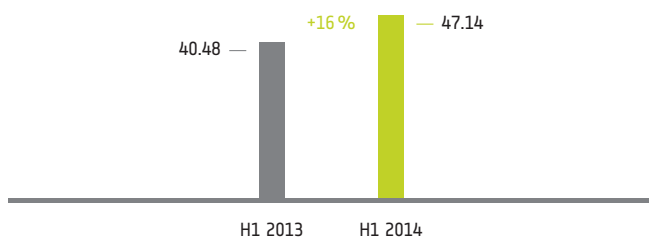
While the introduction of the minimum wage and a full pension at 63 will put a damper on the development of the German labor market, this development will remain positive. The jobless figure has been falling since the beginning of the year and the number of people in work has increased further to around 42 million. Most recently, 2.9 million people in Germany were registered as out of work. According to the Public Employment Service Austria (AMS), the unemployment rate in Austria stood at 7.4 percent in June, 0.9 percentage points higher than in the previous year. The situation on the Swiss labor market has improved in the year to date. The jobless rate fell from 3.5 percent at the start of the year to 2.9 percent in June (SECO).

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; one of the dominant trends at present is the migration of skilled workers and recent graduates from the crisis countries to Germany, Austria and Switzerland. The Internet is thus becoming an increasingly important source of information for the labor market situation.

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 2013 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.

## Results of operations in the Group

(Revenues incl. other operating income) (in € million)



Revenues continued to develop positively in the period from January to June 2014, with total revenue from services rising 16 percent in the first six months to € 46.27 million (H1 2013: € 39.86 million). Total revenues (including other operating income) amounted to € 47.14 million in the first half of 2014, up from € 40.48 million in the prior-year period, an increase of € 6.66 million year-on-year. More than half of this growth is exclusively attributable to the sustained, encouraging growth of the E-Recruiting segment. Revenues in this segment were lifted by as much as € 3.65 million over the prior-year period. Yet also the revitalization of the Network/Premium core business again made a significantly higher contribution of € 2.38 million to the revenue growth of XING AG.

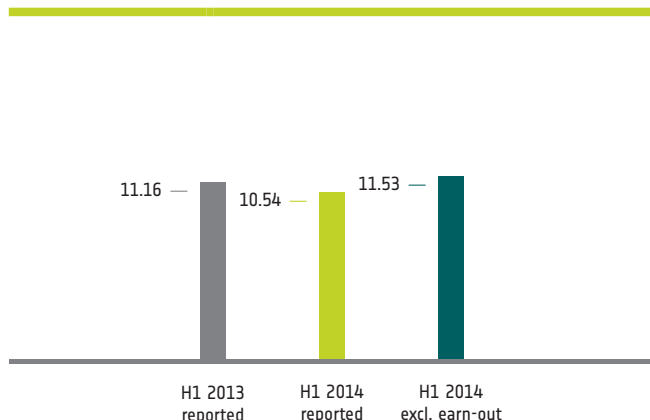
On the cost side, the major cost item in the first half of the year was the additional marketing expense incurred in the first quarter for the TV campaign launched to communicate the new positioning "For a better working life" or "For all who work. And live." Compared with the first half of 2013, marketing expenses consequently rose by € 2.86 million to € 5.38 million.

At € 20.58 million, personnel expenses were substantially higher than the prior-year figure of € 17.40 million. Here, it is important to note that total expenses of around € 0.99 million resulting from the kununu earn-out obligation were recorded under personnel expenses in the first half of 2014. Not including this non-operating earn-out obligation, personnel expenses amounted to € 19.60 million in the first six months of the year. The personnel expenses ratio in the first half of 2014 was therefore 42 percent as against 43 percent in the prior-year period.

In the third expense item, other operating expenses, an increase was recorded from € 9.40 million in the first half of 2013 to € 10.64 million in the reporting period. Expenses thus continue to account for 23 percent of revenues.

As a consequence, the operating result (EBITDA) of the XING Group in the first half-year excluding the non-operating kununu earn-out obligation was € 11.53 million, up from € 11.16 million in the prior-year period. While this is a slight increase of 3 percent, it constitutes a positive development, particularly in view of the marketing expenses for the TV campaign that were incurred in the first quarter. The EBITDA margin excluding the non-operating kununu earn-out obligation was therefore 24 percent in the first half of the year. This was expanded again to 29 percent in the second quarter and was depressed only by the TV campaign in the first three months of the fiscal year.

## EBITDA (in € million)<sup>1</sup>



<sup>1</sup> Due to changes in the IFRS guidance on accounting for purchase price obligations from earn-out arrangements arising from the acquisition of companies, since 2013 these have been recognized as personnel expenses instead of as a component of the purchase price. At XING, this change affects the earn-out obligation for the kununu transaction. For this reason, around €1.5 million was recorded in Q4 2013 as personnel expenses for the whole of 2013. A further approx. €0.5 million each was recorded under personnel expenses in Q1 and Q2 2014. These personnel expenses are non-operating expenses and do not affect the cash flows from operations. Accordingly, they only reduce earnings for the 2013 and 2014 fiscal years (Q1–Q4) corresponding to the contractually agreed earn-out period. In its reports, XING AG also reports the key performance indicators eliminated by this effect to enable an appropriate interpretation of the development of operations based on EBITDA, net profit/loss for the period, and other earnings figures.

Depreciation and amortization in the first six months of 2014 amounted to €4.42 million (H1 2013: €4.21 million) and include write-downs of around €0.56 million for the assets of the acquired companies XING Events GmbH and kununu GmbH identified in the purchase price allocation. Impairment losses in the first six months of 2014 amounted to €0.41 million (H1 2013: €0.0 million).

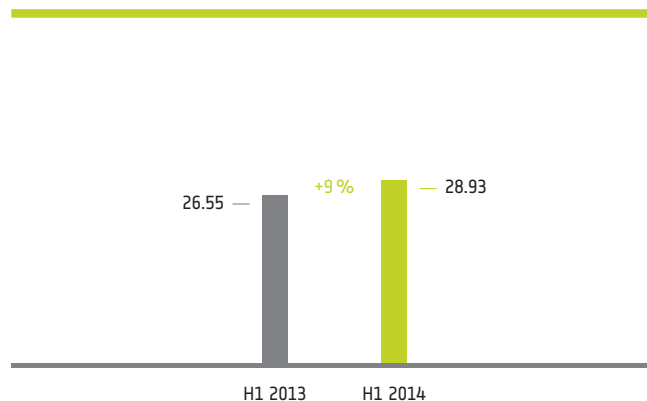
Consequently, we recorded EBIT - not including the non-operating kununu earn-out obligation - of €7.11 million in the first half of 2014 (H1 2013: €6.96 million). After deducting taxes of €2.32 million, the consolidated net profit excluding the non-operating kununu earn-out obligation amounts to €4.80 million for the first half of the year, up from €4.69 million in the prior-year period. Earnings per share excluding the non-operating kununu earn-out obligation amounted to €0.86 for the first six months of the current fiscal year.

## Development in the Network/Premium segment

In our core business with paid premium memberships, we further advanced the repositioning of XING AG in the first half of 2014 that we had started at the end of 2013. With the launch of numerous partnerships and the expansion of our product range for Premium members through cooperation partners such as REWE, Tchibo, SIXT, Die Welt Online, HRS, Design Offices, Fitness First, Lecturio, and Blinkist, we enhanced the existing online membership with services and offerings that provide useful, relevant added value for our members, also outside of normal working hours.

### FURTHER ACCELERATION OF REVENUE GROWTH IN XING'S CORE BUSINESS

#### Network/Premium revenues (in € million)



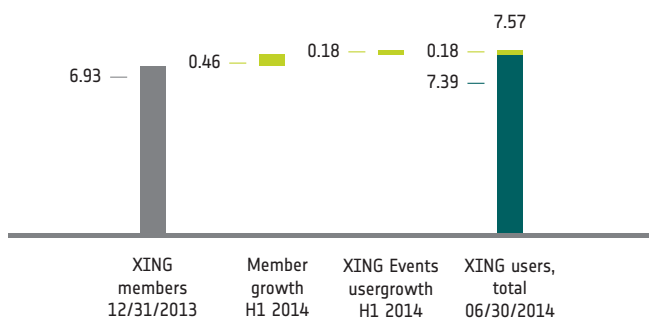
One of the most important objectives at the end of last year was to speed up the pace of revenue growth in our core business significantly once again to 4 percent (in Q1 2013) in the wake of recent declining growth rates.

Thanks to our new improved offerings and the systematic repositioning of the XING brand, we achieved key milestones in the reacceleration of growth during the first half of the year. For instance, we lifted our growth rate to 8 percent in the first quarter and gave it a further boost to a substantial 11 percent in the second quarter. This revenue growth was achieved through an increase in paid memberships (H1 2014: +21,932 vs. H1 2013: +18,032) and higher average revenue per user (ARPU). The Display Advertising business likewise contributed approximately one percentage point to the growth of this segment.

#### MEMBERSHIP GROWTH

Alongside the accelerated growth in paid memberships, the total user base of XING products developed very positively in the first half of the year.

#### Member and subscriber growth H1 2014 in D-A-CH (number in million)



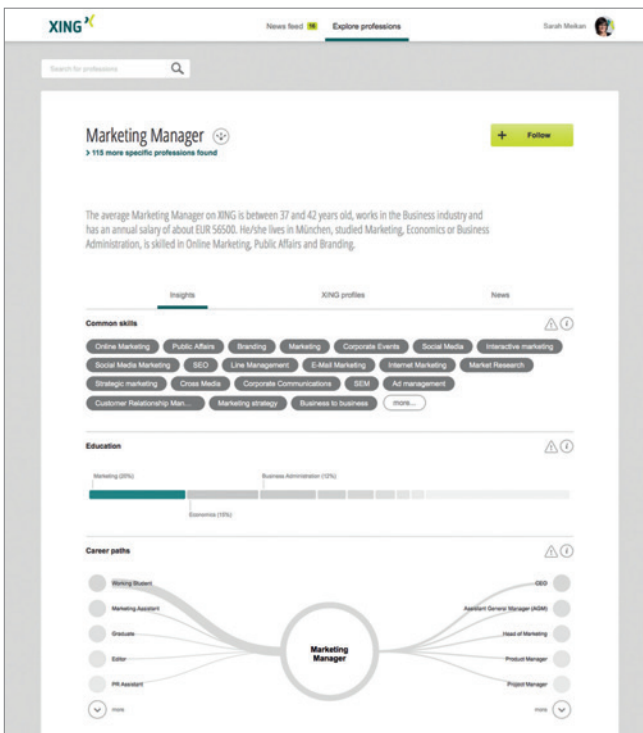
After adding 242,000 new platform members and a further 81,000 XING Events users in the first quarter, we added a total of 215,000 new platform members and 102,000 more XING Events users in the second quarter. In terms of platform members alone, this constitutes the strongest half-year growth in six years. If the 183,000 XING Events users from the first six months are added to this figure, XING AG's total user base at the end of June was 7.57 million.

#### NEW PRODUCTS FOR THE POSITIONING "FOR A BETTER WORKING LIFE"

Skills shortages, digitization, and the changing values of the new generation of employees (Generation Y) are shaping the framework on which we have defined our positioning "For a better working life." We also consistently focus our product development on this to assist our members with their career planning or career advancement or to show them ways to improve their work/life balance. For example, we established new offerings in the first half of the year under the slogan "Live better, work differently" with the launches of FutureMe and the web portal <https://spielraum.xing.com>. Our acquisition of Lebenslauf.com also rounded off our offering of professional visualization and the best possible presentation of users' résumés through the integration of this portal in the second quarter of 2014.

#### FutureMe – Finding inspiration for my career. Discovering new prospects. Career advancement.

What career options do I have? Which career paths lead to a job that interests me? The new innovative "FutureMe" product addresses these questions and more. FutureMe provides career guidance and inspiration in the search for new job opportunities. There are profiles for more than 2,300 different professions on FutureMe. Based on the information provided by XING members, we show the typical qualifications and career paths for a wide range of professions.



Being inspired professionally with FutureMe.

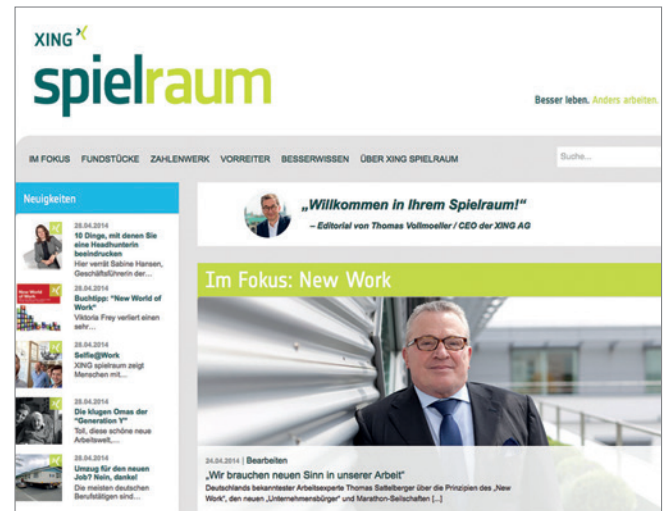
The training required to enter the profession and the salary range are as much a part of a FutureMe job profile as the main places where people in that job are based. Anyone who is curious to see the next step in the career of someone who previously held a similar position to them can therefore find this out here.

FutureMe may also be of interest to those wishing to pursue a completely new career. Which position did the person previously hold? Which qualifications do I need for this career? Users can see what paths other XING members have taken to get where they are today.

FutureMe is available free of charge to all XING members simply by starting the new product in the XING Beta Labs.

**XING spielraum – the topics portal for the new world of work**

Only about six months after our XING spielraum print magazine hit the newsstands, the web portal of the same name went live. The print version comprised over 100 pages of stories, interviews, and interesting facts on the topic of the new world of work. We are continuing this idea with <https://spielraum.xing.com>, a web portal focused on the new world of work that will keep visitors up to date with a mix of exclusive and selective content. In addition to interviews with experts, the portal will contain recent studies, interesting facts and figures, as well as a whole series of useful tips and best practices about the new world of work.



XING spielraum now also available in a digital version.

What is the rationale for this? We are currently experiencing the most radical changes in the world of work since the industrial revolution. Things have changed since our parents' generation, when people worked for the same employer day-in, day-out for several decades - if not their whole lives - to earn a living. In many cases, personal satisfaction was a secondary consideration; the most important thing was to have a job. Knocking off meant switching off and forgetting about work.

In this day and age, we no longer want to work for life's sake, or count down the hours in a nine-to-five job. What we actually want today is for our work to make just as much sense as all other decisions we take in life. The increasing shortage of skilled labor and demographic change gives us the freedom to do this. However, this freedom not only presents opportunities but also poses challenges and risks; guidance is needed more than ever before. Our aim in creating XING spielraum is to offer some guidance to modern-day employees, the "knowledge workers."

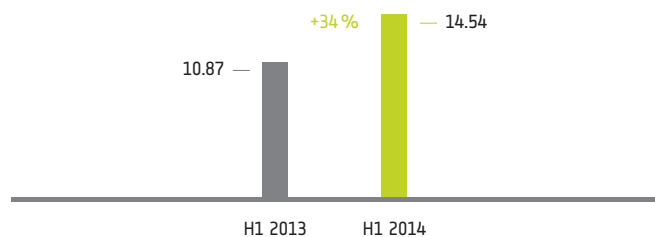
#### Lebenslauf.com becomes a XING service

We acquired the portal [www.lebenslauf.com](http://www.lebenslauf.com) in May 2014. This service enables job seekers to create a résumé as a PDF file in next to no time. After Lebenslauf.com became an insiders' tip among XING members since the integration of the XING developer interface nearly one-and-a-half years ago and through the import function of the XING profile data, we are delighted to have the opportunity to continue its development in the future in collaboration with its founder and developer, Thomas Bachem. Since its integration in June, XING members have been able to use the service free of charge.

Lebenslauf.com will be turned into the one-stop shop for application documents. However, as job seekers generally need a full application rather than just a résumé, we are also planning to assist applicants with the preparation of a professional cover letter very soon. Deep integration into the world of XING will make the path from application to new job even shorter.

## Development in the E-Recruiting segment

### E-Recruiting revenues (in € million)



The E-Recruiting segment remained a clear growth driver in the XING Group in the first six months of the year, with half-yearly revenues climbing 34 percent (+€ 3.65 million) year-on-year to €14.54 million. In the second quarter alone, revenues were lifted again to a new record figure of € 7.54 million (Q2 2013: € 5.62 million). Growth continues to be driven by the B2B offerings XING Talent Manager (XTM) for active candidate search and the employer branding profile (EBP). For instance, the number of XTM licenses was boosted from 1,848 in June 2013 to 3,953, an increase of 114 percent. The number of customers for XTM also rose by a correspondingly substantial 78 percent to over 1,600. The total number of active B2B customers in the E-Recruiting segment narrowed to 14,748 (June 2013: 15,235). This is partly due to the fact that we no longer sell the low-cost predecessor product, the XING company profile. However, on account of our strategic focus, we are also attracting fewer smaller customers for the conventional job advertisements business than before.



On the product side, we pushed development in all sub-segments and raised our end customer prices. The new prices for XTM, for instance, are now having a positive effect on revenue development in this segment. Moreover, since the end of last year, all XTM contracts that come up for renewal have been charged at the regular price.

The vast majority of our customers are also very happy with XTM. According to a survey conducted in February 2014 by Statista asking the question "Which active sourcing platforms are developing in the direction that meets your requirements?", almost 90 percent of those surveyed named XING.

Since May 2014, there has also been a charge for CAMPUS advertisements in the Jobs area, with B2B customers now paying € 45 per ad.

In March, we revised and launched the employer branding profile. The new XING employer branding profile has a company platform right on the homepage, a perfect opportunity for companies to upload photos and videos and show what they offer.

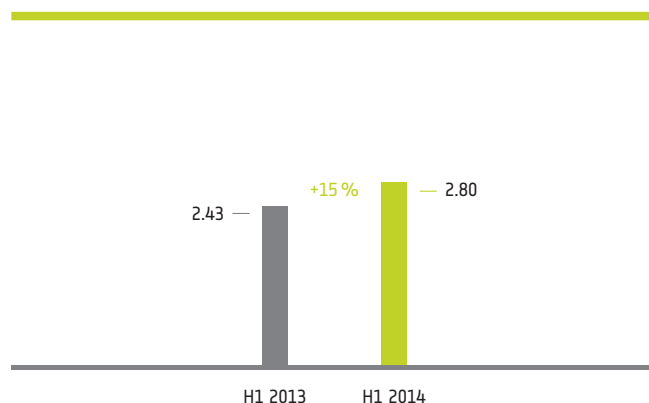
We also adapted our offering for traditional job advertisements in the first half of the year, bringing it into line with the change in values taking place. For the first time, job applicants or candidates can use the "benefits for employees" search filter to search for their future employer not by using criteria such as status symbols or high salaries, but by including other factors in their search for a suitable employer, such as:

- ▶ Flexible working hours
- ▶ Home office option
- ▶ Permission to bring one's dog to work
- ▶ Coaching
- ▶ Meals allowances
- ▶ And many more...

This makes it even easier for potential applicants to find the benefits companies may offer and hence exactly the job that suits their individual situation in life and meets their needs.

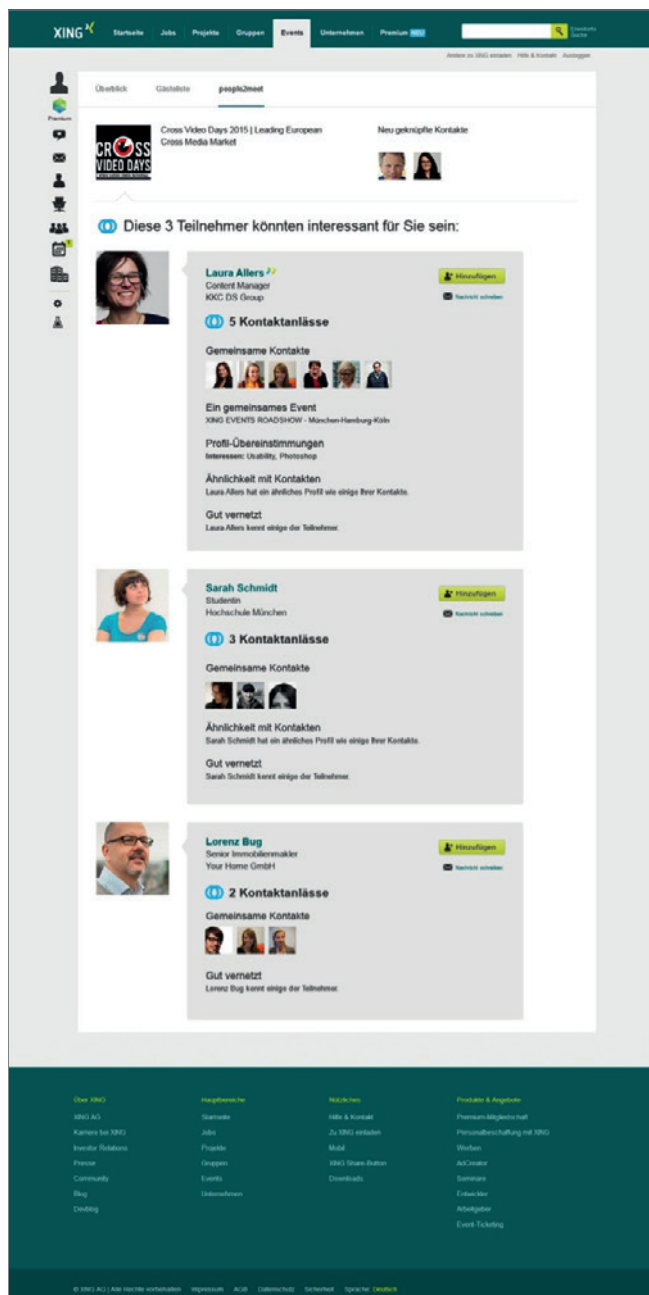
## Development in the Events segment

Events revenues (in € million)



In the Events segment, we focused very heavily in the past on attracting new event organizers and had acquired a total of 2,399 active event customers by the end of June with our B2B focus. Thus, we generated a large share of our revenue in this segment with the range of ticketing and fulfillment services we offer event organizers. However, this business model was not yet profitable on an EBITDA basis, so although we boosted our half-yearly revenues by 15 percent from € 2.43 million in 2013 to € 2.80 million in the first six months of the current fiscal year, negative EBITDA of € 1.13 million meant we were still unable to make a positive contribution to consolidated net profit in the first half of the year. Our goal here is to achieve an EBITDA break-even in the medium term. We will also continue our Group-wide repositioning in the Events business. Going forward we intend to sharpen the B2C focus on our Events business and make attendees of business and other events more aware of the advantages of a social network and show them how they can advance their careers through specific networking.

We took the first step in this direction shortly after the end of the second quarter. By introducing XING's "people2meet" we are adding value for participants and organizers alike. This new tool allows attendees to discover which attendees they should get in touch with before the event has even begun and thus make their event attendance as successful as possible.



## EFFECTIVE NETWORKING BEFORE, DURING, AND AFTER THE EVENT

In today's world, the possibility of networking matters as much to attendees as the event itself. On XING, members already receive personal event recommendations from the over 150,000 events based on their network and profile information. Additionally, XING will now also recommend professionals with whom attendees should network.

The business network detects common interests based on profile information and mutual contacts or groups. It also makes use of the social graph in XING to search all data and posts for relevant connections. Attendees are therefore able to network with the right people quickly and easily. Using the XING EVENTS app attendees are able to access their contact recommendations and arrange meetings right at the event.

## INCREASED AND SUSTAINED ATTENDEE SATISFACTION

"people2meet" offers real added value not only for event organizers but also for attendees. Individual network recommendations allow attendees to make the most of their event. After all, satisfied attendees are the best multipliers for an event.

"people2meet" enables successful networking at events.

## Net assets

At the interim reporting date, June 30, 2014, non-current assets were measured at €31.6 million (December 31, 2013: €30.9 million). The long-term capital of €47.4 million gave rise to a 149.8 percent surplus over non-current assets (December 31, 2013: €68.5 million; corresponds to a 222.0 percent surplus). The decrease in long-term capital is mainly due to the payout of the regular dividend for the 2013 financial year of €3.4 million as well as a special dividend of €20.0 million. In addition, the earn-out for the 2013 financial year of €1.5 million that is due in 2015 in connection with the acquisition of kununu GmbH is now reported as current. Profit for the first half of 2014 (€3.8 million) had an offsetting effect.

Current assets excluding cash increased from €12.5 million in the prior-year period to €14.6 million on account of the higher receivables from services, which rose on the back of the revenue growth. The change in current liabilities is largely due to a rise in liabilities from current deferred income (+€6.5 million), higher liabilities of XING Events GmbH due to event organizers (+€2.4 million) as well as the financial liabilities now reported as current liabilities (€1.5 million). Together with several other minor changes, this results in an €11.4 million (26.0 percent) increase in current liabilities to €55.2 million (December 31, 2013: €43.8 million).

At the closing date, the Group's total assets amounted to €102.5 million, a decrease of €9.8 million (8.7 percent) compared with December 31, 2013 (€112.3 million). The Company has €50.9 million in cash, which remains the largest item on the assets side of the statement of financial position, accounting for 49.7 percent (December 31, 2013: €66.1 million or 58.9 percent) of total assets. Not taking into account the customer payments for event tickets held in trust by XING Events GmbH, which are shown as third-party cash in the statement of financial position, XING's own cash actually accounts for 52.4 percent of total assets (December 31, 2012: 60.4 percent).

## Financial position

In the first six months of 2014, the XING Group generated positive cash flows from operating activities of €14.0 million, as compared with €13.3 million in the first half of 2013. The positive cash flows were primarily attributable to the operating result plus a further increase in advance customer payments of €5.9 million (prior-year period: €5.5 million).

The cash flows from investing activities amounted to €-5.8 million in the first half of 2014 (previous year: €-7.5 million). The year-on-year decrease is mainly due to the acquisition of kununu GmbH in the previous year (€-2.9 million) and to lower investments in property, plant and equipment (€-1.4 million). At the same time, there were higher investments in internally developed software (+€1.5 million). The cash flows from investing activities for the first six months of 2014 include a purchase price payment of €0.6 million for the acquisition of kununu GmbH that was not due until 2014.

The cash flows from financing activities amounted to €-23.4 million in the first half of 2014. In the comparative period in 2013, cash flows from financing activities were €-1.4 million. Cash payments were made for the distribution of the regular dividend of €3.4 million and the special dividend of €20.0 million to shareholders (prior-year period: regular dividend of €3.1 million). Cash proceeds from the exercise of stock options and the sale of treasury shares under stock option programs amounted to €0.02 million (prior-year period: €1.7 million).

At the end of the period, the XING Group had liquid funds of €50.9 million, down from €60.7 million at the end of the first half of 2013. The Group also held third-party cash of €5.5 million (prior-year period: €3.6 million).

At 30.2 percent, the cash flow margin (cash flows from operating activities/revenue from services) remained at the high level it has sustained for several years (prior-year period: 33.5 percent). This attests to the value of the business and makes further investments in growth possible.

With an equity ratio of 40.0 percent as of June 30, 2014 (53.9 percent as of December 31, 2013), the XING Group is still largely equity-financed. This provides a solid basis for the Company that gives it considerable stability even in the event of negative developments.

## Risk report

Permanent monitoring and management of risks are key tasks of a listed company. For this purpose, the Company has implemented the risk early warning system required in accordance with Section 91 (2) AktG and continuously develops it within the context of current market and company developments.

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 using information material and draws their attention to the significance of risk management.

Potential risks are continually identified and analyzed. Identified risks are then systematically evaluated as to their probability of occurrence and the expected potential loss. The persons with risk responsibility and senior executives are questioned with regard to the status of existing risks and the identification of new risks in the course of quarterly risk inventories and status queries. The risk report on pages 56 to 61 of the 2013 Annual Report still applies.

## Report on expected developments and opportunities

### ECONOMIC OUTLOOK

Even though the pace of global growth slowed slightly in the first quarter of this year, the underlying momentum of the global economy was clearly positive. Economic activity in the United States is picking up, the U.S. Central Bank, the Federal Reserve System, has begun to

scale back its bond-buying, and the financial markets of the emerging economies have calmed down again. The euro zone has also stabilized further. Moderate growth is forecast for 2014 and 2015. However, this does not mean that the euro crisis is over. In view of the existing risks, it seems that the European Central Bank will continue its highly expansionary monetary policy until 2016.

The upturn in Germany will also gain traction as the global economy recovers. Deutsche Bundesbank estimates that under these conditions the German economy will grow by 2.0 percent in 2015, while the Hamburg Institute of International Economics (HWWI) is forecasting growth of as much as 2.4 percent, with the domestic economy remaining an important pillar of growth. Capital expenditure will increase significantly once the euro crisis is over due to the current level of pent-up demand. Exports should experience buoyant growth once more as the global economy rallies. This encouraging trend in Germany, but also the improved situation in the euro zone as a whole, should stimulate economic growth in Austria and Switzerland, generating growth rates of 1.7 percent for Austria (WIFO) and 2.6 percent for Switzerland (SECO) next year.

### EXPECTED SECTOR-SPECIFIC ENVIRONMENT

Compared with other countries in Europe, unemployment rates in Germany, Austria, and Switzerland are very low. The situation in the German labor market is set to improve further this year and next, leading to another drop in unemployment. HWWI estimates that on average around 2.84 million people will be out of work in 2014 and around 2.79 million in 2015. The outlook is less favorable for the Austrian labor market, where the jobless rate is expected to rise in spite of significantly greater employment opportunities and a larger supply of labor. According to the Austrian Institute of Economic Research, the unemployment rate will increase from an average of 8.1 percent this year to 8.3 percent next year. As the Swiss economy recovers, the country's labor market should develop positively once again. Unemployment is put at 2.8 percent for 2015 (2014: 3.1 percent). The disparities within the German-speaking region will diminish only slightly, even more so within the EU where unemployment remains high.

In the euro zone, however, the labor force will become more mobile in structural terms 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.

### EXPECTED DEVELOPMENT OF BUSINESS

As the largest platform for business social networking in the D-A-CH region in conjunction with the services we have established for our members, users, and corporate customers, we have an excellent starting point for further profitable growth.

The forecast for our financial and non-financial key performance indicators published in our 2013 Annual Report still applies. In the two tables below, we have also included a comparison of forecast figures with current figures so that readers can directly compare the forecast made at the start of the year with the results achieved so far. Virtually all of the key performance indicators are developing in line with our forecasts, which we hereby confirm once more.

Financial key performance indicators	Forecast for 2014	Progress H1 2014
Revenues Group	Double-digit percentage growth	+16 %
EBITDA (adjusted for special factors) Group	Significant increase in EBITDA	+3 %
Revenues Network/Premium segment	High single-digit percentage growth	+9 %
EBITDA (adjusted for special factors) Network/Premium segment	Significant increase in segment EBITDA	+11 %
Revenues E-Recruiting segment	Double-digit percentage growth	+34 %
EBITDA (adjusted for special factors) E-Recruiting segment	Significant increase in segment EBITDA	+47 %
Revenues Events segment	Double-digit percentage growth	+15 %
EBITDA (adjusted for special factors) Events segment	Slightly negative segment EBITDA	€ -1.1 million

Non-financial key performance indicators	Forecast for 2014	Progress H1 2014
Network/Premium segment: Members in the D-A-CH region	Year-on-year growth (2013: +839,000)	+456,000
Network/Premium segment: Subscribers in the D-A-CH region	Stronger growth in absolute terms (2013: +24,000)	+21,932
E-Recruiting segment: Number of corporate customers (B2B)	Sharp increase	-8 %
Events segment: Number of corporate customers (B2B)	Sharp increase	+7 %

There are no changes or deviations compared with the opportunities described pages 64 and 65 of our Annual Report. 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.

# 03.

## INTERIM CONSOLIDATED FINANCIAL STATEMENTS

for the first six months from January 1 to June 30, 2014

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# Consolidated income statement of XING AG

for the first six months from January 1 to June 30, 2014

## Consolidated income statement

In € thousand	01/01/2014 – 06/30/2014	01/01/2013 – 06/30/2013	04/01/2014 – 06/30/2014	04/01/2013 – 06/30/2013
Service revenues	46,271	39,858	23,915	20,601
Other operating income	868	620	464	291
<b>TOTAL OPERATING INCOME</b>	<b>47,139</b>	<b>40,478</b>	<b>24,379</b>	<b>20,892</b>
Personnel expenses	-20,584	-17,397	-10,478	-8,624
Marketing expenses	-5,379	-2,520	-1,548	-1,370
Other operating expenses	-10,636	-9,398	-5,824	-5,039
<b>EBITDA</b>	<b>10,540</b>	<b>11,163</b>	<b>6,529</b>	<b>5,859</b>
Depreciation, amortization and impairment losses	-4,421	-4,206	-2,202	-1,926
<b>EBIT</b>	<b>6,119</b>	<b>6,957</b>	<b>4,327</b>	<b>3,933</b>
Finance income	42	64	19	27
Finance costs	-31	-1	17	0
<b>EBT</b>	<b>6,130</b>	<b>7,020</b>	<b>4,329</b>	<b>3,960</b>
Taxes on income	-2,316	-2,329	-1,559	-1,265
<b>CONSOLIDATED NET PROFIT/LOSS</b>	<b>3,814</b>	<b>4,691</b>	<b>2,770</b>	<b>2,695</b>
Earnings per share (basic)	0.68	0.84	0.49	0.48
Earnings per share (diluted)	0.68	0.84	0.49	0.48

## Condensed consolidated income statement of XING AG excl. kununu earn-out

### Condensed consolidated income statement excl. kununu earn-out

In € thousand	01/01/2014 – 06/30/2014	01/01/2013 – 06/30/2013	04/01/2014 – 06/30/2014	04/01/2013 – 06/30/2013
<b>TOTAL OPERATING INCOME</b>	<b>47,139</b>	<b>40,478</b>	<b>24,379</b>	<b>20,892</b>
<b>EBITDA EXCL. KUNUNU EARN-OUT</b>	<b>11,528</b>	<b>11,163</b>	<b>7,023</b>	<b>5,859</b>
<b>EBIT EXCL. KUNUNU EARN-OUT</b>	<b>7,107</b>	<b>6,957</b>	<b>4,821</b>	<b>3,933</b>
<b>CONSOLIDATED NET PROFIT/LOSS EXCL. KUNUNU EARN-OUT</b>	<b>4,802</b>	<b>4,691</b>	<b>3,264</b>	<b>2,695</b>
Earnings per share (basic) excl. kununu earn-out	0.86	0.84	0.58	0.48
Earnings per share (diluted) excl. kununu earn-out	0.86	0.84	0.58	0.48

# Consolidated statement of comprehensive income of XING AG

for the first six months from January 1 to June 30, 2014

## Consolidated statement of comprehensive income

In € thousand	01/01/2014 – 06/30/2014	01/01/2013 – 06/30/2013	04/01/2014 – 06/30/2014	04/01/2013 – 06/30/2013
<b>Consolidated net profit/loss</b>	<b>3,814</b>	<b>4,691</b>	<b>2,770</b>	<b>2,695</b>
Currency translation differences	0	2	-1	-3
<b>Other comprehensive income</b>	<b>0</b>	<b>2</b>	<b>-1</b>	<b>-3</b>
<b>CONSOLIDATED TOTAL COMPREHENSIVE INCOME</b>	<b>3,814</b>	<b>4,693</b>	<b>2,769</b>	<b>2,692</b>

## Consolidated statement of comprehensive income of XING AG excl. kununu earn-out

### Consolidated statement of comprehensive income excl. kununu earn-out

In € thousand	01/01/2014 – 06/30/2014	01/01/2013 – 06/30/2013	04/01/2014 – 06/30/2014	04/01/2013 – 06/30/2013
<b>Consolidated net profit/loss excl. kununu earn-out</b>	<b>4,802</b>	<b>4,691</b>	<b>3,264</b>	<b>2,695</b>
Currency translation differences	0	2	-1	-3
<b>Other comprehensive income</b>	<b>0</b>	<b>2</b>	<b>-1</b>	<b>-3</b>
<b>CONSOLIDATED TOTAL COMPREHENSIVE INCOME EXCL. KUNUNU EARN-OUT</b>	<b>4,802</b>	<b>4,693</b>	<b>3,263</b>	<b>2,692</b>



# Consolidated statement of changes in equity of XING AG

for the first six months from January 1 to June 30, 2014

## Consolidated statement of changes in equity

In € thousand	Subscribed capital	Capital reserves	Treasury shares	Other reserves	Net retained profits	Total equity
<b>AS OF 01/01/2013</b>	<b>5,554</b>	<b>17,393</b>	<b>-2,039</b>	<b>16,302</b>	<b>14,552</b>	<b>51,762</b>
Currency translation	0	0	0	-1	0	-1
<b>Total income and expense for the period recognized directly in equity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-1</b>	<b>0</b>	<b>-1</b>
Consolidated net profit/loss	0	0	0	0	4,691	4,691
<b>Consolidated total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-1</b>	<b>4,691</b>	<b>4,690</b>
Capital increase from share-based payment	26	727	0	0	0	753
Sale of treasury shares	0	0	984	0	0	984
Dividend for 2012	0	0	0	0	-3,089	-3,089
Personnel expenses, stock option program	0	0	0	36	0	36
<b>AS OF 06/30/2013</b>	<b>5,580</b>	<b>18,120</b>	<b>-1,055</b>	<b>16,337</b>	<b>16,154</b>	<b>55,136</b>
<b>AS OF 01/01/2014</b>	<b>5,592</b>	<b>18,477</b>	<b>-455</b>	<b>16,368</b>	<b>20,600</b>	<b>60,582</b>
Currency translation	0	0	0	0	0	0
<b>Total income and expense for the period recognized directly in equity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Consolidated net profit/loss	0	0	0	0	3,814	3,814
<b>Consolidated total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,814</b>	<b>3,814</b>
Sale of treasury shares	0	0	23	0	0	23
Dividend for 2013	0	0	0	0	-23,433	-23,433
Personnel expenses, stock option program	0	0	0	31	0	31
<b>AS OF 06/30/2014</b>	<b>5,592</b>	<b>18,477</b>	<b>-432</b>	<b>16,399</b>	<b>981</b>	<b>41,017</b>

# Consolidated balance sheet of XING AG

as of June 30, 2014

## Assets

In € thousand	06/30/2014	12/31/2013
<b>NON-CURRENT ASSETS</b>		
Intangible assets		
Software and licenses	4,386	3,534
Internally generated software	10,657	8,752
Goodwill	7,743	7,743
Other intangible assets	2,953	3,510
Property, plant and equipment		
Leasehold improvements	445	490
Other equipment, operating and office equipment	4,430	5,805
Financial assets		
Equity investments	51	51
Other financial assets	48	42
Deferred tax assets	903	941
	<b>31,616</b>	<b>30,868</b>
<b>CURRENT ASSETS</b>		
Receivables and other assets		
Receivables from services	10,953	8,621
Income tax receivables	449	389
Other assets	3,154	3,443
Cash and cash equivalents and short-term deposits		
Cash	50,911	66,160
Third-party cash	5,452	2,820
	<b>70,919</b>	<b>81,433</b>
	<b>102,535</b>	<b>112,301</b>

### Equity and liabilities

In € thousand	06/30/2014	12/31/2013
<b>EQUITY</b>		
Subscribed capital	5,592	5,592
Treasury shares	-432	-455
Capital reserves	18,477	18,477
Other reserves	16,399	16,368
Net retained profits	981	20,600
	<b>41,017</b>	<b>60,582</b>
<b>NON-CURRENT LIABILITIES</b>		
Deferred tax liabilities	4,073	3,557
Deferred income	1,531	2,082
Other provisions	230	215
Other financial liabilities	0	1,485
Other liabilities	524	592
	<b>6,358</b>	<b>7,931</b>
<b>CURRENT LIABILITIES</b>		
Trade accounts payable	1,248	2,015
Deferred income	35,864	29,368
Other provisions	1,537	703
Other financial liabilities	1,512	0
Other liabilities	14,999	11,702
	<b>55,160</b>	<b>43,788</b>
	<b>102,535</b>	<b>112,301</b>

# Consolidated statement of cash flows of XING AG

for the first six months from January 1 to June 30, 2014

## Consolidated statement of cash flows

In € thousand	01/01/2014 – 06/30/2014	01/01/2013 – 06/30/2013
Earnings before taxes	6,130	7,020
Amortization and write-downs of capitalized development costs	1,309	1,173
Depreciation, amortization and impairment losses on other fixed assets	3,112	3,033
Personnel expenses, stock option program	31	36
Interest income	-42	-64
Interest received	65	112
Interest expense	31	1
Taxes paid	-1,796	-2,536
Non-capitalizable payments for the acquisition of consolidated companies	0	372
Profit from disposal of fixed assets	0	0
Change in receivables and other assets	-2,072	-820
Change in liabilities and other equity and liabilities	3,910	1,950
Non-cash changes from changes in basis of consolidation	0	-1,431
Change in deferred income	5,945	5,535
Elimination of XING Events GmbH third-party obligation	-2,632	-1,032
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>13,991</b>	<b>13,349</b>
Payment for capitalization of internally generated software	-3,212	-1,669
Payment for purchase of software	-1,390	-838
Payments for purchase of other intangible assets	59	0
Proceeds from the disposal of fixed assets	0	0
Payments for purchase of property, plant and equipment	-659	-2,029
Payments for the purchase of financial assets	-6	0
Payment for acquisition of consolidated companies (less cash acquired)	-622	-2,949
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>-5,830</b>	<b>-7,485</b>

### Consolidated statement of cash flows

In € thousand	01/01/2014 – 06/30/2014	01/01/2013 – 06/30/2013
Proceeds from the exercise of options	0	753
Proceeds from the sale of treasury shares	23	984
Payment for return of capital contributions	0	0
Dividend payment	-23,433	-3,089
Interest paid	0	-1
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>-23,410</b>	<b>-1,353</b>
Currency translation differences	0	-1
Net change in cash funds	-15,249	4,510
Cash funds at the beginning of the period	66,160	56,159
<b>CASH FUNDS AT THE END OF THE PERIOD <sup>1</sup></b>	<b>50,911</b>	<b>60,669</b>
Third-party cash funds at the beginning of period	2,820	2,614
Change in third-party cash and cash equivalents	2,632	1,032
<b>THIRD-PARTY CASH FUNDS AT THE END OF THE PERIOD</b>	<b>5,452</b>	<b>3,646</b>

<sup>1</sup> Cash and cash equivalents consist of liquid funds.

# Notes to the interim consolidated financial statements

for the first six months from January 1 to June 30, 2014

## 1. Information on the Company and the Group

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. Since December 18, 2012, the ultimate parent company the company 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.

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

These condensed interim consolidated financial statements for the period ending on June 30, 2014, have been prepared in accordance with the International Financial Reporting Standard for interim financial reporting (IAS 34) as adopted by the EU. The condensed interim consolidated financial statements do not contain all of the information required for full annual consolidated financial statements, and should therefore be read in conjunction with the consolidated financial statements as of December 31, 2013.

The period under review began on January 1, 2014, and ended on June 30, 2014. The corresponding prior-year period began on January 01, 2013, and ended on June 30, 2013. The interim consolidated financial statements and the interim group management report of XING AG as of June 30, 2014, were approved for publication on August 6, 2014, by the Executive Board.

The accounting policies applied to these condensed interim consolidated financial statement are consistent with those used for the consolidated financial statements as of December 31, 2013. These interim financial statements have not been audited by the auditor, nor have they been subjected to a review.

### 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. Another € 0.9 million are payable in the 2014 fiscal year. Based on a number of factors, especially 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 a further € 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
<b>Cash outflow (net)</b>	<b>-2,949</b>

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
<b>ASSETS</b>	
Property, plant and equipment	109
Trade accounts receivable	15
Other assets	135
Cash and cash equivalents	1,085
	<b>1,344</b>
<b>LIABILITIES</b>	
Provisions	-42
Trade accounts payable	-99
Other liabilities	-1,407
	<b>-1,548</b>
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. Based on its 2012 annual financial statements, the purchase price for kununu GmbH was adjusted by € 72 thousand to € 9,317 thousand during the second quarter of 2013 while its equity was adjusted at the same time by € 17 thousand to € 204 thousand. The goodwill thus increased by € 89 thousand to € 6,924 thousand.

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
<b>VALUE OF PURCHASE PRICE ALLOCATION</b>	<b>4,766</b>
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
<b>GOODWILL</b>	<b>2,169</b>

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.

In the first six months of 2013, kununu GmbH generated revenues of €1,377 thousand and earnings of €192 thousand.

### 3. Treasury shares

In the first six months of 2014, a total of 765 (H1 2013: 37,500) treasury shares were sold to eligible parties to service claims resulting from stock option plans. The proceeds amounted to €23 thousand (H1 2013: €984 thousand). As of June 30, 2014, XING AG still held 12,067 treasury shares (December 31, 2013: 12,832 shares).

## 4. Dividend payment

Pursuant to the resolution of the Annual General Meeting held on May 23, 2014, XING AG paid out a dividend of €0.62 per share for the 2013 financial year and a special dividend of €3.58 per share on May 26, 2014. With 5,579,400 shares carrying dividend rights, this corresponds to a total payout of €23,433,480.00.

## 5. Breakdown of other operating expenses

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

In € thousand	01/01/2014 – 06/30/2014	01/01/2013 – 06/30/2013
IT services, management services and services for new markets	2,770	2,024
Occupancy expenses	1,935	1,955
Payment transaction costs	1,044	986
Server hosting, administration and traffic	1,097	975
Travel, entertainment and other business expenses	914	760
Other personnel expenses	528	419
Bad debts	316	131
Training costs	290	222
Legal consulting fees	282	219
Accounting fees	252	242
Expenses attributable to prior periods	235	269
Phone/cell phone/postage/courier costs	203	178
Financial statements preparation and auditing costs	175	202
Supervisory Board remuneration	143	140
Exchange rate losses	107	156
Other	345	520
<b>TOTAL</b>	<b>10,636</b>	<b>9,398</b>



The increase in costs for IT services, management services and services for new markets mainly stems from third-party services provided in connection with the extension of our platform.

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

## 6. 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:

In € thousand	Network/Premium		E-Recruiting		Events		Total segments	
	01/01/2014 – 06/30/2014	01/01/2013 – 06/30/2013	01/01/2014 – 06/30/2014	01/01/2013 – 06/30/2013	01/01/2014 – 06/30/2014	01/01/2013 – 06/30/2013	01/01/2014 – 06/30/2014	01/01/2013 – 06/30/2013
Revenues (from third parties)	28,930	26,552	14,543	10,873	2,798	2,433	46,271	39,858
Segment operating result	18,949	17,038	5,953	4,730	-1,133	-1,348	23,769	20,420
Other operating expenses							-13,229	-9,257
EBITDA							10,540	11,163

In € thousand	01/01/2014 – 06/30/2014	01/01/2013 – 06/30/2013
D-A-CH	44,154	38,070
International	2,117	1,788
	<b>46,271</b>	<b>39,858</b>

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

As there are no significant changes to non-current assets, these have not been listed in the table.

## 7. Related parties

Please refer to the consolidated financial statements as of December 31, 2013, for information about related parties. No significant changes occurred until June 30, 2014.

## 8. Significant events after the interim reporting period

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

Hamburg, August 6, 2014

Dr. Thomas Vollmoeller      Ingo Chu

Timm Richter                      Jens Pape

# Responsibility statement

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

Hamburg, August 6, 2014

The Executive Board

# Financial calendar

Half-Year Report 2014  
Interim Report Q3 2014

August 6, 2014  
November 6, 2014

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