FINDING A JOB AND MEANING?

THERE HAS TO BE ANOTHER WAY. AND THERE IS.

IDEAS FOR A NEW WORLD OF WORK

Annual Report 2018

XING

Key figures

	Unit	2018	2017 [9]	2016	2015	2014
Total revenues [1]	€ million	235.1	188.5	148.5	122.9	101.4
EBITDA, reported	€ million	75.2	61.3	47.9	36.6	29.2
EBITDA margin, reported	in %	32	33	32	30	29
EBITDA, adjusted	€ million	75.2	61.3	47.9	36.6	31.6 [4]
EBITDA margin, adjusted	in %	32	33	32	30	31 [4]
Consolidated net profit / loss, reported	€ million	31.0	25.7	23.6	17.6	6.2
Consolidated net profit / loss, adjusted	€ million	30.1 [2]	23.3 [3]	23.6	17.6	15.7 [5]
Earnings per share (diluted), reported	in €	5.51	4.56	4.19	3.15	1.10
Earnings per share (diluted), adjusted	in €	5.35 [2]	4.15 [3]	4.19	3.15	2.80 [5]
Regular dividend per share	in €	2.14 [8]	1.68	1.37	1.03	0.92
Cash flow from operations, reported	€ million	73.8	62.3	49.9	35.8	34.2
Cash flow from operations, adjusted	€ million	73.8	62.3	49.9	39.8 [6]	34.2
Equity	€ million	98.3	77.6	69.9	60.5	43.4
XING users Germany, Austria, Switzerland (D-A-CH), total	million	16.4	14.3	12.1	10.1	8.3
thereof platform members	million	15.3	13.4	11.4	9.6	8.0
thereof subscribers	thousand	1,025	994	929	881	835
InterNations members	million	3.3	2.8			
thereof subscribers	thousand	135	124			
B2B E-Recruiting customers (D-A-CH)		21,720	19,296	17,031	17,930	17,197
thereof B2B E-Recruiting segment (subscription)		11,169	7,972	6.034		
B2B Advertising & Events segment customers (D-A-CH)		8,733	8,072	6,616	5,464 [7]	2,196
Employees		1,567	1,290	961	792	649

[1] *Incl. other operating income*
[2] *Adjusted for €0.9 million, or €0.16 per share, in non-operating income arising from the restatement of earn-out obligations*
[3] *Adjusted for €2.4 million, or €0.41 per share, in non-operating expenses arising from acquisitions*
[4] *Adjusted for €2.4 million in non-operating expenses arising from the earn-out obligation of kununu GmbH.*
[5] *Adjusted for €2.4 million in non-operating expenses arising from the earn-out obligation of kununu GmbH and the €7.1 million impairment of XING Events*
[6] *Due to changes in the IFRS guidance on accounting for purchase price obligations from earn-out arrangements arising from the acquisition of companies, earn-out payments (relating to kununu in this case) must be recognized under cash flows from operating activities. The effect is €–3.9 million. The cash flows from operating activities for the reporting period, excluding the non-operating kununu effect, thus amounted to €39.8 million.*
[7] *Change in calculation following segment consolidation*
[8] *Proposal to the Annual General Meeting (June 6, 2019)*
[9] *Restated retrospectively in accordance with IFRS 15/16*

Contents

XING is the leading social network for professionals in the German-speaking market

XING provides advice and support to its members during the upheavals in the world of work. In an environment marked by a shortage of skilled workers, digitalization, and changes in values, XING helps more than 15 million members achieve as harmonious a work/life balance as possible. This allows members to contact each other directly and stay in touch via messages. They can use XING Jobs to find the position that matches their individual needs while XING News enables them not only to keep up-to-date and participate in the debate but also to learn more about the changes and trends in the new world of work.

In early 2013, XING further strengthened its position as the market leader in social recruiting by acquiring kununu, the leading employer review platform in the German-speaking market. XING continued on its growth trajectory in 2017 by acquiring Prescreen, the fastest-growing applicant tracking system (ATS) provider in Europe, and InterNations, the world's largest network for people who live and work abroad (expats).

Established in 2003, XING has been listed since 2006 and has been a TecDAX member since September 2011.

On XING, members exchange ideas through millions of private messages, actively participate in almost 90,000 groups, or network personally at one of more than 130,000 professionally relevant events each year. XING has a presence in Hamburg, Berlin, Munich, Barcelona, Valencia, Vienna, Porto, Zurich and Boston.

WE LIVE NEW WORK

Letter to our shareholders by Dr. Thomas Vollmoeller, CEO

Dear shareholders,

I am pleased to present you with the figures for 2018, which was yet another successful financial year for us.

XING SE again continued on its growth trajectory over the past year. Total revenues rose by 25 percent to €235.1 million (previous year: €188.5 million). The growth rate was 21 percent when adjusted for the acquisitions of InterNations and Prescreen. All of our segments contributed to this growth.

The B2C segment, which reports income from members for paid services, grew by 12 percent in the past year to €99.9 million (€89.5 million). The growth rate was 5 percent when adjusted for acquisitions. For the first time, the B2B E-Recruiting segment was both the largest source of revenue and the biggest growth driver for XING SE. With its innovative solutions that help companies to find and recruit talent amid an increasingly acute shortage of skilled workers, this segment generated revenues of €108.7 million – a rise of 40 percent (39 percent on an adjusted basis) compared to the previous year. The B2B Marketing Solutions & Events segment also recorded considerable growth, with revenue rising by 22 percent to €21.7 million. XING SE lifted EBITDA by 23 percent to €75.2 million (€61.3 million), while net income adjusted for one-off earn-out adjustments rose by 29 percent to €30.1 million.

XING CEO Dr. Thomas Vollmoeller

25 %

growth in total revenues to €235.1 million

1.9 million

new members in 2018

As the leading professional network in the German-speaking world, XING welcomed 1.9 million new members over the past financial year. The network's membership base also expanded to 15.3 million by the end of 2018, of which more than 1.0 million people made use of XING's paid memberships. As a result, XING had 16.4 million users including XING Events users by the end of the year. The XING E-Recruiting segment also attracted more than 3,100 new B2B corporate customers with subscriptions during the year under review, meaning that more than 11,000 companies now recruit skilled employees via the XING platform. This platform gives employers easy access to the German-speaking world's largest talent pool – while XING members also benefit from the professional opportunities generated as a result.

The Company's other brands also recorded gains in 2018. InterNations, the network for professionals posted abroad by their employers, had 3.3 million members worldwide by the end of last year – a rise of 16 percent. This figure included 135,000 subscribers. kununu, the leading employer review platform in Europe, increased the number of reviews on its portal to 3.2 million and reached an average of 4 million visits per month last year. ATS provider Prescreen significantly raised the number of corporate customers to more than 1,000.

16.4 million

XING users in total

40 %

growth in B2B E-Recruiting in 2018

We are very satisfied with our results for the 2018 financial year. Growth is continuing unabated, with both XING's core business and those of our subsidiaries performing very well. We are recording strong growth in user figures on all platforms and attracting more and more customers to all of our corporate services. As the tectonic shifts in the world of work become increasingly apparent, our 'New Work' offerings are striking a chord. Our aim here is to help our members to find a professional role that means something to them, one for which they have a passion and that suits their particular situation. After all, this is at the core of what we call 'New Work' in keeping with the ideas of philosopher Frithjof Bergmann: enabling people to do what they really, really want to do.

As a result, during the past year the Management Board and Supervisory Board of XING SE decided to rename our company as New Work SE. New Work is the glue that holds all of our activities and brands together. New Work is the issue we have been committed to for many years. While it is fairly clear that the world of work will be entirely different in ten or 15 years time from the one we know today, it is by no means certain that this new world will be a better one. That is why we offer platforms and event formats aimed at driving forward the urgently required discussion about the future of work. Although we certainly do not have the answers to all of the questions raised by this complex issue, what we can do

"New Work is the glue that holds all of our activities and brands together. New Work is the issue we have been committed to for many years."

> “New Work is the focal point of our activities. This is why we decided to change the name of our company to ‘New Work SE’.”

is bring people together and give them the space to exchange different perspectives and work together to find solutions. We do this regularly at events such as our ‘New Work Experience’ conference, the third edition of which took place at the Elbphilharmonie in Hamburg on March 7.

New Work is the focal point of our activities, hence the name change. Our strong product brands – XING, kununu, InterNations, Prescreen, etc. – will of course remain unchanged, meaning that members, users and customers will not be affected by the name change on a day-to-day basis. However, they will see us continue to expand our portfolio with New Work in mind. That is good for our members, good for our corporate customers, and good for the world of work as a whole. After all, the needs and wants of each individual are playing an ever-greater role in what we call “work” – and I think that is a good thing.

In this spirit, we hope you will continue to give us your support.

Kind regards,

T. Vollmoeller

Thomas Vollmoeller

ON THE ROAD TO NEW WORK

How XING SE is firmly positioning itself for the future world of work – and renaming itself to reflect this

Hamburg's Elbphilharmonie was once again the venue of XING's New Work Experience

N„New Work is much more than just a colorful selection of tools from which companies can pick and choose a few that suit them. New Work is a philosophy and a world view that companies should live by." With these words, Frédéric Laloux perhaps expressed the thoughts that united the overwhelming majority of the 2,000 participants in XING's 2019 New Work Experience (NWX 19) at the Elbphilharmonie in Hamburg.

NWX19

This conviction to fundamentally change the world of work with something more significant than colorful designer stools, entertaining teambuilding events, and a dash of agility was palpable in every corner of the imposing concert hall situated on the banks of the Elbe. What's more, the diversity of the New Work community that modestly spearheaded little more than an idea just a few years ago was evident from the names of the prominent speakers on the main stage. From Henkel's Executive Vice President of Human Resources and Infrastructure Services Katrin Menges to 'digital punk' Sascha Lobo, from US composer Nahre Sol to neuroscientist Gerald Hüther, the array of individuals now embracing the subject of New Work is remarkable.

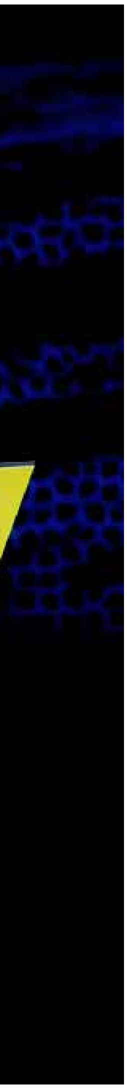
Legendary Green Party politician Joschka Fischer also spoke, sometimes humorously and sometimes seriously, about key moments and realizations in his professional life, including his time as a taxi driver. He impressed the audience with his very honest admission that "I did everything wrong during my time as Hesse's environment minister", before highlighting the fact that failure and learning from mistakes are all part of the New Work process.

Frédéric Laloux from Belgium (pictured here with XING Head of Communications Marc-Sven Kopka) impressed the audience with his intelligent and emphatic keynote speech

“1830 saw the emergence of the Social Question. In 1975, a new Social Question was on the agenda – and 2020 is the time for the Digital Social Question!”

Sascha Lobo

Digital expert Sascha Lobo showed his fighting spirit



> “If you go out into the unknown, you'll find a great world to explore.”
>
> **Ricardo Semler**

Entrepreneur Ricardo Semler called for a change of mentality for New Work

Kathrin Menges, Executive Vice President of Human Resources and Infrastructure Services at Henkel AG & Co KGaA, spoke about sustainable development in personnel management

From taxi driver to government bench: former Foreign Minister Joschka Fischer gave insights into his colorful working life

The final speaker at NWX19, Brazilian entrepreneur and New Work pioneer Ricardo Semler, ended his speech with a reminder that “If you go out into the unknown, you’ll find a great world to explore“, providing an inspiring and fitting conclusion to the German-speaking world’s largest event on the future of work.

However, the New Work Experience was about much more than just big words and stirring performances. The many interesting masterclasses, best-case presentations and workshops also showed how far the New Work movement has come. At the inaugural NWX event (just three years ago!) many items on the program consisted of grand yet seemingly remote visions or small tender shoots thriving in young and adventurous startups.

RETHINKING WORK

The numerous NWX workshops and best cases presentations delivered exciting insights and productive discussions

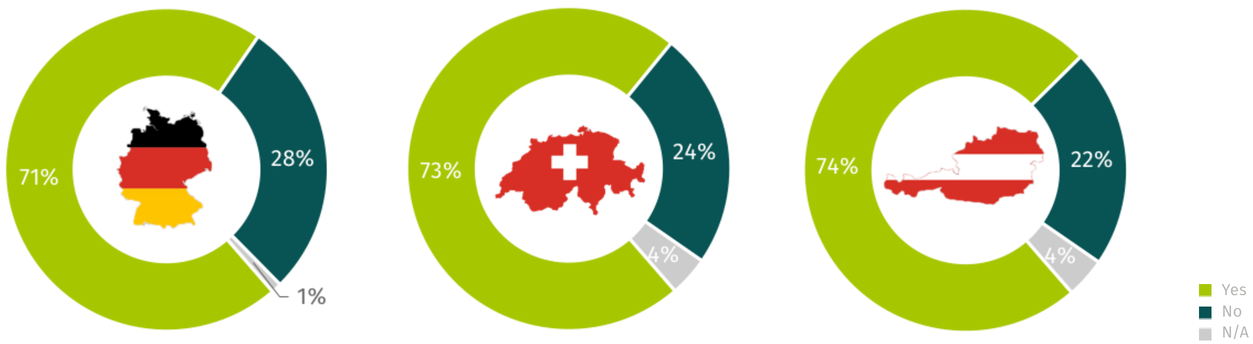
Since then, however, the reasons for rethinking the way we work have become increasingly apparent. Digitalization has grown so exponentially that many forecasts regarding technological developments have already been revised. What's more, the shift in values that has swapped the once-brazen paradigm of "live to work" for "live and work" is now extending beyond the younger generation to include many members of older generations.

As a reaction to this, the ways in which work can be structured and implemented are being rethought across a much broader social basis. This was demonstrated not only by the impressive presentations of New Work activities by major corporations at NWX 19, but also by the significant increase in the number of small and medium-sized companies represented at the event.

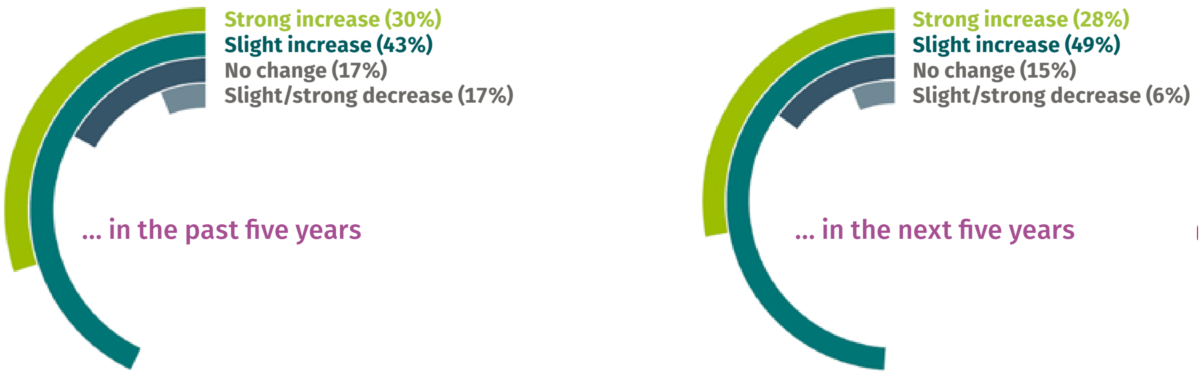
It appears that fundamental change is necessary for all of those involved, as the majority of German companies – from major corporations and medium-sized enterprises to small businesses – are having to deal with a serious shortage of skilled workers. Around 40 percent of the HR specialists surveyed for a XING / Forsa study are unable to fill even highly-paid vacancies within a reasonable period of time, while the overwhelming majority of HR managers anticipate that the time required to fill posts will increase even further over the next five years.

Difficulties in recruiting skilled staff

Do you find it difficult recruiting skilled staff?



The change in time-to-hire...



Source: forsa and GIM study commissioned by XING E-Recruiting: "E-Recruiting 2018: Expectations, assessments and aspirations of employees and recruiters" and XING E-Recruiting White Paper "The significance of time-to-hire for recruiting".

"The new world of work also requires a paradigm shift in HR departments. Today, an astonishing number of recruiters are flying blind with absolutely no idea about which of their initiatives are effective. They simply cannot afford to continue along that road in light of the current acute shortage of skilled workers," said David Vitrano, Vice President Marketing at XING E-Recruiting."We recommend making the most of the opportunities offered by digitalization and data-based insights. By doing this, HR managers can digitalize tiresome routine tasks and focus on their primary role – recruiting the right employees for their own company."

READY TO SERVE AS AN INNOVATIVE PROVIDER OF JOB AND CAREER SERVICES

XING SE has taken all of these developments into account to an even greater extent over the past financial year, and is ready to serve as an innovative service provider covering all aspects of jobs and careers. As well as expanding XING Jobs further to make it even more convenient for jobseekers and applicants and, in addition to posting more job opportunities, showing the expected salary for each selected position, XING has also significantly expanded its B2B offering once again.

With its e-recruitment solutions, XING now offers corporate customers a whole range of tools aimed at helping HR managers to target and proactively approach the best talent in an age of digitalization and amid a shortage of skilled workers.

At the Zukunft Personal Europe expo in Cologne, for example, the Company unveiled Recruiter Insights, a “smart” central cockpit that summarizes all relevant recruitment figures in one place. This enables HR managers to produce clear reports at the click of a button, create an even more effective recruitment mix, and thus find their candidates even faster.

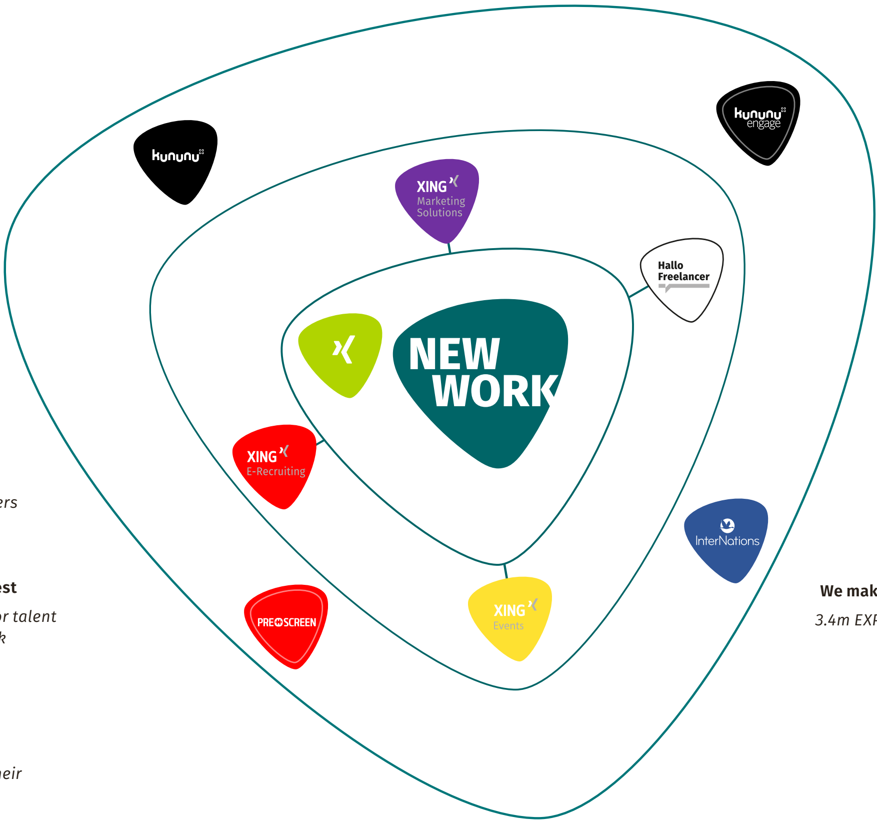
New Work
Shaping debate about New Work
New Work Experience (NWX) New Work Sessions http://nwx.xing.com & New Work Trendbook

XING
Enable professionals to grow
15.5m members (Feb 19) w/addressable market of 27m

kununu
Empower people to choose the right place to work and create a better workplace
3.2m reviews on 855k employers

XING E-Recruiting
Help companies to hire the best
>20,000 companies looking for talent w/addressable market of >55k

Prescreen
Tracking applicants professional life
1,000 companies managing their HR workflows with prescreen



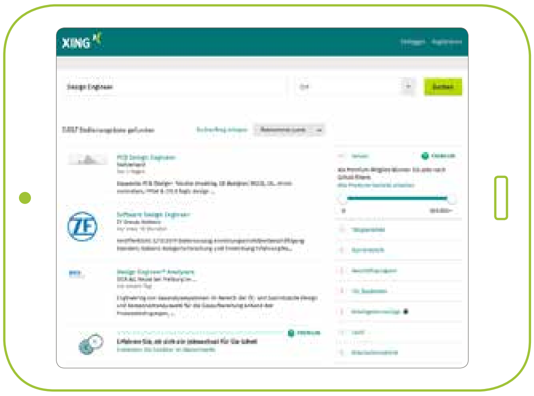
kununu engage
Improving corporate culture and employee engagement

XING Marketing Solutions
Enable business to advertise and strengthen their employer brand
>60m monthly visits (Jan 19)

HalloFreelancer
Enabling fair, fast and convenient connections between companies and freelancers
450k freelancers on XING w/addressable market of 1.4m

InterNations
We make expat life a great experience
3.4m EXPATS & Global minds worldwide w/>60m addressable market

XING Events
Inspiring people nearby
127k events in 2018 w/~ 800k participants



XING has further expanded its offering for job seekers and job providers

The Company also presented a new integrated applicant tracking system at the Cologne expo that gives recruiters searching for talent and senior managers access to potentially the best candidates from almost 15 million XING members. This system was developed in partnership with Prescreen, a specialist in applicant tracking solutions that has been part of the XING Group since summer 2017.

One excellent example of how HR issues can be addressed creatively and innovatively is the job market compass from XING E-Recruiting. This tool enables HR managers and anyone with an interest in this area to conduct extensive research into the world of work by asking questions such as: What is the most sought-after job profile in the D-A-CH region at present? Who are the most popular employers and skilled employees? Where are today's skilled employees located? Where are jobs and the best employers located?

This very special map, available at arbeitsmarktkompass.xing.com, is populated using perfect data mining. The statistics draw on information from more than 15 million XING members, over 800,000 advertisements on XING Jobs, and almost three million kununu employer reviews. However, the success of a company involves more than steadily developing its product range. During the 2018 financial year, XING also continued to follow its chosen course for its strategic positioning and image building – and the icing on the cake is very special indeed.

Ever since the XING Ideas Laboratory was founded as a result of an initiative by CEO Thomas Vollmoeller and Deutsche Telekom's former Chief Human Resources Officer Thomas Sattelberger in May 2013, the Company has kept its promise of establishing a dialog about the future world of work that "is not limited by ideological lines or the thought patterns of different disciplines" and "involves all of society's stakeholders".

The New Work Experience is the most important but by no means the only form of dialog that has enabled XING to establish itself as the leading discussion partner in this area. For example, the New Work Sessions, an open conference format inspired by BarCamps that take place several times a year, are becoming increasingly popular.

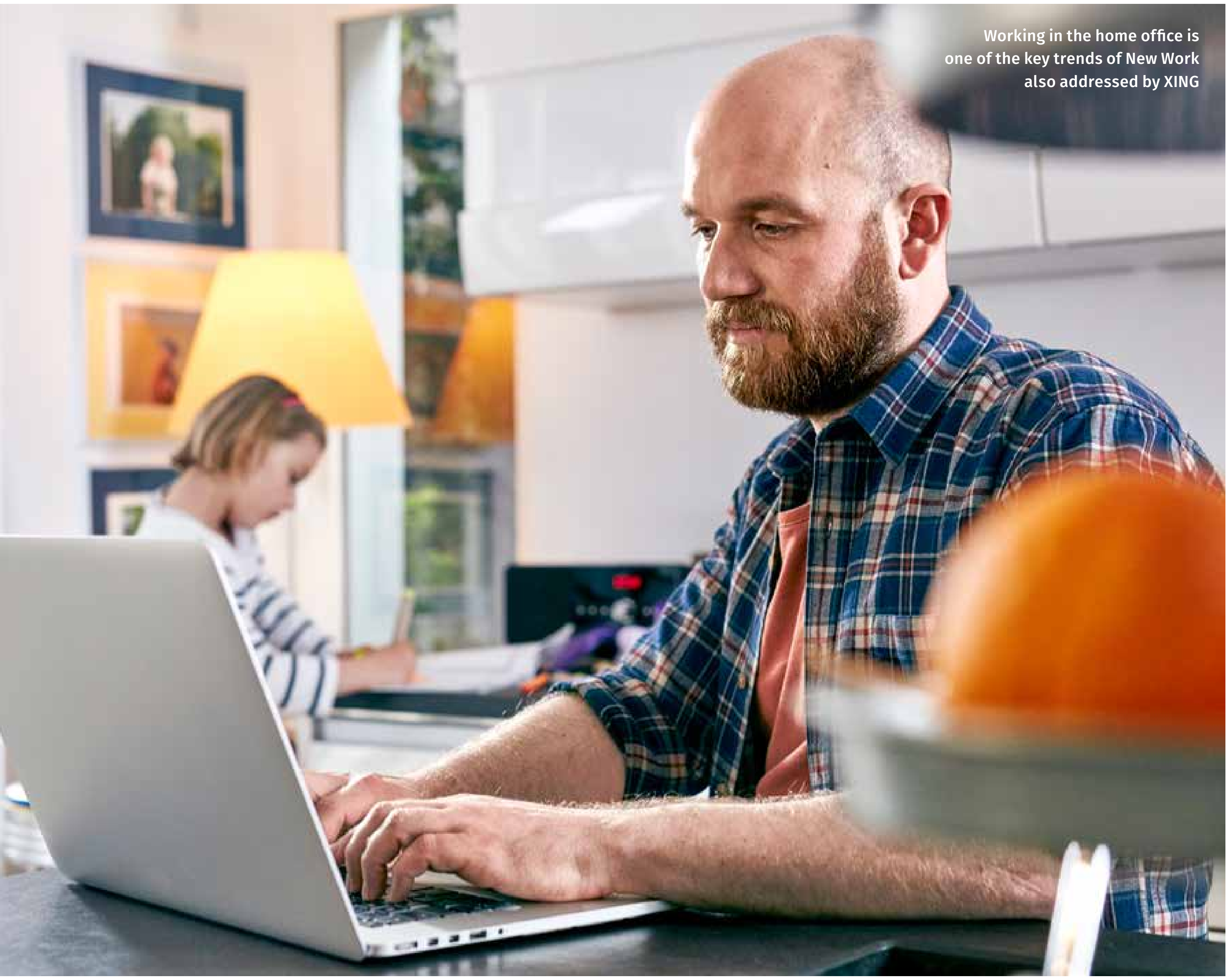
In this series of events, experts and practitioners from the worlds of business, research, politics, government, society, and the creative industries exchange ideas about new working models, share practical examples and discuss challenges. Participants actively shape the program of these sessions, which are usually held at unusual venues and involve a blend of keynote speeches and best-practice workshops. The New Work Sessions are another example of a successful event format in which the different XING units can make direct contact with customers and interested parties.

Accompanied by a steady increase in content activities that now have an impressive reach and press coverage, these events help to ensure that a wider section of the public are aware of XING's role as one of the most influential drivers of the New Work movement in the German-speaking world.

> “Work should not be a tiresome and negative part of life but an important part of each individual’s identity.

Thomas Vollmoeller summarizes this strategy as follows: “In recent years, we have successfully positioned ourselves in line with our vision ‘For a better working life’. We help our members to benefit from radical changes in the world of work. We assist them to ensure that they can work in a way that suits their long-term plans and individual requirements.”

Vollmoeller adds that XING pursues this strategy “because we believe that work should not be a tiresome and negative part of life but an important part of each individual’s identity. That is why we help people to lead better working lives. New Work is the guiding principle for everything we do as a company, and this will soon be embodied by our new company name, New Work SE.”



Working in the home office is one of the key trends of New Work also addressed by XING

CHANGE OF NAME TO NEW WORK SE

"We will even step up our efforts to make the world of work a little more transparent, human, and colorful."

Dr. Thomas Vollmoeller

To be approved by shareholders at the Annual General Meeting in June, this name change is intended to "provide the frame that binds all of our activities together", according to Vollmoeller. After all, XING SE encompasses much more than just the XING platform itself. This means that a new name is needed. As Vollmoeller explains, "we feel a close connection to the maxim of Frithjof Bergmann, the 88-year-old philosopher who coined the term "New Work" and whose idea of new work is something "you really, really want to do". That is the aim of all of XING AG's products and services, and that is why our new name New Work SE is so important to us."

All brands such as XING, kununu, Prescreen and InterNations will retain their names, as the name change only affects the Company as a whole. "However, we will also step up our efforts to make the world of work a little more transparent, human, and colorful," said Vollmoeller.

What are the challenges of this future world of work that New Work SE will have to address in the coming years and decades?

The first is the mega-issue of lifelong learning. More than half of all employees in Germany will have to return to the classroom over the next few years to prepare themselves for the work of the future. According to the World Economic Forum's (WEF) Future of Jobs 2018 study, the knowledge that employees have accumulated so far will not be sufficient in many cases. The WEF states that continued professional development for employees is a key priority for companies if they are to remain competitive.

"Without a proactive training strategy, entire industries and workers will miss out on the 'Fourth Industrial Revolution', the comprehensive digital transformation of the economy," said Saadia Zahidi, who led the WEF study.

As a result, companies and employees alike face a huge training outlay. The surveyed HR managers expect that almost one in three employees in Germany will have to spend more than three months undergoing training, while one in ten employees will have to train for more than a year. The need for specialized services in this area will be immense and is certainly a field that New Work SE will monitor very closely.

As a leading company in addressing the future of work, there is another similarly important trend that XING must react to. The rise in freelance forms of employment is a direct result of the rapid changes underway in the world of work. Digital transformation and new flexible working opportunities, combined with the desire to pursue a professional path that no longer fits the traditional model of linear career progression, means that self-employment is becoming an attractive option for a growing number of people.

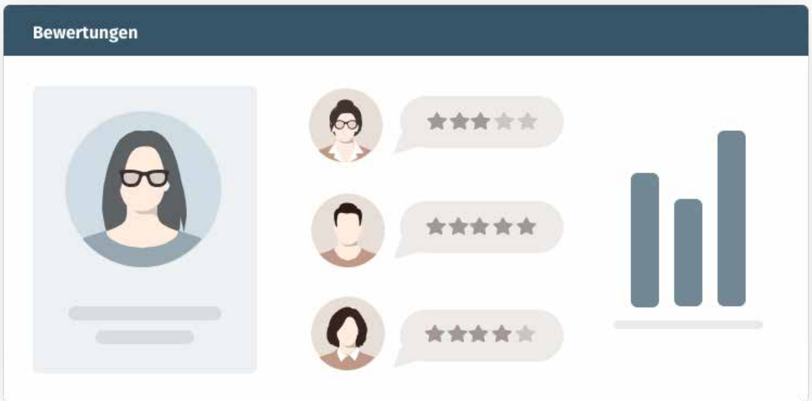
The number of freelancers in Germany has more than doubled over the last 20 years, while freelancers are the fastest-growing group in the EU labor market. Meanwhile in the USA, experts believe that half of all professionals will be freelancers by 2027.

FREELANCERS PLAY AN INCREASINGLY IMPORTANT ROLE

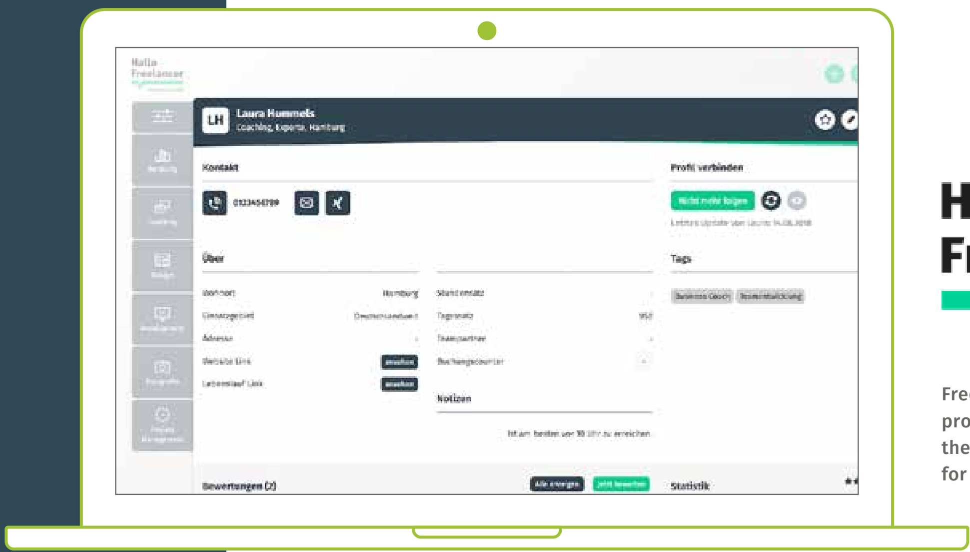
> Change requires businesses to be flexible and adaptable – which is exactly what freelancers can contribute.

For companies, this development entails both opportunities and challenges. In many areas, the shortage of skilled workers means that companies are forced to turn to freelancers. At the same time, changes in the world of work are resulting in more project work, changing customer needs, and agile teams that require companies to be flexible and adaptable. Freelancers provide this flexibility by their very nature. As a result, freelancers already play a “significant to very significant role” for 45 percent of German companies.

XING's recently launched "HalloFreelancer" platform is an innovative tool for the booming freelancer market



Many useful details – such as the grading feature – make it easier for project managers to find the best freelancer



Hallo Freelancer
Ein Service von XING

Freelancers and self-employed professionals can showcase their skills and qualifications for potential clients

To serve this rapidly growing market, XING launched the HalloFreelancer platform in August 2018 and has been enhancing it ever since. This new offering provides support for companies and freelancers alike and provides features such as a sophisticated matching system that allows businesses to quickly find suitable and available experts on any topic.

Finally, after refocusing its Brand Studio this summer, XING will offer a full-service package for all companies looking to present themselves in the best possible light as an employer in this new world of work and in the associated 'war for talent'. The "Brand Studio's" range of services will encompass everything from content consulting and creation to placing content on XING's far-reaching portals – a more comprehensive offering than any other.

Whether developing new products or enhancing its existing strengths, New Work SE, formerly known as XING, is well equipped to serve the working world of tomorrow.

REPORT OF THE SUPERVISORY BOARD

DEAR SHAREHOLDERS,
I am pleased that we are able to report another highly successful year for XING in 2018. Let us begin with the main headlines. As a result of strong growth in all segments, we were able to increase revenues by 25 percent to €235.1 million. The operating result rose to €75.2 million. The considerable success of the 2018 financial year enables XING AG to pay an its shareholders an attractive dividend again this year.

There is excellent new to report outside the financials as well for 2018:

The XING platform once again recorded persistently strong membership growth. We passed the 15 million member mark for the first time during the past financial year, making us clear leaders in the professional network market in the German-speaking world. The membership revenues generated by this business line continue to provide the Company with a stable and growing backbone. On this basis, management has developed several other lucrative businesses in recent years that now contribute to XING's considerable success. The diversification this brings continued to bear fruit in 2018. Our E-Recruiting segment, whose products include a portfolio of software solutions for companies' recruitment and human resources management, grew rapidly again in 2018. Away from the XING career platform, the Company's other businesses are also thriving. Overall, 57 percent of consolidated revenues are now generated by sources other than membership revenues.

The product diversification this brings to the XING Group has prompted management to place greater emphasis on the individual brands within the XING universe. Today, we are much more than the career network. All of our business lines are united by our vision, "For a better working life". All of the Company's businesses make a contribution to the new world of work arising from demographic trends, a shortage of skilled workers and digital transformation that we refer to as 'New Work'. Management is now taking this into account. As you may have read in the press, the Management Board and Supervisory Board will propose that XING SE be renamed as New Work SE at the Annual General Meeting being held in June. Of course, the

Stefan Winners, Chairman of the Supervisory Board

well-known XING brand, which encompasses the online professional network and its associated business, will remain unchanged. However, this name change makes it clear that we will continue to develop businesses outside the online network that contribute to the subject of ‘New Work’.

By acquiring the assets of asap.industries GmbH, we obtained the technology required to bring our new “Hallo Freelancer” product to the market in the past financial year. Our matching platform for freelancers and companies marks the expansion of our business into the constantly growing freelancer placement market.

As the Supervisory Board, we exercised with great diligence the duties we are required to perform in accordance with the law and the Articles of Incorporation. We continued to advise the Management Board in its management of the Company, and also diligently monitored the Management Board's written and oral reports and joint meetings. Anette Weber as the Chair of the Audit Committee and I also exchanged information with the Management Board by conducting telephone conferences regularly and visiting the XING premises.

The Management Board regularly informed us 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), Group-wide compliance and business transactions of importance to the Company and Group. The Management Board reported as and when needed, when requested to do so by us, and periodically as per the Rules of Procedure imposed upon the Management Board by the Supervisory Board.

When required, we also commissioned external consultants and employees from various departments to assist with our consultations in 2018. We were promptly involved by the Management Board in all major decisions that were of key importance to the Company. Furthermore, all transactions requiring consent pursuant to the Rules of Procedure of the Management Board were presented to us. Following their review and deliberation with the Management Board, these were all unanimously approved by us.

COMPOSITION OF THE SUPERVISORY BOARD

The composition of the Supervisory Board did not change during the financial year ended.

As of the reporting date, the Supervisory Board, which pursuant to Section 96 (1), Section 101 (1) sentence 1 of the German Stock Corporation Act (AktG) in conjunction with item 10.1 of the Articles of Incorporation has six members, thus once again consisted of Anette Weber, Dr. Johannes Meier (Deputy Chairman), Dr. Jörg Lübcke, Dr. Andreas Rittstieg, Jean-Paul Schmetz and myself as Chairman.

In the reporting year, the Audit Committee, which pursuant to Section 96 (1), Section 101 (1) sentence 1 AktG in conjunction with item 10.1 of the Articles of Incorporation and Article 6 (1) of the Rules of Procedure of the Supervisory Board has three members to be selected from amongst the Supervisory Board members, consisted of Anette Weber (Chairwoman), Dr. Andreas Rittstieg and Dr. Jörg Lübcke.

The Technical Committee, which was set up pursuant to Section 96 (1), Section 101 (1) sentence 1 AktG in conjunction with item 10.1 of the Articles of Incorporation and Article 7 (1) of the Rules of Procedure of the Supervisory Board, had three members in the reporting year: Jean-Paul Schmetz (Chairman), Dr. Johannes Meier and myself.

SUPERVISORY BOARD MEETINGS

During the financial year ended, the Supervisory Board came together for four regular meetings (one per quarter) and one additional strategy meeting. Four resolutions were passed by circulating written motions for approval. Anette Weber sent apologies for her absence from the meeting held on November 22. Otherwise, all serving members of the Supervisory Board participated in all meetings and resolutions. Each meeting at which the members met in person involved intense discussions on the current state of the business and the Company's KPIs.

We dealt with the following key topics during the reporting period:

The Supervisory Board meeting held on March 23 exhaustively discussed the annual financial statements, management report, consolidated financial statements, Group management report and dependent company report for the 2017 financial year. As recommended by the Audit Committee and following in-depth deliberations by the auditors, the 2017 annual financial statements were adopted by the Supervisory Board. Other key resolutions adopted by this meeting included the Supervisory Board's approval of the Management Board's recommendation on profit appropriation, and the recommendation by the Company's officers for the choice of annual auditor for the 2018 financial year, to be presented to the Annual General Meeting. In doing so, we followed the recommendations provided by the Audit Committee and proposed to the Annual General Meeting to once again appoint PricewaterhouseCoopers to conduct the 2018 audit. We also approved the planned agenda items and proposed resolutions for the Annual General Meeting on May 16, 2018. In addition, we dealt with projects concerning the search for suitable new corporate headquarters in Hamburg and the management of the organization’s continued growth.

In the meeting on May 15, 2018, we approved the termination of Mr. Timm Richter's position on the Management Board and appointed Dr. Patrick Alberts as CPO and as a new member of the Management Board. We also addressed the status of the business in Switzerland and dealt further with the search for new corporate headquarters and the management project aimed at ensuring additional growth. In addition, we approved a lease agreement for the office space for our new office in Porto. Lastly, we made preparations for the Company's Annual General Meeting on the following day.

The further strategic development of the Company was discussed at the annual strategy meeting attended by the Management Board and Supervisory Board on July 4, 2018.

At the Supervisory Board meeting on September 18, 2018, we once again received in-depth reports on the search for new corporate headquarters. The meeting also focused on plans to change the Company's name to New Work SE in 2019 with the aim of bringing all of the XING Group’s activities under one roof dedicated to New Work ideas beyond the XING brand, which is synonymous with the professional network. We also addressed the Company’s potential M&A projects and additional key initiatives as well as its future B2C strategy. Finally, we approved the acquisition of the shares in kununu US LLC previously held by a joint venture partner as well as the merger of XING News GmbH into XING SE.

At the meeting on November 22, 2018, we discussed M&A projects of the Company at length. We also addressed the status of the key strategic initiatives development by the Management Board for 2018 and the initiatives planned for 2019, the reorganization and strategy of the B2C segment, and planned measures for the further growth of the B2B business. In addition, we dealt with projects aimed at managing further growth, the Company's plan to change its name, and the search for new corporate headquarters. We approved the resolutions required for these projects and, after in-depth discussions, approved the 2019 budget and 2019–2021 three-year plan presented by the Management Board.

Outside meetings attended by Supervisory Board members, urgent decisions were also taken by circulating written motions for approval. On January 11, 2018, we approved the Management Board's variable remuneration after addressing the structural adjustment at length. Details of this can be found in the remuneration report. On May 16, 2018, we approved the signing of a Memorandum of Understanding to collaborate with a company to be founded by individuals including former Management Board member Mr. Timm Richter after his departure from the Management Board. The aim of this collaboration is to develop a product to identify corporate cultures that XING would ultimately like to sell to its customers. On June 21, 2018, we approved the agreement to purchase the assets of asap.industries GmbH. Finally, on September 30, 2018, we approved the signing of a lease agreement for additional office space in Hamburg.

AUDIT COMMITTEE MEETINGS

Over the last year, members of the Audit Committee attended four meetings in person, held on February 19, March 22, September 18 and November 21, 2018. 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 item 7.2.1 of the German Corporate Governance Code, and focused on the proposal on the choice of auditor for the 2018 Annual General Meeting. The resolutions to approve the annual financial statements and the consolidated financial statements were prepared for the Supervisory Board along with the profit appropriation proposal. The key points of the audit for the 2018 annual financial statements were also discussed and decided on with the auditor of the annual financial statements.

Other recurring topics at Audit Committee meetings included the monitoring of the existing risk management system, the preparation of accounts, the effectiveness of the internal control and compliance systems, and the audit activities of the auditor of the annual financial statements.

Apart from face-to-face meetings, conference calls on business developments were also held regularly between the Audit Committee and the Management Board. The Audit Committee was also available for ad hoc consultation at any time outside face-to-face meetings.

TECHNICAL COMMITTEE MEETINGS

The Technical Committee held four meetings over the past financial year. On March 22, May 15, September 18 and November 21, 2018, it dealt with issues surrounding the Company's tech organization. Product innovations and ongoing implementation processes, in particular new systems for collaboration and communication within the Company, were presented to the committee, and reports on the most important internal technical projects were submitted on an ongoing basis. IT security was also a regular topic of discussion at the meetings, particularly in light of the General Data Protection Regulation that took effect in May 2018 and the extensive measures taken by the Company's in this context. The Technical Committee and its members also advised the Management Board on technology-related topics outside of its face-to-face meetings.

AUDIT OF THE 2018 ANNUAL FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS

The annual financial statements, which were prepared by the Management Board in accordance with the rules of German commercial law and the management report of XING SE for the 2018 financial year were audited by PricewaterhouseCoopers GmbH, Hamburg, and issued with an unqualified auditor's report. The consolidated financial statements and Group management report of XING SE for the 2018 financial year, which were prepared in accordance with the International Financial Reporting Standards (IFRSs) pursuant to Section 315a German Commercial Code, were also issued with an unqualified auditor's report by the auditor. Pursuant to Section 312 AktG, the Management Board has prepared a report on relations with affiliated companies to be prepared by the Management Board due to Burda Digital GmbH's majority shareholding in XING SE. 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 judgment materially different from that reached by the Management 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 Management Board were submitted to the Supervisory Board prior to the Audit Committee's meeting on March 20, 2019 and the Supervisory Board's meeting on March 21, 2019 for them to be reviewed and intensively discussed. The auditors attended 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. As part of auditing the financial statements, the Supervisory Board and Audit Committee also discussed the Management Board's accounting policy and financial planning. Other specific matters discussed with the Management Board and the auditor of the annual financial statements included findings from the audits conducted by the auditor on the agreed key audit matters.

Following the final result of its own review, 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 review, approved the results of the auditors concerning the audit of the financial statements and the consolidated financial statements as well as the management report and Group management report of XING SE and the report on relations with affiliated companies during its meeting on March 21, 2019. The Supervisory Board has approved the annual financial statements prepared by the Management Board and the consolidated financial statements of XING SE. The annual financial statements of XING SE have thus been adopted.

The Supervisory Board has conducted a thorough audit and considered all of the arguments in connection with the Management Board's profit appropriation proposal. As a result, a proposal will be submitted to the Annual General Meeting on June 6, 2019 to distribute a regular dividend of €12.0 million, or €2.14 per share, plus a special dividend of €20.0 million or €3.56 per share.

CORPORATE GOVERNANCE

As per item 3.10 of the German Corporate Governance Code, the Management Board and the Supervisory Board provide information on Corporate Governance at XING SE on the Investor Relations section of the XING SE website. The Executive Board and the Supervisory Board issued the annual Declaration of Conformity as required by law. The wording used in the Declaration of Conformity and other disclosures in accordance with Section 289a German Commercial Code are available on the XING website at http://corporate.xing.com/deutsch/investor-relations/corporate-governance/. XING SE 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.

CONFLICTS OF INTEREST

No topics or transactions arose in the financial year ended that had the potential to cause conflicts of interest for members of the Management Board or Supervisory Board.

CLOSING REMARKS

We would like to thank all of XING's members and customers as well as its shareholders for the trust they have vested in the Company. We also thank the Management Board and all employees in the XING Group for their excellent work. Together they have made 2018 a tremendously successful financial year.

Hamburg, March 21, 2019

Stefan Winners,
Chairman of the Supervisory Board

MANAGEMENT BOARD

DR. THOMAS VOLLMOELLER *CEO*

2015 — present	*Member of the Supervisory Board, Ravensburger AG*
2012 — present	*Administrative Board member, Conrad Electronic SE*
2008 — 2012	*Chief Executive Officer, 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.*

ALASTAIR BRUCE *CSO*

2014 — 2017	*Managing Director, Microsoft Deutschland GmbH*
2007 — 2013	*Senior Director Sales, Google Inc.*
2005 — 2007	*Managing Director, Mercateo Services GmbH*
2002 — 2005	*Managing Partner, Bruce & Company oHG*
1997 — 2002	*Marketing Director, Mars Inc.*
1986 — 1997	*Marketing Manager, Unilever PLC*

INGO CHU *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 *CTO*

2010 — 2011	*Vice President Online, Telefónica o2 Germany GmbH & Co. OHG*
2007 — 2010	*Director IT, Customer Side Development; CIO, Alice / Hansenet*
2003 — 2007	*CTO, AOL Deutschland GmbH & Co. KG*

DR. PATRICK ALBERTS *CPO*

2016 – 2018	*SVP Premium Network, XING SE*
2013 – 2015	*VP/ SVP Corporate Development, XING AG*
2012 – 2013	*Director Corporate Development, XING AG*
2010 – 2011	*Entrepreneur, Feedfabrik Media Services*
2002 – 2010	*Project Leader, The Boston Consulting Group*

SUPERVISORY BOARD

STEFAN WINNERS *CHAIRMAN OF THE SUPERVISORY BOARD*

2012 — present	*Board Member National Digital Brands, Hubert Burda Media*
2005 — 2012	*Chairman of the Management Board, TOMORROW FOCUS AG*
2000 — 2005	*Member of the Executive Management / Managing Director, Vogel Business Medien / CyPress GmbH*
1998 — 2000	*Head of Marketing and Sales, awk Aussenwerbung GmbH*
1994 — 1998	*Head of Sales and Customer Service, Heinze GmbH, Bertelsmann Group*

DR. JOHANNES MEIER *MEMBER OF THE SUPERVISORY BOARD*

2019 — present	*Managing Director and Founder, Xi GmbH*
2011 — 2017	*Managing Director, European Climate Foundation*
2003 — 2009	*Board of Directors, Bertelsmann Stiftung*
1998 — 2003	*Chief Executive Officer, GE CompuNet Computer AG*
1990 — 1998	*Principal, McKinsey & Company, Inc.*

ANETTE WEBER *MEMBER OF THE SUPERVISORY BOARD*

2017 — present	*CFO, Ascom (Holding) AG, Baar, Switzerland*
2016 — 2017	*Global Lead Development Transformation, Novartis Pharma AG*
2014 — 2017	*Global Head Finance Pharma Development, Novartis Pharma AG*
2009 — 2014	*CFO Sandoz Biopharmaceuticals & Oncology Injectables, Sandoz International GmbH*
2006 — 2009	*CFO, Lek d. d.*
2005 — 2005	*CFO, Sandoz Pharmaceutical GmbH*
2002 — 2005	*Country Head Japan, Novartis Animal Health Tokyo*
1999 — 2002	*Head of Finance, IT and Operations, Novartis Animal Health Tokyo*
1997 — 1999	*Project Manager and International Controller, Novartis Animal Health, Basel*

DR. JÖRG LÜBCKE *MEMBER OF THE SUPERVISORY BOARD*

2015 — present	*Managing Director, Barcare GmbH*
2008 — 2015	*Managing Director, Burda Digital GmbH*
2006 — 2008	*Managing Director / CFO, DVBN GmbH*
2004 — 2006	*Member of the Executive Management, Booz & Company*
2002 — 2004	*Division Head, Giesecke & Devrient GmbH*
2001 — 2002	*Member of the Management Board, Secartis AG (Subsidiary of Giesecke & Devrient)*

DR. ANDREAS RITTSTIEG *MEMBER OF THE SUPERVISORY BOARD*

2014 — present	*Board Member Legal and Compliance, Hubert Burda Media Holding KG*
2010 — 2014	*Partner, Gleiss Lutz Rechtsanwälte*
2000 — 2010	*Founding partner, RITTSTIEG Rechtsanwälte*
1987 — 2000	*Partner, Bruckhaus Westrick Heller Löber*

JEAN-PAUL SCHMETZ *MEMBER OF THE SUPERVISORY BOARD*

2012 — present	*Chief Scientist, Hubert Burda Media Holding KG*
2008 — present	*Founder & CEO, Cliqz GmbH*
2010 — 2014	*Sales Director Channel Central Europe, Dell*
1996 — 2003	*CTO / CEO, Burda Digital GmbH*

XING SHARES

Transparency, active management of market expectations, as well as open and continuous dialog form the cornerstones of our communication with the capital market.

Basic data about the XING share

Number of shares	5,620,435
Share capital in €	5,620,435
Share type	Registered shares
IPO	12/07/2006
ISIN	DE000XNG8888
Bloomberg	O1BC
Reuters	OBCGn.DE
Transparency level	Prime Standard
Index	TecDAX
Sector	Software
Paying agent	Deutsche Bank

SHARE PRICE PERFORMANCE IN 2018

The past year has been an exceptionally turbulent one, dominated by Brexit negotiations, concerns about Italy's budget and, above all, the trade dispute between China and the USA. Amid so much uncertainty, it is no surprise that investors were also more cautious, subsequently sending the equity market into a downward trend over the course of the year.

Despite the consistently positive performance of the business, our company could not escape this overall trend. After reaching a new all-time high of €326 in September 2018, our shares recorded a decline in the low double-digit percentage range (–12 percent) over the course of the year in line with the performance of the SDAX mid-cap index (–20 percent). As part of the general market recovery in the first few months of the new financial year, and due to the Company's positive business performance and outlook for 2019, our shares once again considerably outperformed the markets to rise by around 25 percent by the time the Annual Report was published (SDAX: 13 percent, TecDAX: 7 percent).

Stock market performance

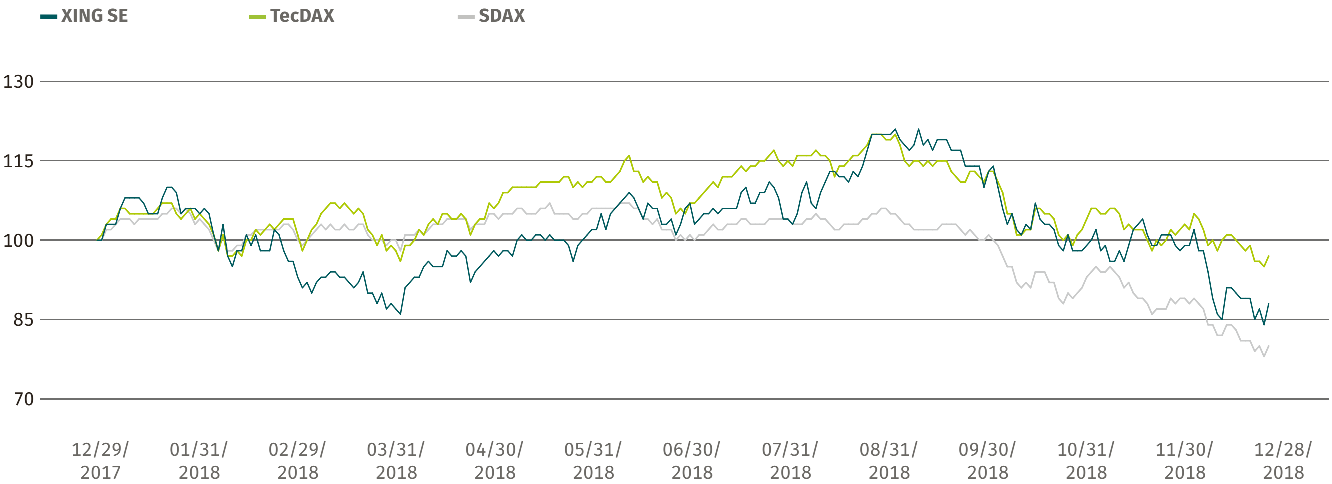
In %	2018	2017
XING share	– 12	53
TecDAX	– 3	40
SDAX	– 20	25

Key data on the XING share at a glance

	2018	2017	2016	2015	2014
XETRA closing price at year-end	€237.50	€268.60	€175.45	€170.70	€92.81
High	€326.00	€274.20	€194.95	€192.95	€105.85
Low	€224.50	€174.95	€138.40	€92.19	€73.55
Market capitalization at year-end	€1,388 million	€1,509 million	€986 million	€959 million	€519 million
Average trading volume per day (XETRA)	4,840	7,124	8,225	13,357	6,817
TecDAX ranking					
based on trading volume	34	32	27	25	31
based on free-float market capitalization	25	24	23	24	28
Earnings per share (basic)	€5.35 [3]	€4.15 [4]	€4.19	€3.15	€2.80 [2]
Number of shares	5,620,435	5,620,435	5,620,435	5,620,435	5,592,137
Dividend per share	€2.14 [1]	€1.68	€1.37	€1.03	€0.92
Special dividend per share	€3.56 [1]		€1.60	€1.50	

[1] *Proposal to the Annual General Meeting (June 6, 2019)*
[2] *Adjusted for €2.4 million in non-operating expenses arising from the earn-out obligation of kununu GmbH and the €7.1 million/€1.70 per share impairment charge on XING Events.*
[3] *Adjusted for positive one-time effects of acquisitions of €0.9 million or €0.16 per share*
[4] *Adjusted for positive one-time effects of acquisitions of €2.4 million or €0.41 per share / retrospectively restated according to IFRS 15/16*

XING share price performance December 29, 2017 to December 28, 2018 vs. SDAX and TecDAX



ANALYST COVERAGE

At the time of publication of this Annual Report, the XING share was covered by six brokers (seven in 2017). Oddo BHF ceased its coverage during 2018. Several of the individual analysts responsible for coverage also changed, with new research analysts at brokerage firms MM Warburg, Pareto Securities (formerly Equinet) and Hauck & Aufhäuser introducing themselves to us during the year. As a result, XING shares are covered by fewer banks compared to other SDAX or TecDAX stocks. Nevertheless, we are very satisfied with the quality and intensity of this coverage, as well as the cooperation, which enables us to make investor relations resources available to all banks for investor meetings at roadshows or conferences. The dialog – and the associated regular publications concerning the XING share – is ideal in terms of keeping potential and existing investors continuously informed about XING SE, its performance and outlook.

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.

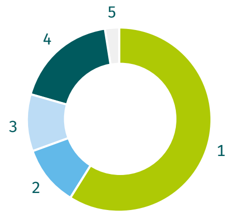
Analyst recommendations March 2019

Broker	Analyst	Recommendation	Price target
Berenberg Bank	Sarah Simon	Hold	€290
Commerzbank	Heike Pauls	Hold	€290
Deutsche Bank	Nizla Naizer	Buy	€329
Pareto Securities	Mark Josefson	Hold	€285
Hauck & Aufhäuser	Carlos Becke	Buy	€300
Warburg Research	Patrick Schmidt	Hold	€315

SHAREHOLDER STRUCTURE AND IR ACTIVITIES

As it is difficult to obtain more than limited transparency about the exact composition of our investors, even in the case of our registered shares, we carry out a 'Shareholder ID' once a year. This enables us to take a closer look at our shareholder base and address it more specifically with our communication and roadshow activities. The proportion of institutional investors from Germany has fallen further since March 2017 in favor of an increase in international investors from countries such as the USA, France and the United Kingdom. As a result, almost 20 percent of shares are currently in the hands of American investors. With this in mind, a large portion of our investor relations resources is allocated to international capital markets. For example, in the past financial year we traveled to the United States four times for conferences and roadshows to inform existing and potential investors about the performance and future potential of XING SE.

Geographical distribution of XING SE investors



1 — Germany[1]	58.9 %
2 — Europe[2]	10.8 %
3 — United Kingdom	10.0 %
4 — USA[3]	18.0 %
5 — Other	2.3 %

[1] *Of which Burda Digital represented with 50.3 %*
[2] *Of which the Government of Norway (3.2 %), among others*
[3] *Of which Oppenheimer (5.0 %) and Wasatch Advisors (3.2 %), among others*

We once again stepped up our IR activities over the past financial year and met fund managers in Milan and Lugano for the first time. Overall, the Management Board and IR team came into contact with around 200 portfolio managers and their buyside analysts over the past financial year, either in person, over the telephone, or on video conference calls.

We have now been maintaining an open and transparent dialog with all capital market players for 11 years. We will continue these efforts in 2019 and look forward to having many interesting discussions from which we can keep learning and experiencing new things that will enable us to enrich our equity story and strategy with ideas from the capital markets.

ANNUAL GENERAL MEETING

Our Annual General Meeting was held on May 16, 2018 at the Scandic Hotel in Hamburg. As in the previous year, shareholder presence was about 79 percent. Around 50 percent of our shares were once again represented by our major shareholder Burda. CEO Dr. Thomas Vollmoeller and CFO Ingo Chu presented the positive set of figures from the 2017 financial year to the shareholders and guests in attendance and, together with their colleagues on the Management Board and Supervisory Board, were on hand to answer questions from shareholders and other parties interested in XING during the Meeting – and over a light meal together afterwards. At the Annual General Meeting, all nine items on the agenda were adopted with a clear majority of between 92 and 99 percent of the capital present.

For the upcoming Annual General Meeting on June 6, 2019, the Management Board decided in February 2019 to recommend that the Annual General Meeting agree to increase the regular dividend payout by 29 percent to €2.14 per share, and to pay out a special dividend of €3.56 per share.

OUR SOCIAL MEDIA CHANNELS

https://corporate.xing.com/de/investor-relations/
(XING SE Investor Relations site)
http://blog.xing.com
(Corporate blog of XING SE)
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)

YouTube: www.youtube.com/user/XINGcom?gl=DE
Facebook: www.facebook.com/XING

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

XING SE
Patrick Möller
Director Investor Relations
Dammtorstrasse 30
20354 Hamburg
Germany
Phone +49 40 41 91 31 – 793
Fax +49 40 41 91 31 – 44
(Please send WpHG notifications to this number)

E-mail: investor-relations@xing.com

GROUP MANAGEMENT REPORT

for the financial year from January 1 to December 31, 2018

Business and strategy

Business models and internal management system

The Group management report is structured in accordance with the following reportable segments:

1. **B2C**
2. **B2B E-Recruiting**
3. **B2B Marketing Solutions & Events** (formerly B2B Advertising & Events)
4. **kununu International**

XING SE generates its revenues from a large number of fee-based product offerings for consumers (B2C) and businesses (B2B). Here, our customers pay for most services in advance on the basis of subscription models. XING essentially provides its members with three services that are unique in this form and combination: Access to other members to build up their own professional network, direct access to the opportunities in the labor market, plus sector- and career-specific information and news to help members stay abreast of developments in their own industry. We mainly enable our corporate customers (B2B customers) to access potential candidates through digital recruitment solutions and related solutions, as well as access to potential clients via our marketing solutions.

B2C SEGMENT

The B2C segment involves all of the XING platform's basic features (contact management, news, jobs), thus representing the basis for most of the other business units. This also includes a large portion of XING's mobile apps and the XING API (application programming interface between the XING platform and external developers).

This business unit is also responsible for XING content. XING members receive newsletters tailored to around 30 professional and interest groups that ensure that they no longer miss out on anything important in their industry. Adding this service has made XING one of the largest distributors of industry- and profession-based news in the German-speaking region.

In the B2C segment, we generate our revenues from paid memberships with enhanced functions and services for the various target groups. Last year, we enhanced and/or expanded our existing Premium, ProJobs, ProBusiness, ProCoach, and Executive memberships in particular.

XING Premium membership provides a wide range of services including special search and communication options, exclusive online and offline offerings, and an overview of the visitors to the user's profile. It is geared toward a wide audience that wishes to have the best of XING's product range at its disposal. Premium membership is available with two terms: three-month and one-year membership.

For members who are looking for a job and want to optimize their presentation for this specific purpose and be found faster by recruiters, XING has also developed ProJobs membership. This is currently available with three membership terms (3, 6 or 12 months).

The third category of paid membership is completely tailored to the needs of professional coaches. With the ProCoach membership, we help coaches to present themselves and their skills more prominently and increase the reach of their coaching profile. Membership is currently available with three terms (12, 24 or 36 months).

The ProBusiness membership helps our members build and maintain high-quality, long-term and sustainable business relationships. It enables new business contacts to be found faster and approached at the right time. Membership is currently available with a term of 12 months.

Exclusive Executive membership for decision-makers and representatives of senior and upper management entitles members invited by XING and verified as top executives to attend the Circle meet-ups (five times a year) of up to 15 executives, where decision-makers can exchange viewpoints and learn from one another on a level playing field in a constructive atmosphere – overseen by a professional moderator.

In July 2017, we bolstered our B2C activities and created another revenue stream in this segment by acquiring InterNations. InterNations offers its paying members – who are usually working as international expats outside the German-speaking countries – access or free entry to regional networking events so that they can make acquaintances and build contacts faster in their new environment.

Paid memberships are marketed in part through upselling campaigns on the XING platform itself, direct sales and online and offline marketing activities. Strategic development in the B2C segment will be ensured going forward through continuous refinement of the existing product portfolio.

B2B E-RECRUITING SEGMENT

The B2B E-Recruiting segment includes Active and Passive Recruiting, Employer Branding, Employee Referrals and Candidate Relationship Management products, rounded off by complementary services. In addition, Prescreen has been a provider of applicant tracking solutions for XING's E-Recruiting service since 2017. While all recruiting solutions are directed at corporate customers (B2B), XING members also benefit from the E-Recruiting service because this greatly helps to make opportunities in the labor market accessible to members. The more recruiters who use the platform to search for personnel, the greater the chance that members will find the right job.

The Passive Recruiting business allows recruiters to post various kinds of job ads on XING Jobs and on the XING platform. Two basic billing models are available: Either a performance-based method based on a pay-per-click model or the conventional fixed-price model.

In the Active Recruiting business, the XING Talent Manager is the tool of choice for active candidate search and management. This is aimed at businesses and recruiters that regularly use the XING platform to search for people to fill their current vacancies and want to get in touch with them easily.

XING ReferralManager can be used to obtain additional, exciting candidate profiles for the user's own company. With the help of this tool, companies can use their own employees as headhunters and have them propose suitable candidates. Employees of these companies usually receive a commission for successfully recommending a candidate.

In the Employer Branding business, employer branding profiles provide ample opportunity for companies to position their own employer brand on XING and kununu using a company profile and make further information available to interested candidates about the working environment, for example, in addition to giving further insight into themselves as an employer.

We also established XING TalentPoolManager, another product for HR recruiters. This tool enables customers to view all candidates who came to their attention in a range of different ways in a central location. Through streamlined design in different talent pools, access to these candidates is ensured on demand or whenever a suitable job becomes available.

Recruiting offerings have been continuously refined in recent years. We also offer our HR customers an end-to-end solution for unlocking the full potential of the products presented: XING E-Recruiting 360° gives companies access to all products and thus to all relevant recruiting disciplines in a single license package, adding value through individual consultations and training. The products dovetail perfectly and mutually reinforce each other. The costs for the license package are always calculated for each customer individually depending on company size.

With the applicant tracking software from Prescreen we also provide a cloud-based recruiting tool that through the integration of XING TalentManager gives customers immediate access to over 15 million candidate profiles.

Our E-Recruiting offers are mainly marketed by our own sales and marketing staff.

B2B MARKETING SOLUTIONS & EVENTS SEGMENT

The B2B Marketing Solutions & Events segment combines different marketing offerings as their respective revenue shares are too small to be considered in isolation.

In the XING Marketing Solutions subsegment we offer advertising formats spanning the whole range of marketing, from branding to conversion. Placing advertising messages in a respectable, active user environment in a professional context and facilitating targeting using genuine user data are two of the main value propositions. In this way, selected target groups can be addressed precisely and without wastage. Advertising formats range from native sponsored posts and video ads to mailshots and integrated campaigns. The entire range of advertising offers can be viewed at https://werben.xing.com.

In the Event business, XING generates revenues by handling events. Organizers can use the XING platform to take advantage of the XING technology for their event management work, including registration, ticketing and billing services. XING also generates additional revenue through the professional marketing of events. Using an online tool, event organizers can select suitable target groups for events they post on XING and then advertise them on the platform. This business is monetized mainly on a cost-per-click (CPC) basis, but also on a thousand contact price (TCP) basis. The event services are marketed mainly by the permanent staff of the Events division.

KUNUNU INTERNATIONAL SEGMENT

In the kununu International segment, which we report on separately, the only revenues and results reported during the year under review are those generated by kununu from the provision of technical infrastructure and services to the joint venture with US-based Monster Worldwide Inc. The partnership between kununu and Monster Worldwide Inc. ended on January 30, 2019 and ownership of the interests in Monster was transferred to kununu GmbH. Since January 30, 2019, income and expenses have been fully consolidated in accordance with IFRS 10 and an acquisition within the meaning of IFRS 3 was disclosed in the first quarter of 2019. In 2019, this is expected to lead to non-recurring, non-operating income of €1.3 million resulting from the remeasurement of the existing interest in kununu US LLC at fair value.

Market positioning

By focusing on German-speaking countries (the D-A-CH region), we operate in Europe's largest and strongest economic region. With around 15 million members, we are the biggest social network for business professionals. Thanks to this strong basis, we are superbly placed to continue growing in the next few years by further growing our membership figures, expanding our existing offerings, and establishing new product offerings and services for both people and companies. Currently at least 15 percent of the population in German-speaking countries are members of a professional network. In international terms, this is a low figure – it means XING still has enormous potential. The same is true for the E-Recruiting business: The market is large and the penetration rate of digital recruiting solutions is still low.

Strategy

For decades, the world of work was dominated by the interests of employers. Companies established the conditions and individuals were expected to abide by them. Organizational structures were strongly hierarchical. The individual was perceived more as a "human resource". Employees were required to discharge their duties; consequently, for many people work was a necessary part of life but also shut off from real life, as it were.

The world has changed in recent years. This is largely attributable to three drivers:

- Demographic change is making employees an increasingly rare commodity. This is causing shifts in the balance of power; talented people are in ever shorter supply and greater emphasis is being placed on their needs.
- Digitalization is changing work structures and making new styles of work possible. Work is becoming location independent.
- This is accompanied by a change in values that originates with Generation Y. The concept of a career is moving away from the traditional focus on "higher, faster, onward" and aspects such as "autonomy", "meaning," and "flexibility" are taking on greater importance.

These drivers are what are making a new world of work, **New Work**, possible in the first place. A world in which the individual's needs are pivotal. A world that is becoming increasingly differentiated and fragmented, starting with discrete needs and life plans. A world in which work is an important, possibly even a central part of life. In a nutshell, a world of work in which people do work they enjoy and which has meaning for them. Or, as Frithjof Bergman, who coined the term 'New Work,' said: "New Work enables people to do work that they really, really want."

Around five years ago it started to become apparent that the paradigm shift in the world of work had taken place in the mindset of employees and managers, along with members of executive and supervisory boards. More importantly, however, customers expect XING to support them and provide solutions for the changing world of work and their individual needs.

And so we developed the vision “For a Better Working Life”. Here, XING took a stance: the brand was on the side of the users. It had an emotional anchor, docking onto people’s desire for a better (working) life. Here, too, was where our sociopolitical commitment (for example, the New Work Experience (NWX)) took root at the same time.

This was a major strategic opportunity for us. Firstly, with our brand we tapped into the emotional desire of many people for a better (working) life – and thus charged up the brand emotionally. Secondly, we realized early on that the sociopolitical discussion on the future of work would gain momentum – and saw the opportunity to take an active part in shaping this public discussion.

This topic has turned into one of the megatrends of our time. And yet the reality is still far from the New Work utopia. This was demonstrated by a recent Gallup poll in which 71 percent of those surveyed said they only worked to rule. Another 14 percent were even more negative, saying they had already mentally resigned from their jobs. Despite all the positive omens, this figure has fallen by only 1 percent compared with last year. This means that over five million people are still so dissatisfied with their job that they would love to hand in their notice right away or are already looking for a new job. Only 15 percent of all employees are really happy in their jobs. Our brand therefore continues to have huge potential.

THE NEXT EVOLUTIONARY STEP: NEW WORK SE

Around five years after the brand transformation and following the M&A transactions of recent years – on the basis of which we significantly expanded our portfolio, making XING no longer the only brand in our universe – it is now time for the next evolutionary step: the transformation of the former XING SE corporate brand into new New Work SE. This measure will manifest itself in our claim as a company to work toward a new, better working life and provide a frame for our product brands and subsidiaries for the first time. That the strong XING brand will remain in place, just like kununu, InterNations and Prescreen, for example, goes without saying. The change of name will only affect the existing corporate brand, XING SE. Going forward, New Work SE will therefore operate the XING platform.

This strategic step will enable us to differentiate ourselves more. It taps into the emotional needs of our users. It underscores our claim to work toward a new, better working life – and puts us at the cusp of a megatrend for the coming years. It will also give us better prospects and make our company more attractive for possible international activities, while the XING platform will continue to focus on the D-A-CH region.

The Management Board has resolved on the change of name. The Supervisory Board has also already approved the change of name to New Work SE. Our shareholders will vote on the change of name at the next Annual General Meeting to be held on June 6, 2019, which means that New Work SE will be set up by the end of 2019.

SEGMENT STRATEGIES

Through the B2C segment we are meeting the needs of our members and developing offerings that help them benefit from the changes, build on their competencies and skills, and identify the best employer for them and their individual needs. The XING platform also gives members the chance to find other members with relevance for themselves in terms of knowledge and proficiencies.

Over the next few years, we will continue to expand our B2C offering in line with our mission and vision and establish new paid memberships tailored to customer groups that we cannot yet adequately serve.

In the B2B E-Recruiting segment revenues are generated exclusively with corporate customers (B2B). The strategic development of our product offering will be focused squarely along the HR value chain in the coming years. We intend to become the leading partner to employers in the D-A-CH region for seeking out, recruiting, and retaining candidates and to further diversify our portfolio of solutions.

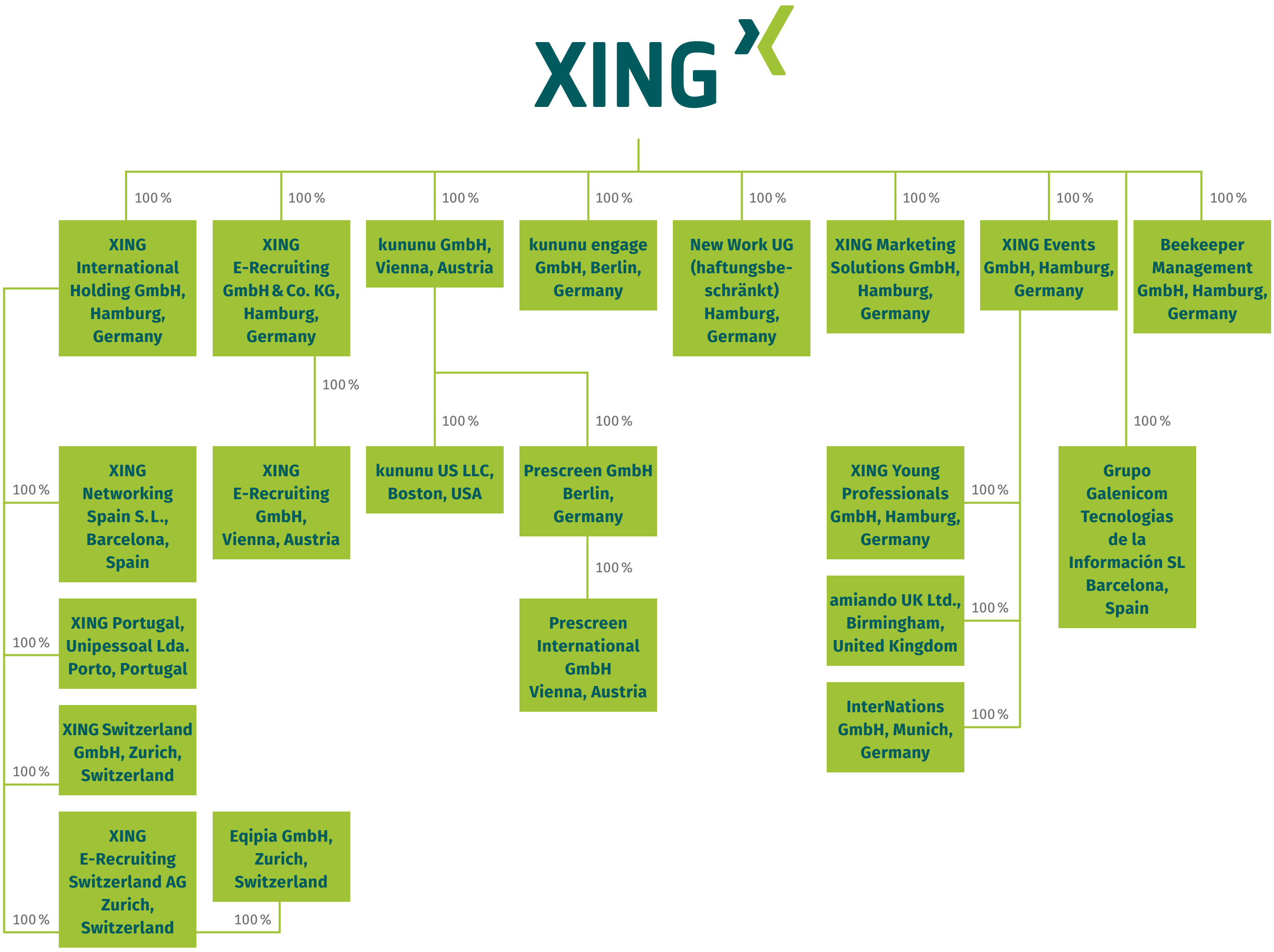
The B2B Marketing Solutions & Events segment will be strategically leveraged with a view to expanding how the platform is monetized (among other things, by selling advertising space) as well as gaining additional members and bringing XING yet closer to people. In the future, our Events business in particular will play a driving role in the sharper differentiation of our product range, for which we will support XING members with local offerings: We will help members to network in their city or industry and become part of a community, help shape this, and thus advance in their careers. Offline events will play a vital role in this strategy, enabling members to experience XING at local level.

In the Marketing Solutions subsegment, segment revenue is to be increased by selling advertising space and through additional forms of advertising on the XING platform. Among other things, we also wish to increase our reach in the future.

To achieve our strategic goals, we are focusing on organic growth in particular, though we regularly consider partnerships and acquisitions as well.

More information on the opportunities provided by our strategic focus are explained in the report on opportunities and expected developments.

Organizational structure of the Group



In the past financial year, XING SE had a total of 21 active investments in companies in and outside Germany, of which nine were direct investments and 12 were indirect investments through intermediate companies. Since the January 30, 2019 acquisition of the interest in kununu US LLC, which had previously been accounted for using the equity method, all investees have been controlled by XING SE and are therefore fully included in XING SE's consolidated financial statements. XING News GmbH was merged with XING SE in the reporting period. Furthermore, InterNations GmbH, Munich, was merged with Butterfly Management GmbH, Hamburg, following which Butterfly Management GmbH was renamed InterNations GmbH and its registered office moved to Munich. XING S.à r.l. was liquidated. The reporting period also saw the establishment of kununu engage GmbH and New Work UG (haftungsbeschränkt) and the acquisition of Beekeeper Management GmbH.

Corporate social responsibility[1] (CSR)

Initially established as a traditional career network, we are dedicated to the vision of a better, more people-focused working environment. This new world of work – or “New Work” for short – is quite different from how we see the old world of work, with its emphasis on obedience and self-sacrifice, and the need for employees to follow the dictates of their employers. XING has set itself the task of being a mentor to its members, of guiding them through the transformations taking place in the world of work and at the same time actively supporting them. We also believe that, because time spent at work accounts for a considerable part of our lives, we should have the opportunity to do work what we really want to do.

Our corporate vision motivates us every day to make the opportunities offered by the fundamental changes to the world of work accessible to as many people as possible and to encourage debate on the question of how we want to work in the future. We also put this vision into practice in our own company: our corporate culture emphasizes respect, transparency, dialogue between equals, and flexibility.

The CSR strategy we adopted in 2017 is our way of living up to this self-image and strengthening our commitment to New Work. We are consolidating and expanding our activities and publishing a CSR report annually to provide transparency for our stakeholders.

CSR STRATEGY

Our CSR strategy defines the priorities of our commitment and sets concrete targets for that we want to achieve by 2020. Our topics are divided into five action areas. Reports on our CSR activities in the future will therefore be based on the following structure:

1. **Employees**
2. **Society**
3. **Products and services**
4. **Data protection and compliance**
5. **Environment**

This strategy is based on a materiality assessment, which we used to identify the issues that were most important to us. We also considered the importance of these issues from a stakeholder perspective as well as their impact on our business activities and other associated risks.

The result is six key topics of particular relevance to our business model: Employee satisfaction and work-life balance (Employee action area), New Work know-how (Society action area), innovation management, growth in use and member numbers (Products and Services action area), and data protection (Data protection and Compliance action area). For each of these six topics, we have defined a performance indicator in 2017, to be assessed annually until 2020, against which we can measure our progress.

Following reviews of our strategy in the Steering Committee and with our divisional managers in 2018, we have elected to retain the action areas and targets that we defined in 2017.

➡ **Employee satisfaction: Employee satisfaction rate, assessed at regular intervals via an online survey**
The satisfaction of our employees serves as a yardstick for our performance as an employer. We carry out a weekly survey online across all of our offices to ascertain the mood of our employees. Those surveyed state whether they are satisfied or dissatisfied with XING as an employer. They also have the option of adding a comment to explain their vote. One member of the Management Board comments on the results in the weekly Company Meeting.

[1] *Unaudited additional information*

➡ **Work-life balance: The part-time ratio of our employees, consisting of permanent and temporary work models**
We aim to attract and retain new talent by creating a modern, contemporary working environment that is in tune with the times. To ensure that our employees can enjoy a balanced relationship between work and private life, we offer them a variety of solutions to suit their individual situations. This also includes the option of working part-time temporarily, which is a model enabling employees to try out part-time without losing entitlement to their full-time position.

➡ **New Work know-how: Size of the vote at the XING New Work Award**
We want to further advance the public discussion on New Work by reaching more and more people. Every year since 2014, our New Work Award has been presented to companies in recognition of their innovative models for the future world of work, thereby providing a platform to strengthen public discourse between businesses, employees and thought leaders.

➡ **Growth in use and membership: Penetration rate of the addressable market**
The more people we reach, the more we can promote the public debate on the future of work. Membership growth is therefore a key indicator. We measure our progress by our success in reaching our main target group: 27 million white collar workers in the German-speaking countries. We express our market penetration as the ratio of our membership to the overall total figure.

➡ **Innovation management: Number of employees from product teams in man-days per year participating in XING HackWeeks**
Our innovative prowess derives from our workforce. For one week, all of our employees in the product teams have the opportunity to organize themselves into projects, pursue new product ideas and test new technologies during HackWeek, which takes place three times a year.

➡ **Data protection: Publication of an annual voluntary data protection report**
More than 15 million members trust us with their data. Protecting this data the best we possibly can is our top priority. That is why we are constantly refining our initiatives and – exceeding legal requirements – have established a Data Protection Committee that publishes a report each year.

CSR MANAGEMENT

We established CSR management within the Company in 2017 in order to further develop our action areas and purposefully pursue our goals. A steering committee made up of the Vice President Corporate Communications, the Director Investor Relations and a CSR manager coordinates the Company's CSR activities. It prepares roadmap documents to facilitate decisions by the Management Board of XING SE and takes care of communications with the department managers responsible for implementing the actions.

More detailed information is contained in the 2018 CSR report (Non-financial statement pursuant to Section 315b HGB) which is available at: https://corporate.xing.com/fileadmin/department/investorrelations/Publikationen/XING_SE_CSR_Bericht_2018.pdf.

EMPLOYEES

As of December 31, 2018, XING had 1,562 employees and five Management Board members, an increase in headcount across all the Group's locations of 277 (2017: 1,285 and five Management Board members). In our CSR report, we discuss employee satisfaction, salary transparency, work-life balance, diversity, health, training and continued professional development (CPD) and the Employee Committee (EC).

Business and operating environment

Macroeconomic and sector-specific environment

MACROECONOMIC ENVIRONMENT

Germany is currently in the late phase of an economic boom characterized by robust domestic demand and high capacity utilization. However, the economy passed its cyclical peak in late summer 2018. In the automotive industry, the new test procedure led to significant production backlogs that also had a noticeable impact on the wider economy. According to the German Federal Statistical Office, economic growth reached 1.5 percent in 2018. Averaged over the year, Germany's economic output was generated by 44.8 million people working in the country. There were around 562,000 more people in work than in the previous year (+1.3 percent). The National Bank of Austria (OeNB) reports that the Austrian economy also experienced a boom during 2018 and exhibited continuing robust growth of 2.7 percent. In Switzerland, the economy picked up pace considerably in 2018 and grew dynamically by an anticipated 2.6 percent according to leading economic researchers (SECO, KOF/ETH Zurich).

SECTOR-SPECIFIC ENVIRONMENT

In this environment, the protracted upturn in the German labor market continued in 2018. According to the Federal Employment Agency (BfA), the number of employees liable for social security contributions increased sharply (+705,000 or +2.2 percent). Employees liable for social security contributions made up the majority of people in gainful employment at 73.3 percent (previous year: 72.6 percent). Self-employment, short-time work, and exclusively marginal employment continued to decline. The number of advertised vacancies rose by 9 percent as a result of high demand from companies. Of these vacancies, 94 percent were to be filled immediately. Unemployment fell by 8 percent on average in 2018, causing the unemployment rate (BfA) to decline by 50 basis points to 5.2 percent. According to the international ILO measure of unemployment, the unemployment rate fell from 3.6 percent in December 2016 to 3.3 percent in December 2017. The Austrian labor market continued its positive development in 2018, with the number of non-self-employed workers growing by 2.2 percent. As a result, the ILO unemployment rate fell from 5.5 percent to 4.9 percent on average. Employment in Switzerland rose substantially as a result of the country's economic recovery (+1.7 percent). The nationally defined unemployment rate (SECO) fell considerably from 3.2 percent to 2.6 percent, while the ILO concept of unemployment dropped from 4.8 percent to 4.5 percent.

According to data from the German Federal Statistical Office, 74 million Germans over the age of 10 have Internet access in their homes. Of these people, 89.9 percent use the Internet. The frequency of use has been rising steadily over many years. In 2018, 89 percent said they used the Internet daily or almost daily (previous year: 86 percent). According to these figures, men show a slightly higher Internet affinity than women. People in the 25-to-44 and 45-to-64 age groups are particularly active users. This is the broad group of people available to the labor market. An overwhelmingly dominant majority of Internet users are gainfully employed (2018: 40 million people). Of this figure, 2.3 million jobseekers and 3.9 million schoolchildren and students use the Internet. These groups are disproportionately active online compared to their share of the population. 76.8 percent of Internet users have a medium to high level of education.

Smartphones are the most commonly used medium for accessing the Internet across all age groups (87 percent), while desktop PCs remain relevant by making up around one-third of access. The younger the users, the more intensively they access the Internet via smartphone, with 99 percent of 16 to 24-year-olds going online this way. Searching for information about goods and services (91 percent) and sending and receiving private emails (89 percent) are by far the most important applications for all Internet users. More than half of users also participate in social networks (56 percent). Again, the younger the users, the more active they are in this area. In the 25-to-44 age group, 71 percent use social networks, with this figure rising to 89 percent among 16 to 24-year-olds. As younger people have a higher affinity for online services and use a broader range of offerings, the trend towards the Internet as the main gateway for information and as a communication tool – including for job searches and career planning – will continue to strengthen in the future.

Financial and non-financial key performance indicators

Achievement of our strategic objectives and our mission of enabling professionals to grow is monitored using two financial key performance indicators as well as at least one non-financial key performance indicator per segment. These indicators are regularly compared with budget targets and a rolling forecast that is reported to the Management Board and Supervisory Board.

FINANCIAL KEY PERFORMANCE INDICATORS

Segment revenues

We have defined revenue growth in the respective segments as a main financial key performance indicator. Revenue growth is a direct consequence of the growth in paid memberships or an increase in the uptake of our enterprise solutions, and the ability to achieve higher prices.

Segment EBITDA

The second important financial key performance indicator is segment EBITDA adjusted for extraordinary items. No adjustments for extraordinary items were made in 2018. To calculate the figure, all segment-related operating costs 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. **XING members**
2. **XING subscribers**
3. **Corporate customers (B2B)**

The first two key performance indicators are used in the B2C segment. We use the number of corporate customers as a key performance indicator in both B2B segments because these business units generate their revenue exclusively from the sale of services to corporate customers. In the B2B E-Recruiting segment, our internal performance measurement focuses on B2B E-Recruiting subscription customers.

Results of operations, net assets, and financial position

COMPARISON OF OUTLOOK FOR 2018 WITH ACTUAL DEVELOPMENT IN THE 2018 FINANCIAL YEAR

Explanatory note: XING SE applies IFRS 15 and 16 using the fully retrospective method for the first time in financial year 2018. All prior-year comparative figures shown in results of operations, net assets and the financial position have been restated accordingly.

Financial key performance indicators

We are very satisfied with the development of our financial key performance indicators. We met our guidance in all eight dimensions as follows:

Financial key performance indicators	Forecast for 2018	Actual for 2018
Revenues incl. other operating income, Group	Double-digit percentage growth	+25 %
EBITDA (adjusted for extraordinary items) Group	Significant increase	+23 %
Revenues, B2C segment	Double-digit percentage growth	+12 %
EBITDA (adjusted for extraordinary items), B2C segment	Slight decline due to investments in new business	– 9 %
B2B E-Recruiting segment revenues	Double-digit percentage growth	+40 %
EBITDA (adjusted for extraordinary items), B2B E-Recruiting segment	Significant increase	+42 %
Revenues B2B Marketing Solutions & Events segment	Double-digit percentage growth	+22 %
EBITDA (adjusted for extraordinary items), B2B Marketing Solutions & Events segment	Significant increase	+5 %

Dividend, liquidity and financial targets

We announced a sustainable dividend policy in 2012. Accordingly, in 2018 the Annual General Meeting followed the joint proposal of the Management Board and Supervisory Board and adopted a resolution to distribute a regular dividend of €1.68 per no-par value share carrying dividend rights. XING's cash-generative business model enables the Company to pursue a sustainable dividend policy without affecting its business strategy, which is still aimed at achieving growth. We intend to continue to make regular dividend payments in the future.

Capital expenditures

After an investment volume (CAPEX, excl. M&A transactions) of €33.4 million in 2017, we invested €32.7 million in the 2018 financial year (excl. M&A transactions). As in previous years, capital expenditure was concentrated on internally developed software, amounting to €24.5 million (2017: €26.6 million).

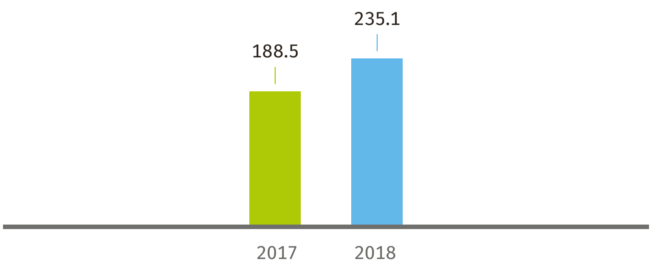
Non-financial key performance indicators

We reached all forecasts in terms of the non-financial key performance indicators. The forecast in terms of all financial and non-financial key performance indicators for the 2019 financial year is explained in detail in the report on opportunities and risks.

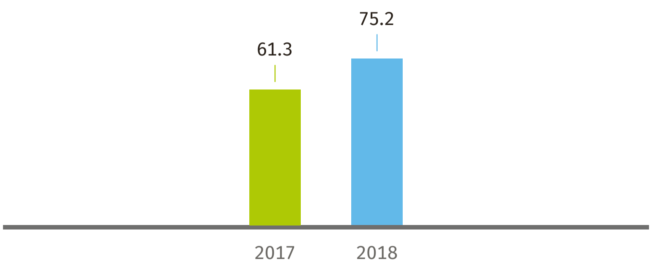
Non-financial key performance indicators	Forecast for 2018	Actual for 2018
B2C segment: Members in the D-A-CH region	Substantial growth	+14 %
B2C segment: Subscribers in the D-A-CH region	Slight growth	+3 %
B2B E-Recruiting segment: Number subscription-based corporate customers	Substantial growth	+40 %
B2B Marketing Solutions & Events segment: Number of corporate customers	Substantial growth	+8 %

RESULTS OF OPERATIONS

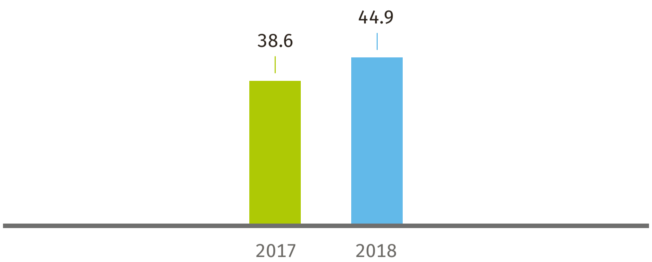
Revenues (incl. other operating income) in € million



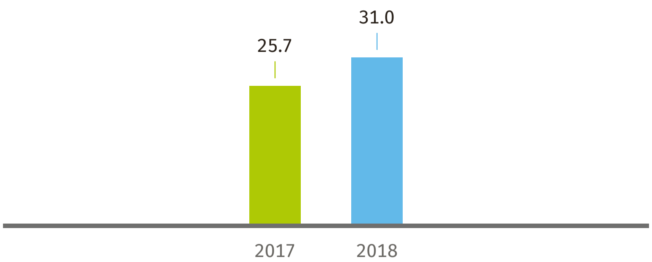
EBITDA in € million



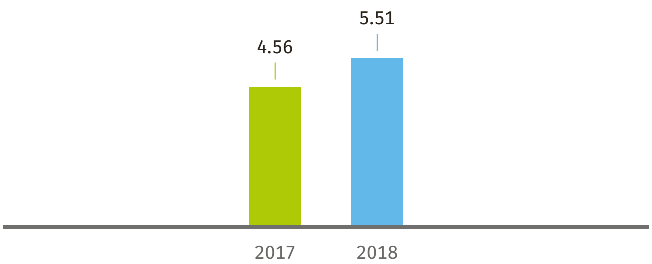
EBT in € million



Consolidated net profit in € million



Earnings per share (EPS) in €



Revenues

Revenues of the XING Group including other operating income rose from €188.5 million in the 2017 financial year to €235.1 million in 2018. This corresponds to a relative growth rate of 25 percent or year-on-year growth of €46.6 million in absolute terms. Excluding the companies acquired in July 2017, InterNations and Prescreen (M&A effects), organic revenue growth amounted to 21 percent. At €3.5 million, other operating income was slightly above the prior-year figure of €2.9 million. All segments contributed to the dynamic growth. The B2B E-Recruiting business in particular showed a strong performance, with revenues growing by €31.3 million (€29.5 million adjusted for the first-time consolidation of the Prescreen acquisition).

Personnel expenses

In the financial year ended, we invested in recruiting additional employees for XING in order to be able to enhance our existing products and establish new products in the market. At the end of December 2018, we had 1,562 (December 2017: 1,285) employees and 5 Management Board members (December 2017: 5), representing an increase of 277 in total (+21 percent). Due especially to the acquisitions made in July 2017, personnel expenses increased at a slightly higher rate than revenues, rising from €68.0 million in 2017 to €89.0 million in the reporting period (+31 percent). The personnel expenses ratio as a percentage of total operating income was therefore 38 percent as against 36 percent in the prior-year period.

Marketing expenses

In the 2018 financial year, we upped our marketing spend by 17 percent or €4.2 million year on year, from €23.8 million to €27.9 million, with the most significant investments relating to our media campaign, SEM, display advertising and mailings. The marketing expenses ratio thus fell slightly from 13 percent (2017) to 12 percent in the 2018 financial year.

Other operating expenses

Other operating expenses rose by €7.5 million from €35.4 million to €42.9 million. The main operating expense items here include IT and other services at €15.2 million (previous year: €12.7 million), travel, entertainment and other business expenses at €5.3 million (previous year: €4.2 million), and server hosting, administration and traffic at €4.3 million (previous year: €3.4 million). This puts the expense ratio at 18 percent (2017: 19 percent). Section 11 of the notes to the financial statements includes a detailed table of all items reported under other operating expenses.

EBITDA

As a result of the strong revenue growth, the operating result (EBITDA) likewise showed a sharp increase to €75.2 million (2017: €61.3 million). The EBITDA margin was thus down slightly on the prior-year figure of 33 percent to 32 percent due particularly to the M&A transactions carried out in July 2017.

Depreciation, amortization and impairment losses

Depreciation, amortization and impairment losses rose from €20.8 million in the previous year to a total of €29.0 million (+€8.3 million). There were two main reasons for the rise:

- ➡ In recent years we significantly increased our investment volume (CAPEX excluding M&As) from around €15 million in 2015 to over €32 million in the 2018 financial year. The rise testifies to our ambitions to drive product innovation. Accordingly, at €24.5 million in 2018, capitalized development costs for internally generated software remained at a high level (2017: €26.6 million).
- ➡ In addition, we decided to fully write off the platform modules no longer in use due to product innovation. The resulting write-down amounted to a total of €6.3 million in financial year 2018 compared with €3.4 million in 2017.

EBIT

This resulted in earnings before interest and taxes (EBIT) of €46.2 million in 2018 compared with €40.5 million in the previous year.

Financial result

XING SE's reported financial result was up substantially on the prior-year figure at €–1.2 million (2017: €–2.0 million). Excluding non-operating effects from M&A transactions, the financial result for 2018 came to €–2.2 million, up from €–4.5 million in the previous year. The increase can be mainly attributed to the lower charges incurred in connection with the kununu joint venture. A positive non-operating effect of €2.4 million from the reversal of earn-out liabilities had been recorded in the comparative period.

Earnings before taxes (EBT)

This resulted in earnings before taxes (EBT) of €44.9 million compared with €38.6 million in the previous year.

Taxes

Current taxes are determined by the companies of the XING Group based on the tax laws applicable in their country of domicile. Tax expense in the 2018 financial year amounted to €14.0 million, up from €12.9 million in the 2017 financial year.

Consolidated net profit and earnings per share

After deducting taxes, consolidated net profit for 2018 amounted to €31.0 million compared with €25.7 million in 2017. This gives rise to earnings per share of €5.51 for the 2018 financial year compared with €4.56 per share in 2017. Earnings per share in 2018 therefore increased by 21 percent compared with the adjusted prior-year figures. Adjusted for one-time non-operating positive extraordinary items in 2017 and 2018 (see financial result), consolidated net profit and earnings per share increased by 29 percent.

Dividend distribution

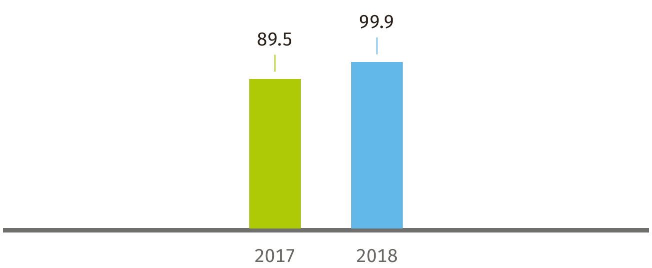
Based on the 2018 results adjusted for one-time non-operating extraordinary items and the implementation of a long-term dividend policy, we will propose to the next Annual General Meeting to be held on June 6, 2019 that the shareholders be paid a regular dividend of €2.14 per share (previous year: €1.68). This figure is based on the Company's consolidated net profit and also on benchmarks of TecDAX companies with comparable growth figures. We will also propose to the AGM the payment of a special dividend of €3.56 per share. The profit appropriation proposal will be presented to the AGM for a resolution on the appropriation of net retained profits once the audited annual financial statements have been adopted.

The liquid funds and available-for-sale securities amounting to more than €82 million as of the end of 2018 and XING's cash-generative business model enable the Company to pay dividends and distributions without changing its business strategy, which is aimed at achieving growth.

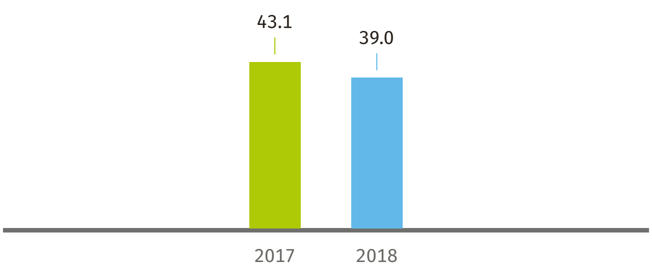
SEGMENT PERFORMANCE

B2C segment

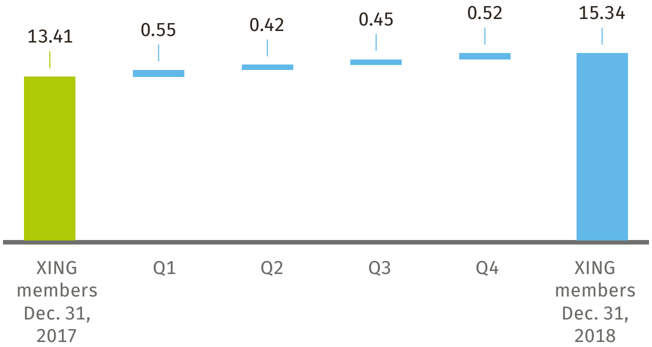
B2C revenues in € million



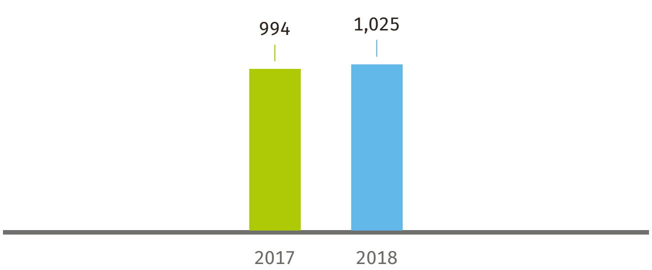
B2C EBITDA in € million



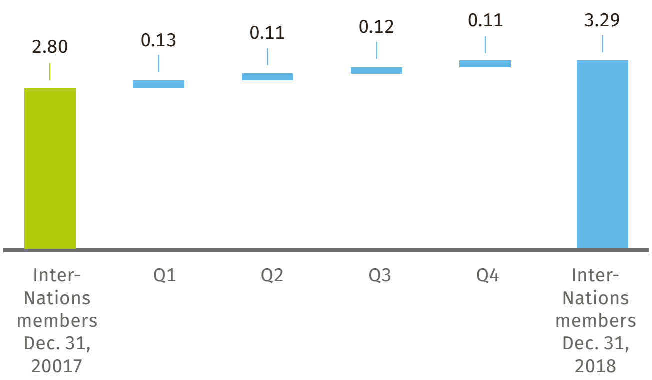
Member growth (D-A-CH) in million



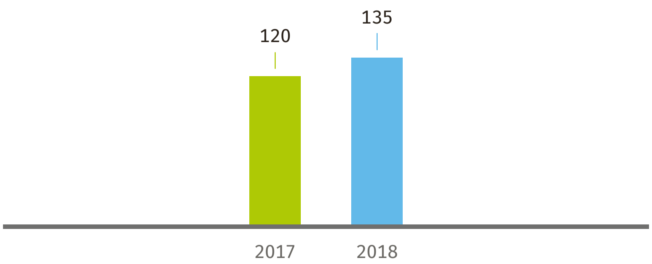
XING platform subscribers in thousand



InterNations member growth (worldwide) in million



InterNations platform subscribers in thousand



In the B2C segment, we met all of our targets for the financial and non-financial key performance indicators for the 2018 financial year.

For example, segment revenue rose by 12 percent to €99.9 million (2017: €89.5 million). Excluding the InterNations acquisition in July 2017 (M&A effect), organic growth amounted to 5 percent. Operating profit in the segment (EBITDA) declined slightly as planned due to investments in new products, falling 9 percent to €39.0 million (2017: €43.1 million).

The main driver of sustainable revenue growth in the B2C segment is the steady rise in new subscribers on both XING and the InterNations platform. As a result, the number of members in the fee-based Premium and Pro memberships rose by around 31,000 (2017: 65,000, or 55,000 on an organic basis) to 1.03 million as at the end of December 2018 (December 2017: 994,000). During the past financial year, more than 10,000 new subscribers registered with InterNations worldwide, with around 135,000 expats opting for the platform's fee-based Ambassador membership by the end of 2018.

Overall, 1.9 million people (2017: 2.0 million) registered on www.xing.com in the past financial year to maintain their professional network, make new business contacts, find out about current offers on the job market, or consume sector news relevant to them. This unabated growth proves that social networks used by professionals still offer penetration potential, particularly in the German-speaking world, and that XING can continue to expand over the next few years. Including XING Events users, total XING users thus even came to 16.4 million at the end of December 2018. Around 3.3 million expats managed their private and professional contacts on InterNations at the end of the year.

Expat network InterNations opens 30 new communities and launches offering for companies

InterNations further consolidated its position as the global market leader in expat communities in 2018. Today, around 3.3 million people in foreign countries use the platform in 420 different locations around the world. Approximately 135,000 members pay a monthly fee to benefit from member services such as free or discounted participation in events and leisure activities, and access to premium content.

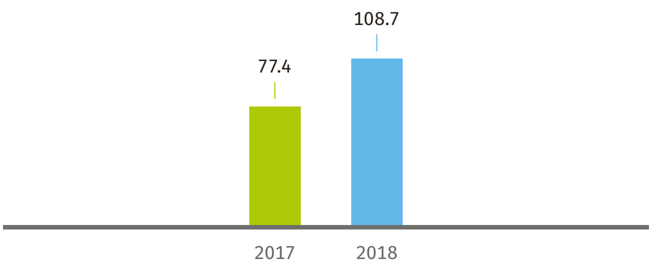
In October 2018, InterNations established a new corporate customer unit at its office in Munich. InterNations Business Solutions combines network access with expats' wide-ranging expertise to help companies with overseas employee postings as well as the acquisition and onboarding of foreign staff. The global consulting team began by marketing a corporate membership that can be used by companies at all of InterNations' offices. Corporate customers such as Volkswagen, Merck and Cigna are already using the product for overseas staff and their partners. By developing a B2B segment based on a B2C community, InterNations is drawing on XING's successful growth model.

XING Messenger even more secure

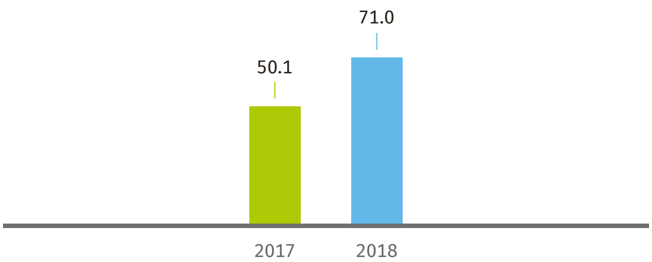
It goes without saying that professional communication needs to be fast and, above all, secure. Communication often involves the exchange of highly sensitive information such as account data and internal company information. As the largest professional social network, we are therefore offering our members end-to-end encryption for XING messages from April 2018 onwards.

B2B E-Recruiting segment

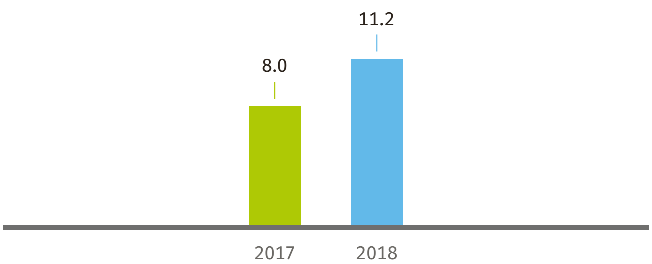
B2B E-Recruiting revenues in € million



B2B E-Recruiting EBITDA in € million



B2B subscription-based corporate customers in thousand



Difficulties in recruiting skilled staff

Whether in Germany, Austria or Switzerland, more than 70 percent of HR decision-makers across all countries report that they are having difficulty recruiting professionals. These are findings of the study entitled “E-Recruiting 2018: Expectations, assessments and aspirations of employees and recruiters”.

Question: Do you find it difficult recruiting skilled staff?

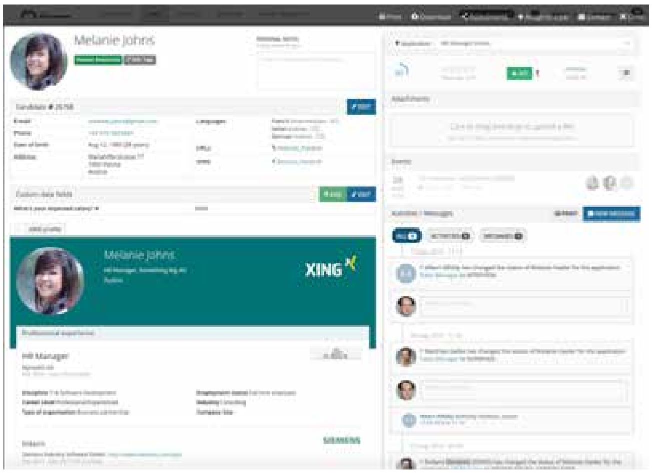
Source: Results taken from the study “E-Recruiting 2018” commissioned by XING

With our recruitment and employer branding solutions for employers, we have developed numerous tools in recent years to help companies approach and recruit suitable candidates. The B2B E-Recruiting segment has particularly benefited from this, with revenue growing by a brisk and unabated pace of 40 percent to €108.7 million in the 2018 financial year. Even after adjusting for the revenue of Vienna-based Prescreen GmbH, which has been consolidated since July 2017, organic revenue growth still reached 39 percent. Segment operating profit also reached a new record high, climbing 42 percent to €71.0 million (2017: €50.1 million).

The relevant non-financial growth indicator is the number of B2B subscription-based corporate customers. During the 2018 financial year, the number of customers rose by 40 percent to 11.2 thousand (2017: 8.0 thousand).

To further reinforce our market position and tap into new customer groups, we launched XING’s recruiting offering with Prescreen’s applicant tracking system or ATS (M&A in 2017) in the 2018 financial year.

XING and Prescreen speed up recruiting with integrated applicant tracking system



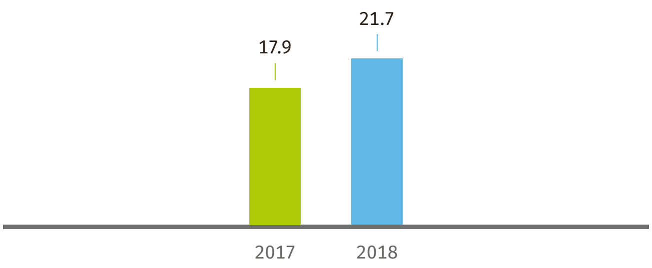
The shortage of skilled workers is a very real problem for many HR managers, as they need more and more time to fill their vacancies, with some positions even remaining completely unfilled. The results of a recent forsa study conducted on behalf of XING E-Recruiting clearly shows how serious the labor market situation is becoming. A good three-quarters of the 200 HR managers surveyed stated that they need up to six months to fill managerial roles. 73 percent of respondents reported a rise in time-to-hire – the time HR staff need to find candidates for a vacancy – over the past five years. A similar number of those surveyed expected this trend to continue over the next five years. Companies reported higher staffing times, particularly for IT professionals (68 percent) as well as engineers and technical professions (62 percent).

In-depth integration with XING has resulted in an extensively redesigned Prescreen offering with a vastly different range of functions compared to conventional applicant tracking systems. Where recruiters generally have to ensure that candidates are entered into their system, Prescreen will enable them to select and make direct contact with candidates from the system.

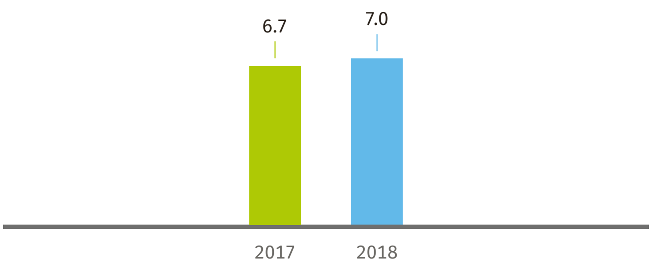
The core of Prescreen's technology remains its matching technology, which matches candidates with the job profile based on numerous criteria and shows to what extent an applicant fits the advertised role. This cloud-based system can be accessed intuitively via Internet browsers, can be flexibly used and is ready for use with hardly any implementation effort compared to desktop solutions. It can also be customized to suit the user's needs to replicate existing business processes as closely as possible. In addition, recruiters using Prescreen can choose directly from a preselected list of talented individuals via XING TalentpoolManager. For example, this includes candidates who have indicated an interest in working for the company on XING. Employee referrals entered via XING ReferralManager are also automatically synchronized into each individual preselection. Our experience shows that candidates from these talent pools are much more likely than others to be interested in a position with the company. If a company receives an application via email or other platforms, as is often the case, Prescreen now offers the possibility of linking this to the applicant's XING profile, thus enabling the company to stay fully up to date. While HR departments will also be able to publish open positions on more than 300 job portals via Prescreen in the future, they can also advertise vacancies on XING at no extra cost with immediate effect, enabling them to reach almost 15 million knowledge workers in the German-speaking market.

B2B Marketing Solutions & Events segment

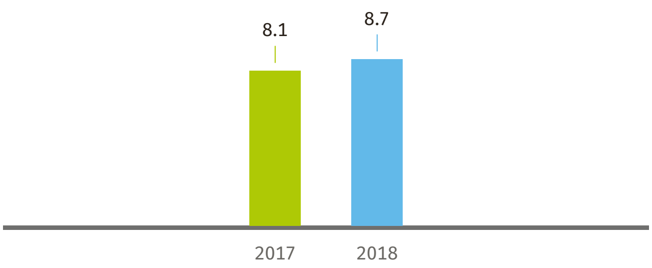
B2B Marketing Solutions & Events revenues in € million



B2B Marketing Solutions & Events EBITDA in € million



B2B Marketing Solutions & Events corporate customers in thousand



In addition to the B2C network business and our B2B E-Recruiting service, our reporting combines the two B2B business units, Marketing Solutions and Events, in the B2B Marketing Solutions & Events segment.

Both B2B business units increased their revenues in 2018. Overall, revenue in the B2B Marketing Solutions & Events reporting segment rose by 22 percent to €21.7 million (2017: €17.9 million).

Growth was driven by both business units, with the Marketing Solutions business contributing around 55 percent and the Events unit contributing approximately 45 percent. Segment profitability (segment EBITDA) increased by 5 percent from €6.7 million to €7.0 million due mainly to growth in Marketing Solutions.

Events subsegment

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

For example, the XING Ticketing Manager allows event organizers to sell tickets online and manage registrations. Using this tool, organizers can also create their individual event page with an integrated ticket shop in their chosen design and market it to the relevant target group using the XING AdManager, for example.

XING not only provides event organizers with a system facilitating highly flexible, efficient online ticket sales by combining ticketing and the event marketplace, but also allows them to increase the number of participants by marketing their events on XING.

In 2018, XING Events enhanced its promotion of regional events by introducing a new local search function. The subsegment minimized wastage and thus lowered organizers' marketing costs by defining the target groups for event advertisements more precisely, making event marketing via XING ideally suited to attracting larger numbers of participants.

Marketing Solutions subsegment

Monetization of the XING Marketing Solutions subsegment is aimed at B2B customers and consists of:

- Sponsored posts enabling advertisers to promote their own websites or destinations addressing specific target groups on XING Jobs, XING Events, or XING Pages, for example. These campaigns can be efficiently managed, optimized and evaluated with the help of AdManager.
- Sponsored video posts enabling advertisers to connect emotionally with their desired target group on the XING homepage.
- Sponsored mailshots enabling marketing messages to be sent directly to the inboxes of potential customers.
- Sponsored articles as a content marketing product for editorial messages placed exclusively in the XING News tab and in XING's industry newsletters.
- A wide range of display formats for branding objectives that also enable in-depth targeting for more accurate, eye-catching marketing communications.

During the past financial year, XING Marketing Solutions launched the XING Marketing Partners Program, an exclusive network of selected agencies with whom XING maintains particularly close collaboration. These partners profit from exclusive benefits and exceptional service, helping them to plan and execute their social media campaigns on XING even more effectively.

AdManager was also expanded to incorporate two innovative new targeting options: keyword targeting and radius targeting. XING Marketing Solutions introduced the innovative new Lead Ads format at DMEXCO 2018, which customers can use to generate high-quality leads in a wide range of sectors. The integrated Lead Ad contact form can be customized to target a specific group as required.

The business also launched the Brand Studio in 2018. This new unit provides companies with a powerful offering for sophisticated employer branding solutions. XING can now cover everything from developing a comprehensive strategy and designing content to creating eye-catching employer branding campaigns in order to help companies to position themselves as an attractive employer brand.

The growth of the two subsegments is also reflected in the customer trend in the B2B Marketing Solutions & Events segment, where the number of B2B customers rose from 8,100 to approximately 8,700 as of the end of December 2018.

kununu International segment

In the kununu International segment, which we report on separately, the only revenues and results reported during the year under review are those generated by kununu from the provision of technical infrastructure and services to the joint venture with US-based Monster Worldwide Inc. (€1.7 million; previous year: €1.3 million). This resulted in segment EBITDA of €0.2 million in 2018, compared with €0.0 million in the previous year. The partnership between kununu and Monster Worldwide Inc. ended on January 30, 2019 and ownership of the interests in Monster was transferred to kununu GmbH. As a result, income and expenses are being fully consolidated in accordance with IFRS 10 from this date, and an acquisition is being reported in the first quarter of 2019 in accordance with IFRS 3. In 2019, this is expected to lead to non-recurring, non-operating income of €1.3 million resulting from the remeasurement of the existing interest in kununu US LLC at fair value.

NET ASSETS

Non-current assets increased by €6.8 million from €170.0 million in the previous year to €176.8 million as of December 31, 2018. This is mainly due to recognition of new modules for the XING platform. The share of non-current assets in total assets decreased from 70.2 percent to 63.5 percent year on year. As a result, current assets accounted for a higher proportion of total assets, increasing to 36.5 percent (previous year: 29.8 percent).

At December 31, 2018, the Group had liquid own and third-party funds of €57.9 million (previous year: €36.5 million), plus available-for-sale securities amounting to €28.7 million (previous year: €29.9 million). This represents 20.8 percent (excluding available-for-sale securities; previous year: 15.1 percent) or 31.1 percent (including available-for-sale securities) (previous year: 27.4 percent) of the total assets of €278.5 million (previous year: €242.3 million). In 2017, XING forecast a sharp rise in liquid funds for 2018 excluding extraordinary items.

Liquid funds as of December 31, 2018 included third-party cash of €4.1 million from the XING Events segment (previous year: €4.2 million). Excluding extraordinary items, the Company had €53.8 million in own cash, which accounted for 19.3 percent of total assets (previous year: €32.3 million or 13.3 percent).

The increase in receivables from services from €28.3 million in the previous year to €35.5 million as of December 31, 2018 was largely related to the further rise in revenues. Receivables from services mainly include receivables from B2B members and membership subscriptions from Premium members.

Other assets rose by €0.7 million year on year, due in particular to an increase in advances paid.

At €32.7 million, investments in the 2018 financial year (excluding acquisitions) were at a level comparable to the previous year of €33.4 million.

Investments in purchased software amounting to €2.3 million in 2018 were lower than the amortization of €3.9 million. Investments also include the purchase price for the freelancer management software acquired from asap.industries GmbH in the financial year ended, which became due immediately.

Internally generated intangible assets include the internally generated parts of the XING platforms that qualify for capitalization as well as the XING mobile applications. Investments totaled €24.5 million (previous year: €26.6 million). Internally generated intangible assets were reduced by amortization and impairment losses of €6.3 million (previous year: €3.4 million), resulting from the overhaul and redesign of platform modules.

Of the goodwill, €34.3 million relates to the E-Recruiting segment (previous year: €34.3 million) and €15.4 million to the InterNations segment.

The value of the other intangible assets was reduced by €2.1 million through amortization during the financial year.

The increase in property, plant and equipment from €8.8 million in the previous year to €9.8 million is mainly due to the expansion and furnishing of new office space. Lease assets fell from €11.5 million to €11.1 million in the financial year, in particular due to depreciation.

FINANCIAL POSITION

Equity and liabilities

As was the case in previous years, XING SE is financed without bank or loan liabilities. As of the closing date, the Company's equity ratio amounted to 35.3 percent compared with 32.0 percent in 2017. The increase is attributable to the consolidated net profit of €31.0 million. This puts XING in an excellent position for future growth.

Current assets and available-for-sale financial assets (including liquid funds) cover 97.2 percent of current liabilities (previous year: 89.1 percent). The increase is due particularly to the strong increase in cash and cash equivalents by €21.3 million.

Strategic financing measures

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

Cash flows from operating activities

The cash flows from operating activities for the reporting year amounted to €73.8 million, up from €62.3 million in the previous year. This increase is mainly attributable to the €13.9 million year-on-year increase in EBITDA.

Cash flows from investing activities

In the 2018 financial year, the cash flows from investing activities included slightly lower investments in platform development than in the previous year (€24.5 million compared with €26.6 million). Investments in property, plant and equipment rose from €4.6 million in the previous year to €5.8 million as a result of expanding and furnishing new office space. The other drivers of cash flows from investing activities were the investments in kununu US LLC (€1.5 million), and earn-out payments made for the acquisition of BuddyBroker AG (€0.6 million), InterNations GmbH (€4.1 million) and the job exchange (€0.8 million). In the previous year, payments for acquisitions totaled €26.2 million and payments to the joint venture kununu US LLC amounted to €3.3 million.

Cash flows from financing activities

During the 2018 financial year, XING distributed a regular dividend of €9.4 million (previous year: €7.7 million), but no special dividend (previous year: €9.0 million). Other drivers of cash flows from financing activities are payments for leases in the amount of €2.9 million (previous year: €3.5 million). The decrease in payments for leases is attributable to contractually agreed rent-free periods. Own cash and available-for-sale securities totaling €82.5 million as of the end of 2018 and XING's cash-generative business model enable the Company to pay dividend on a regular basis without changing its business strategy, which is aimed at achieving growth.

Spending on research and product development

Internet companies typically spend a significant portion of their expenses on research and product development (excl. marketing), and XING is no exception. At €57.3 million, spending on research and product development in 2018 exceeded the previous year's figure (2017: €50.1 million) and sends a clear signal that we will continue to invest strongly in innovations and new product developments in order to raise revenue and income further in the future. The largest single item in these expenses relates to the refinement and programming of the B2C platform (for example, platform technology, InterNations B2C offerings, XING News/content offerings). We also continued to invest heavily in B2B offerings (technology, refinement of the XING 3600 product offering, Prescreen, kununu, etc.). The total amount capitalized for the development of new products was €24.5 million (2017: €26.6 million) in the past financial year. Accordingly, the capitalization ratio fell from 53.1 to 42.7 percent. Amortization and impairments of capitalized development costs amounted to €14.0 million in the reporting period (2017: €8.7 million).

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

We are once again extremely satisfied with our operating and financial results in the 2018 financial year. XING is growing at a dynamic pace and is highly profitable. At the same time, we are making strategic investments in our future. XING SE's business model features sustainably high margins, revenues paid mostly in advance and low capital intensity – all without taking on a significant level of financial debt.

We achieved the largest consolidated profit and the highest earnings per share in the history of the Company of €31.0 million and €5.51, respectively.

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 Report on expected developments.

Risk report

PRINCIPLES OF RISK MANAGEMENT

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

Each individual employee is required to avert potential loss from the Company. One of their tasks is to immediately remove all risks in their own area of responsibility and to immediately notify the corresponding risk management contacts at XING SE 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 SE familiarizes its employees with the risk management system using information material and draws their attention to the significance of risk management.

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

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

The risk management system covers only risks and countermeasures but not opportunities.

INTERNAL CONTROL SYSTEM

In accordance with Section 315 (4) HGB, as a publicly traded company, we are obliged to describe the key features of the internal control and risk management system relevant for the consolidated 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, measures and controls 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 SE with regard to the financial reporting processes of the integrated companies and the Group financial reporting process:

The Management Board of the Group bears overall responsibility for 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 reporting organization, the Group Management 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; establishment of a monitoring system; and documentation of the measures which have been taken. In addition, this reporting organization defines that material risks are reported immediately to the Group's Management Board 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. 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.

These comprise in particular the following elements:

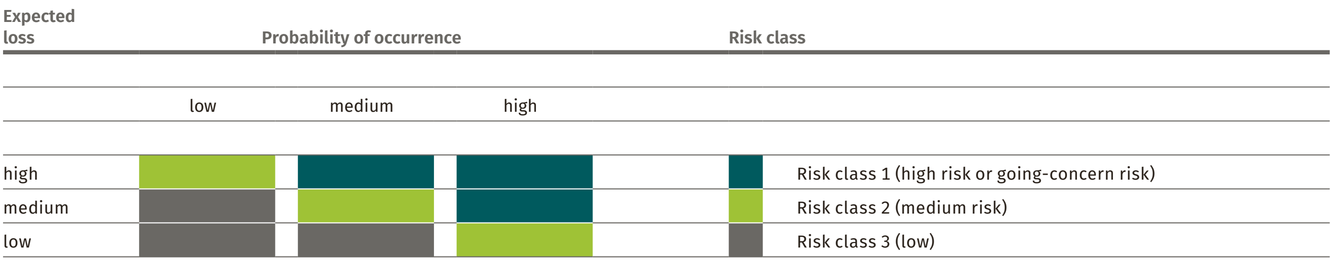
- Identification of the main risk fields and control areas which are relevant for the Group-wide financial reporting process;
- Controls for monitoring the Group-wide financial reporting process and the related results at the level of the Group Management Board also at the level of the companies included in the consolidated financial statements;
- 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;

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 this context, the Group also makes use of the expertise of external specialists.

The Group has also implemented a risk management system which comprises measures for identifying and measuring material risks as well as appropriate measures for limiting risk in order to ensure the adequacy of the consolidated financial statements. The Management 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 both very likely to occur and expected to cause a high loss to be a potential going-concern 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
Expected loss		
high	more than €2 million	large damage to the Company’s image, large damage for customers
medium	€500 thousand to €2 million	services impacted over a long period of time
low	€100 thousand to €500 thousand	service impacted in isolated cases

SIGNIFICANT INDIVIDUAL RISKS

In the explanations below, the significant risks identified at XING SE 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 SE 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 SE were to lose customers to these current or future competitors. Competitors might be able to capture market share from XING SE by offering services that are superior to the services offered by XING SE or through particularly aggressive and successful marketing. 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 SE with their prices and services. In the B2C segment, 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 SE. Some conceivable examples are search engines that extend their portfolio by way of community structures or major portal providers that already have a large number of users, for example by offering e-mail services. The increasing availability of mobile devices with Internet capability can also lead to competition from mobile communities. We categorize the competition risk existing in the B2C segment as a potential going-concern risk. We counteract this risk primarily by undertaking extensive product development and marketing activities. Thanks to better services, continual expansion of our user base, and strong customer loyalty, we have reduced competition risk to such a degree that we currently no longer consider it a going-concern risk in view of the countermeasures taken.

In the B2B E-Recruiting segment, companies with extensive reach in the D-A-CH region could enter the market for job advertisements, leading to a decline in traffic. We currently categorize this risk as a going-concern risk as well. We counteract this risk through detailed monitoring and by closely liaising with these companies on potential collaborations.

Collaboration with service providers, especially in payment and receivables management

The involvement of external service providers and collaboration partners results in a certain reliance on third parties in some areas. This applies to areas such as news, marketing solutions and job advertisements, but especially to 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 Company counters this risk, which is considered a low to medium risk, for instance by using the help of legal professionals in designing the respective partnerships with external service providers and collaboration partners. Appropriate contract forms in particular ensure that the reliance is minimized, the necessary service standards are met, and that the risk of technical failures is minimized.

Ad blockers

When selling online advertising, there is a fundamental risk of losses caused by so-called ad blockers. Ad blockers are programs users can install to prevent advertisements from being displayed. Theoretically, widespread use of ad blockers can present a high risk with regard to the direct marketing of advertisements on XING via our self-booking application. However, we believe we are well armed against such losses due to the countermeasures available in this respect – for example, the effects of ad blockers can be minimized using technical and design-related countermeasures.

Market and sales risks

Generally, there is a risk of a significant increase in customer losses due to unforeseen external or internal factors. A weak market environment or the launch of copycat products that use publicly available XING data in particular can result in such a loss of customers. We categorize these risks as medium to high. XING SE mainly counters them by constantly improving and extending its own services, and also by means of strategic partnerships. In addition, XING SE 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.

Risks of customer support

At XING SE, customer satisfaction enjoys maximum priority not only with regard to financial success. Because of XING SE's own stringent requirements regarding the quality of its platforms, 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 the risks of customer support mostly as low.

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 its platforms. This means that XING SE is able to respond promptly where necessary and to avert membership cancellations which would result in losses in terms of revenues.

Financial risks

The Premium memberships offered by XING SE generate regular cash inflows and provide the Company with adequate liquidity. In addition, XING SE prepares a liquidity forecast. XING SE invests its cash and cash equivalents exclusively with banks with high ratings and in short-term deposits. This means that the solvency of the Company is guaranteed at all times. Defaults in the B2C and B2B E-Recruiting segments accounted for less than 3 percent of the total revenues in the previous financial year, and is thus not of material significance. We therefore categorize the counterparty credit risk and the liquidity risk as a low risk overall.

In the B2B Marketing Solutions & Events segment, we generally see an increasing risk posed by fraudulent event organizers. We address this risk with special tools and processes aimed at detecting and examining them.

IT risks

Risks in network security, hardware and software

For internal purposes and in order to perform its services, XING SE 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 SE and the related hardware and software are vital to the success of the Company's business.

The Company's systems, websites, 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 but are not limited to identity theft, credit card fraud or other cases of fraud, advertising emails and spam emails from companies which are not affiliated with XING SE.

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 SE 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. In view of the countermeasures taken, we therefore no longer consider this a going-concern risk. At the same time, however, the possibility of future breaches cannot be excluded.

Process and organization risks

Product development risks

XING SE aims to achieve constant and proactive improvement of its platforms. 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 platforms will usually be accompanied by a process of exchanging information between XING SE 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 SE's data centers for direct data processing are located in the European Union. In addition, XING SE 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 SE 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 government investigations, data protection orders or claims for damages from customers, including non-pecuniary damages. Under certain circumstances, criminal proceedings or proceedings for administrative offenses could even be initiated against XING SE or 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 SE 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.

The implementation of the requirements of the EU General Data Protection Regulation (EU GDPR), which came into force on 25 May 2018, has been completed. 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.

Mergers and acquisitions

The Company's inorganic growth requires in some cases considerable financial investment and internal allocation of resources, both of which must be carried out extremely carefully within very short planning periods. Incorrect assessment of a target or inadequate post-merger integration might put the desired sustainable value creation in jeopardy. We counteract this risk mainly with coordinated decision-making processes and interdisciplinary processes for integrating new acquisitions into the Group. This risk is addressed here for the first time and was not discussed in the 2017 Annual Report.

MANAGEMENT'S SUMMARY OF 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 International Monetary Fund (IMF) is increasingly skeptical about the global economic outlook and lowered its growth expectations by 20 basis points from the autumn forecast at the start of the year. It currently anticipates global economic growth of just 3.5 percent for 2019 (2018: 3.7 percent) (WEO Update January 2019). The upturn is thus weakening, particularly in China and industrialized nations. The IMF is more pessimistic than before about the three major nations in the euro area (Germany, France, Italy). It has lowered its euro area growth forecast significantly to 1.6 percent in 2019 (2018: 1.8 percent). Brexit, instability in France and the USA's trade war with China all pose considerable risks. The IMF has also identified risks relating to sentiment on the financial markets, as well as geopolitical flashpoints in the Middle East and East Asia.

According to the Kiel Institute for the World Economy (IfW) and the Deutsche Bundesbank, Germany's growth is increasingly reaching its limits as a result of demographics and a shortage of skilled workers. Although the international economic environment is looking increasingly gloomy, the German economy is expected to record relatively robust growth of 1.8 percent in 2019 (IfW). The automotive industry is likely to overcome its production backlogs, while domestic demand continues to provide momentum on a broad basis. The National Bank of Austria (OeNB) expects the upturn in the Austrian economy to cool after a two-year boom, with investments and exports growing at a slower pace than in recent years. The OeNB still anticipates solid growth of 2.0 percent in 2019. With growth in exports also flattening and industrial activity weakening in Switzerland, the country is expected to record a slower rate of economic growth in 2019 (SECO: +1.6 percent, KOF: +1.5 percent).

EXPECTED SECTOR TRENDS

The positive trend in the German labor market is set to continue in 2019. The IfW expects the number of people in gainful employment to rise by 444,000, accompanied by a significant increase in employees liable for social security contributions and declines in marginal employment and self-employment. This is likely to reduce the unemployment rate to between 4.8 percent (Federal Employment Agency, BfA) and 2.9 percent (ILO rate). According to the Deutsche Bundesbank, employment in a growing number of sectors and occupations is no longer limited by demand, but by the increasingly scarce supply of skilled workers. The aging population limits the labor supply further. In light of this, companies are facing growing competition for highly skilled workers, causing collectively agreed wages to rise by 2.6 percent, according to the IfW. According to the OeNB, momentum in the Austrian labor market will decelerate in 2019 in line with the economic slowdown. As a result, the number of non-self-employed workers is expected to increase by 1.4 percent. The ILO unemployment rate is likely to improve slightly to 4.7 percent. In Switzerland, employment is set to rise by a further 1.1 percent in 2019, while the unemployment rate continues to fall. The nationally defined rate (SECO) is expected to decline to 2.4 percent, while the international rate (ILO) is likely to drop to 4.1 percent.

In this labor market environment, cross-border competition for skilled staff in the D-A-CH region is anticipated to increase further. The BfA's analysis of the skills shortage in June 2018 highlights significant recruitment difficulties in Germany. The average vacancy period – the time it takes to fill an advertised position – rose by seven days to 107 days across all professions (12-month rolling average to April 2018), the eighth successive annual increase. According to the BfA, skills shortages primarily exist in technical roles (vehicle and energy technology, construction, equipment engineering), the IT sector (software development, programming, consulting, sales), the construction industry and trades (plumbers, sanitary fittings, heating/air conditioning) as well as in healthcare and nursing roles (including physiotherapy, general care and geriatric nursing). The vacancy period in these professions ranges from 130 days to more than 180 days.

E-recruiting is continuing to gain ground in this environment. Companies in the information technology sector in particular are increasingly relying on e-recruiting to attract new employees. While figures provided by the Center of European Economic Research (ZEW) suggest that almost 72 percent of ITC companies used tools such as online job portals, company websites and social media platforms for recruitment two years ago, the current figure is already above 77 percent – and rising.

Opportunities for jobseekers are improving in almost every sector and career both in their own country and internationally, as are the conditions for individual career development. Under these circumstances in the labor market, and in light of the population's increasing online affinity, online recruitment portals may become even more important than they already are.

EXPECTED DEVELOPMENT OF XING

We believe that XING will continue its dynamic growth during the 2019 financial year, supported by the ongoing structural changes within the world of work and the challenges these pose for employees (B2C) and companies (B2B).

In our opinion, employees must tackle the changes directly affecting them (digitalization, automation, etc.) and identify areas for further development and change. Here, XING has an more important role to play as a reliable partner in a changing environment and to help its members make the right career decisions for them. With more than 15 million XING members, we have a very good foundation on which to continue benefiting from these macrotrends in the future, notwithstanding the possible short-term deterioration in the economic situation in Germany.

Demographic trends and near-full employment in Germany represent major challenges for companies both now and in the future.

More than 70 percent of HR decision-makers in Germany, Austria and Switzerland report that they are having difficulty recruiting professionals. These are findings of the study entitled "E-Recruiting 2018: Expectations, assessments and aspirations of employees and recruiters".

Here too, our existing and well-established recruitment solutions mean we are excellently positioned to help companies fill jobs better and more quickly, and will remain so in future. As a solution provider, we will continue to be able to benefit from these general conditions and expect revenues and income to continue to rise accordingly.

Revenue and earnings targets

In our financial key performance indicators, we expect revenues and earnings to continue to increase at Group level. Only in the B2C segment are we budgeting a steady segment EBITDA, which is due solely to investments in and start-up losses on additional and new B2C revenue streams. Accordingly, 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 2019
Revenues incl. other operating income, Group	Double-digit percentage growth
EBITDA (adjusted for extraordinary items), Group	Double-digit percentage growth
Revenues, B2C segment	Single-digit percentage growth
EBITDA (adjusted for extraordinary items), B2C segment	Stable performance at prior-year level
B2B E-Recruiting segment revenues	Double-digit percentage growth
EBITDA (adjusted for extraordinary items), B2B E-Recruiting segment	Double-digit percentage growth
Revenues B2B Marketing Solutions & Events segment	Double-digit percentage growth
EBITDA (adjusted for extraordinary items), B2B Marketing Solutions & Events segment	Double-digit percentage growth

Dividend targets

We have been pursuing a sustainable dividend policy since 2012. In the current financial year, we plan to propose to the Annual General Meeting to be held on June 6, 2019 that a regular dividend amounting to €2.14 per no-par value share carrying dividend rights be paid for the financial year ended. We will also propose to the AGM the payment of a special dividend of €3.56 per share. The profit appropriation proposal will be presented to the AGM for a resolution on the appropriation of net retained profits once the audited annual financial statements have been adopted. The proposed dividend involves a total payout of €32.0 million. Own cash and available-for-sale securities totaling €82.5 million as of the end of 2018 and XING's cash-generative business model enable the Company to pay dividend on a regular basis without changing its business strategy, which is aimed at achieving growth. We intend to continue to make regular dividend payments.

Liquidity and financial targets

We anticipate cash funds in the 2019 financial year excluding extraordinary items such as acquisitions or special dividends to increase considerably.

Planned capital expenditures

After the investment volume (CAPEX) in the 2018 financial year remained steady at €32.5 million (2017: €33.4 million), we anticipate a similar level of CAPEX for the 2019 financial year.

Forecast of non-financial key performance indicators

The non-financial key performance indicators being reported are important measures of the success and attractiveness of our offerings. Accordingly, we defined the number of members in the D-A-CH region as well as the number of subscribers in this region as key performance indicators for the B2C segment. Our objective is to generate strong member growth in the D-A-CH region in 2019 (2018: +14 percent) and increase the number of subscribers slightly (2018: +3 percent or approx. 31,000).

Relationships with corporate customers are the most important measure in the B2B E-Recruiting and B2B Marketing Solutions & Events segments because the segments' revenue and earnings performance significantly depends on them. For this reason, the goal is to increase the number of corporate customers through subscriptions in the B2B E-Recruiting segment significantly in the 2019 financial year (2018: +40 percent). We also expect the number of corporate customers in the B2B Marketing Solutions & Events segment to increase significantly (2018: +8 percent).

Non-financial key performance indicators	Forecast for 2019
B2C segment: Members in the D-A-CH region	Substantial growth
B2C segment: Subscribers in the D-A-CH region	Slight growth
B2B E-Recruiting segment: Number of subscription-based corporate customers (B2B)	Substantial growth
B2B Marketing Solutions & Events segment: Number of corporate customers (B2B)	Substantial growth

Possible "Brexit" effects

The XING Group currently has few business relationships in the United Kingdom and Ireland as a result of its focus on the German-speaking market. In its only significant transaction with these markets, XING SE uses a subsidiary headquartered in the United Kingdom as a contractual partner with a payment service provider to process credit card payments in the events business. XING currently expects to be able to continue these contracts even in the event of a hard Brexit. In the worst-case scenario, it may no longer be possible to maintain these contracts as a result of Brexit. Although the Company can switch to a contractual partner in the European Union at short notice, this will lead to low ongoing additional costs with the payment services provider.

XING also employs several employees with UK and Irish citizenship, including a member of the Management Board. XING currently expects to obtain residence visas and work permits for these employees, even in the event of a hard Brexit.

REPORT ON OPPORTUNITIES

In addition to numerous risks that result from operating in an extremely dynamic technology environment, there are also opportunities that may arise as a result of rapidly changing conditions and new structural trends. Alongside risk management, therefore, opportunity management is also an integral part of our business activities aimed at steadily increasing our enterprise value, safeguarding and expanding our competitive position, and achieving our goals. Opportunity management at XING focuses heavily on the business units' individual strategies. Market developments and trends along with the competitive environment are discussed at regular meetings between the Management Board and the BU heads regarding business performance, and the resulting opportunities for the business units are assessed. Any opportunities identified are discussed with the individual business units as part of the planning and controlling process in order to perform a qualitative and quantitative assessment. One of the tasks of the business units themselves is to identify strategic opportunities in their respective submarkets and to develop measures for product development and its focus from these.

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

Opportunities presented by marcroeconomic trends

The economic conditions also affect the development of business at XING to varying degrees. As our assessment of the future development of the results of operations is based on the assumptions about economic developments described in the management report, a substantial improvement in the economic conditions could have an extremely positive influence on our business activities. Our e-recruiting offerings in particular could become more attractive, and as a result our existing forecast could be surpassed, if the lack of skilled workers becomes even worse and baby boomers leave the workplace at a faster pace, while the economy remains on a stable footing. Even if the macroeconomic environment and economic conditions in the D-A-CH region were to deteriorate significantly, management believes that this will have no negative impact on the B2B E-Recruiting segment. The B2C segment could even outperform forecasts because positioning and active presentation of professional CVs through ProJobs membership, for example, will become more important.

Opportunities presented by product development and innovation

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

Opportunities presented by faster penetration of important growth markets

Thanks to our digital e-recruiting solutions for companies in particular, we operate in a structural growth market in which lasting changes in the world of work (digitalization and changes in skills and values) could offer XING numerous opportunities, particularly in the future, if the B2B E-Recruiting products and services introduced by XING can achieve market penetration more quickly than planned. Other opportunities will also arise by establishing new and/or additional e-recruiting offerings more quickly than planned (e.g. through M&A transactions).

Furthermore, paid memberships in the B2C core business also present further opportunities. In this area, the new freelancer marketplace planned by XING can have a positive impact on the segment's revenue and earnings performance if these new offerings resonate with customers more strongly than planned.

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

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). The report explains the structure and the level of remuneration applicable to the Management 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.

REMUNERATION OF THE MANAGEMENT BOARD

This section outlines the principles governing the remuneration of the Management Board and, as recommended by the German Corporate Governance Code, specifies the total Management Board remuneration as well as the remuneration of its individual members. The Supervisory Board is responsible for determining the remuneration of the individual members of the Management Board.

Components of the Management Board remuneration

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

The fixed remuneration component that is not performance-related consists of a fixed amount as basic remuneration paid out monthly in the form of a salary. The respective amount for each Management Board member is set out in their contract and is regularly reviewed and, if necessary, updated by mutual agreement with the Management Board member concerned. In addition to their fixed remuneration, the Management Board members are granted non-cash benefits on a commensurate scale plus other voluntary benefits. Furthermore, Management 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 comprised two parts in the reporting year: For one, the Management Board is granted performance-related remuneration that is measured by the achievement of quantitative corporate objectives relating to the current financial year, and calculated using key performance indicators reported in the consolidated financial statements. For another, shadow shares granted to the Management Board members within the scope of the Long-term Incentive Program (LTI) are a component of the variable remuneration for the Management Board.

The following applies to the performance-related remuneration of the Management Board: The quantitative corporate objectives for performance-related Management Board remuneration are based on two of the Company's budgeted financial targets for the relevant financial year, currently Group EBITDA and consolidated revenues (incl. other operating income). The degree of target achievement for the quantitative corporate 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 on the basis of the calculation parameters specified in the relevant Management Board contracts or the setting of targets.

The Supervisory Board may also reasonably determine a limited special remuneration for the Management Board members for their achievements or performance during their terms of office as members of the Management Board which are not compensated by their usual remuneration and have a significantly positive impact on the Company.

The shadow shares from the LTI are a virtual replication of shares to be allocated to the Management Board members in annual tranches. The number of shadow shares to be allocated in an annual tranche corresponds to the allocation amount calculated annually divided by the average closing price of the Company's shares over the 100 trading days immediately preceding the Annual General Meeting in which the consolidated financial statements, which are the basis for determining target achievement, are adopted. The annual allocation amount depends on the achievement of quantitative corporate goals that are stipulated by the Supervisory Board as part of its three-year plan in advance for the relevant financial year in the three-year plan, currently Group EBITDA and consolidated revenues (incl. other operating income). Following a waiting period of three years from allocation, the beneficiary (Management Board member) acquires an entitlement to a cash payment tied to the share price or, at the Company's discretion, to the allocation of XING SE shares. In addition, the beneficiary is paid dividends applicable to real shares in the amount corresponding to the allocated shadow shares, if any, for the three preceding financial years ("cumulative dividend"). If cash is paid, then the total amount paid is limited to three times the relevant allocation amount of the respective tranche of shadow shares. If the payment is settled in shares, then the number of shares to be granted is equal to the number of shadow shares allocated. If the total of the share price at the time of exercise and the cumulative dividend is greater than three times the relevant allocation amount of the respective tranche of shadow shares, then the number of shares granted is equivalent to three times the allocation amount. 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 Management Board.

Management Board remuneration in financial year 2018 pursuant to GAS 17

The total and individual remuneration of the Management Board for the 2018 financial year is detailed in the following tables.

Remuneration of Management Board members in office in 2018 (presentation of benefits pursuant to GAS 17)

All figures in € thousand	Dr. Thomas Vollmoeller CEO since 10/16/2012		Alastair Bruce CSO since 02/01/2017		Ingo Chu CFO since 07/01/2009		Jens Pape CTO since 03/01/2011		Dr. Patrick Alberts CPO since 07/01/2018		Total	Total
	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018
Fixed remuneration	450	450	298	325	288	325	278	325	0	138	1,314	1,563
Fringe benefits	1	0	2	1	3	1	3	1	0	0	9	3
TOTAL	**451**	**450**	**300**	**326**	**290**	**326**	**280**	**326**	**0**	**138**	**1,323**	**1,565**
One-year variable remuneration Bonus (cash)	296	377	184	300	165	300	161	300	0	129	806	1,406
Multi-year variable remuneration Long-term incentive [1]	405	400	232	250	174	250	177	250	0	88	988	1,238
TOTAL	**1,152**	**1,227**	**716**	**876**	**629**	**876**	**618**	**876**	**0**	**355**	**3,117**	**4,209**

[1] *The value of the phantom stocks shown in the table is calculated by multiplying the contractually agreed grant amount with the target achievement for 2018. The phantom stocks for the 2018 financial year are granted after the Annual General Meeting at which the approved consolidated financial statements for the 2018 financial year are presented.*

Remuneration of members who left the Management Board in 2018 (presentation of benefits pursuant to GAS 17)

All figures in € thousand	Timm Richter CPO until 06/30/2018		Total	Total
	2017	2018	2017	2018
Fixed remuneration	308	163	308	163
Fringe benefits	3	0	3	0
TOTAL	**310**	**163**	**312**	**163**
One-year variable remuneration Bonus (cash)	180	175	180	175
Multi-year variable remuneration Long-term incentive [1]	227	125	227	125
TOTAL	**717**	**463**	**719**	**463**

[1] *The value of the phantom stocks shown in the table is calculated by multiplying the contractually agreed grant amount with the target achievement for 2018. The phantom stocks for the 2018 financial year are granted after the Annual General Meeting at which the approved consolidated financial statements for the 2018 financial year are presented.*

Executive Board remuneration in financial year 2018 pursuant to the German Corporate Governance Code (GCGC)

The GCGC recommends that individual remuneration components be disclosed individually for each Management Board member according to certain criteria. It also recommends that the sample tables provided in the GCGC be used for this presentation, which differs in some respects from German Accounting Standard No. 17 (GAS 17).

The following tables outline benefits granted for the 2017 and 2018 financial years, including fringe benefits, and the minimum and maximum possible remuneration earnable in financial year 2018. In contrast to GAS 17, the target figure, i.e. the amount granted to the Management Board member at a target achievement level of 100 percent, must be presented for one-year, performance-related remuneration in line with the requirements of the GCGC.

Remuneration of the Management Board 2018 (presentation of benefits pursuant to GCGC)

All figures in € thousand	Dr. Thomas Vollmoeller CEO since 10/16/2012				Alastair Bruce CSO since 02/01/2017				Ingo Chu CFO since 07/01/2009			
	Base value		Minimum	Maximum	Base value		Minimum	Maximum	Base value		Minimum	Maximum
	2017	2018	2018	2018	2017	2018	2018	2018	2017	2018	2018	2018
Fixed remuneration	450	450	450	450	298	325	325	325	288	325	325	325
Fringe benefits	1	0	0	0	3	1	1	1	3	1	1	1
TOTAL	**451**	**450**	**450**	**450**	**300**	**326**	**326**	**326**	**290**	**326**	**326**	**326**
One-year variable remuneration Bonus (cash)	270	270	0	480	160	175	0	420	150	175	0	420
Multi-year variable remuneration Long-term incentive	400	400	0	1,660	229	250	0	1,075	172	250	0	1,075
TOTAL	**1,121**	**1,120**	**450**	**2,590**	**690**	**751**	**326**	**1,821**	**612**	**751**	**326**	**1,821**

All figures in € thousand	Jens Pape CTO since 0301/2011				Dr. Patrick Albers CPO since 07/01/2018				Total	Total
	Base value		Minimum	Maximum	Base value		Minimum	Maximum	Base value	Base value
	2017	2018	2018	2018	2017	2018	2018	2018	2017	2018
Fixed remuneration	278	325	325	325	0	138	138	138	1,314	1,563
Fringe benefits	3	1	1	1	0	0	0	0	10	3
TOTAL	**280**	**326**	**326**	**326**	**0**	**138**	**138**	**138**	**1,324**	**1,565**
One-year variable remuneration Bonus (cash)	140	175	0	420	0	75	0	180	720	870
Multi-year variable remuneration Long-term incentive	175	250	0	1,075	0	88	0	441	976	1,238
TOTAL	**595**	**751**	**326**	**1,821**	**0**	**300**	**138**	**759**	**3,020**	**3,673**

Remuneration of members who left the Management Board in 2018 (presentation of benefits pursuant to GCGC)

All figures in € thousand	Timm Richter CPO until 06/30/2018				Total	Total
	Base value		Mini-mum	Maxi-mum	Base value	Base value
	2017	2018	2018	2018	2017	2018
Fixed remuneration	308	163	163	163	308	163
Fringe benefits	3	0	0	0	3	0
TOTAL	311	163	163	163	311	163
One-year variable remuneration Bonus (cash)	165	175	0	175	165	175
Multi-year variable remuneration Long-term incentive	225	125	0	488	225	125
TOTAL	701	463	163	825	701	463

The payment amount actually made to Mr. Richter based on the contractual agreements on the occasion of his resignation until the end of his Management Board activity is listed as the maximum for fixed remuneration and one-year variable remuneration. This value is identical to benefits received.

Because the remuneration granted to members of the Management Board for the financial year is not always paid out in the same financial year, a separate table indicates the remuneration they were allocated in financial year 2018 in line with the corresponding GCGC recommendation. Pursuant to the GCGC recommendations, the fixed remuneration and the one-year, performance-related benefits must be listed as benefits received for the given financial year. The total remuneration according to the GCGC accruing to the individual members of the Management Board for the 2018 financial year broken down by components is presented in the following tables:

Remuneration of Management Board members in office in 2018 (presentation of benefits paid pursuant to GCGC)

All figures in € thousand	Dr. Thomas Vollmoeller CEO since 10/16/2012		Alastair Bruce CSO since 02/01/2017		Ingo Chu CFO since 07/01/2009		Jens Pape CTO since 03/01/2011		Dr. Patrick Alberts CPO since 07/01/2018		Total	Total
	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018
Fixed remuneration	450	450	298	325	288	325	278	325	-	138	1,314	1,563
Fringe benefits	1	0	3	1	3	1	3	1	-	0	10	3
TOTAL	451	450	300	326	290	326	280	326	0	138	1,324	1,565
One-year variable remuneration Bonus (cash)	296	377	184	300	165	300	161	300	-	129	806	1,406
Multi-year variable remuneration Long-term incentive	474	409	0	0	110	186	0	186	-	0	584	781
TOTAL	1,221	1,236	484	626	565	812	441	812	0	267	2,714	3,752

Remuneration of members who left the Management Board in 2018 (presentation of benefits paid pursuant to GCGC)

All figures in € thousand	Timm Richter CPO until 06/30/2018		Total	Total
	2017	2018	2017	2018
Fixed remuneration	308	163	308	163
Fringe benefits	3	0	3	0
TOTAL	**310**	**163**	**312**	**163**
One-year variable remuneration Bonus (cash)	180	175	180	175
Multi-year variable remuneration Long-term incentive	180	186	180	186
TOTAL	**670**	**524**	**672**	**524**

Mr. Richter stepped down from the Management Board on June 30, 2018. Accordingly, all amounts shown in the tables are on a pro-rata temporis basis. In the reporting year, Mr. Richter received a fixed salary of €163 thousand plus fringe benefits for the period up to June 30, 2018. This corresponds to the proportionate amount based on a fixed annual salary of €325 thousand. The table also shows the pro rata benefits granted and received from variable remuneration for the 2018 financial year up to June 30, 2018 (pro rata annual bonus for 2018 as a one-year variable remuneration component and pro rata multi-year variable remuneration). For the one-year variable remuneration, 100 percent target attainment was contractually agreed with Mr. Richter upon his leaving the Company. In addition, a continued salary payment for the period from July 1, 2018 to December 31, 2018 in the amount of €163 thousand plus €1 thousand in fringe benefits and a severance payment in the amount of €750 thousand were agreed with Mr. Richter, which corresponds to the severance cap contained in all contracts of the Management Board.

Transactions by persons discharging managerial responsibilities

All transactions made by persons discharging managerial responsibilities as defined in Article 19 of EU Regulation No. 596/2014 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 SE's website. No directors' dealings were reported to the Company in the financial year ended.

Premature termination of employment as a member of the Management Board

In the event of the death of an Management Board member during the term of the director's contract, the Company is obligated to pay the proportionate annual base 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. As of December 31, 2018, all Management Board contracts also contain customary arrangements in the event of the premature termination of the contract without cause and corresponding severance cap clauses based on the recommendations set out in item 4.2.3 of the German Corporate Governance Code.

The contract of one Management Board member in office, Mr. Ingo Chu, also contains provisions associated with a change in control at the Company that are customary for chief financial officers. In the event of a change in control, Mr. Chu 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, he is entitled to settlement of all remuneration components (basic salary, variable remuneration, remuneration from the 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 Management Board And none of the members in office held shares of the Company as of December 31, 2018. Likewise, no loans, interest or advances were granted to members of the Management Board and no members received or were promised benefits or similar assurances from third parties in connection with their Management Board mandate. Furthermore, no commitments were made concerning the granting of such benefits.

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

REMUNERATION OF THE SUPERVISORY BOARD

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

The members of the Supervisory Board receive 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. In addition to their fixed remuneration, the members of committees actually formed receive an additional fixed remuneration of €5,000 for each full financial year in which they serve on the respective committee. Chairmen of committees actually formed receive twice this amount for each committee chairmanship. Members of the Supervisory Board who join or leave the Supervisory Board during a financial year receive their fixed remuneration on a pro rata basis.

In addition to their fixed remuneration, the members of the Supervisory Board do not receive any performance-related remuneration. This is intended to ensure 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 2018 financial year as provided by the Articles of Incorporation is broken down in the following table.

Supervisory Board members in office

as of December 31, 2018

In €	Total remuneration 2018	Total remuneration 2017
Stefan Winners, Chairman	85,000	85,000
Dr. Johannes Meier, Vice Chairman of the Supervisory Board	45,000	45,000
Anette Weber, Chairwoman of the Audit Committee	50,000	50,000
Dr. Jörg Lübcke	45,000	45,000
Dr. Andreas Rittstieg	45,000	45,000
Jean-Paul Schmetz, Chairman of the Tech Committee	50,000	50,000
TOTAL	**320,000**	**320,000**

The members of the Supervisory Board were also reimbursed for reasonable travel expenses as part of their work. No further commitments were made by the Company. None of the Supervisory Board members were granted loans, interest or advance payments by the Company. As of the December 31, 2018 reporting date, the Supervisory Board members collectively held less than 1 percent of the shares in the Company. As a rule, information on reports on transactions by persons discharging managerial responsibilities in accordance with Article 19 of EU Regulation No. 596/2014 in the past financial year is published at www.dgap.de under Directors' Dealings and can also be found in the Investor Relations section of XING SE's website.

Other

XING SE 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 Management Board and the Supervisory Board in the Declaration of Conformity last updated in March 2019 and also published online at http://corporate.xing.com/en/investor-relations/corporate-governance/.

Legal information

The following section mainly contains information and explanations in accordance with Section 315 (1) of the German Commercial Code (HGB). This information relates to company law structures and other legal relationships.

CORPORATE GOVERNANCE STATEMENT

The corporate governance statement issued in accordance with Section 289f and 315d HGB is published on our website at http://corporate.xing.com/english/investor-relations/corporate-governance/. It contains a description of how the Management 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 Management Board earnings, and summarizes the principles used as the basis for the remuneration of the XING SE Management 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 Management 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 315a HGB describe the situation as of December 31, 2018. 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 amounted to €5,620,435 on December 31, 2018 (previous year €5,592,137), and consists of 5,620,435 no-par value shares with a notional amount of €1.00 each. The share capital is fully paid in. All shares have the same rights.

Treasury shares

The Company itself held no treasury shares of XING SE as of December 31, 2018 (previous year: none). This corresponds to 0 percent (previous year: 0 percent) of the Company's share capital. Further information on the purchase or sale of treasury shares is provided in the notes.

Restrictions on voting rights or on the transfer of shares

The Management 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, 2018, the Company was aware that Burda Digital GmbH, Munich, held around 50.26 percent (previous year: 50.26 percent) of XING SE's voting rights. The Company is not in possession of any further information or notifications in accordance with Sections 33 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 Management Board is subject to Sections 84, 85 AktG as well as item 8 of the Articles of Incorporation as amended on May 16, 2018. In accordance with item 8 (1) of the Articles of Incorporation, the Management Board consists of one or more persons. The Supervisory Board determines the number of members of the Management Board. The Articles of Incorporation do not include any special rules for the appointment and dismissal of individual or all members of the Management Board. Any such appointment or dismissal is the responsibility of the Supervisory Board.

Changes to the Articles of Incorporation are made in accordance with the provisions of Sections 179 and 133 AktG. The Company's 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 5.4 and 19 of the Articles of Incorporation, the Supervisory Board is authorized to make changes to the Articles of Incorporation to the extent that they only relate to their wording.

Powers of the Management Board to issue and buy back shares

The powers of the Management 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 16, 2018, and in view of the cancellation of the resolution of May 23, 2014, the Management Board was authorized to purchase treasury shares as follows:

a. Authorization to purchase own shares

Until May 15, 2023, the Management Board is authorized, with the approval of the Supervisory Board, to purchase treasury shares for up to a total of 10 percent of the Company's share capital amounting to €5,620,435.00 at the time at which the resolution is adopted. 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. Furthermore, the prerequisites of Section 71 (2) sentences 2 and 3 AktG must be observed. This authorization must not be exercised for the purpose of trading treasury shares. The authorization may be exercised in whole or in part, once or on multiple occasions, to pursue one or more purposes.

b. Types of purchase

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

1) If the shares are purchased via the stock exchange, the amount per share paid by the Company (excluding ancillary purchase costs) must not exceed by more than 10 percent nor fall below by more than 20 percent the average of the closing prices of the Company's shares of the same class in Xetra trading (or an equivalent successor system) for the last five trading days on the Frankfurt Stock Exchange prior to entering into the obligation to purchase.

2) If the shares are acquired via a public offer to purchase shares directed to all shareholders or a public invitation to submit offers to sell shares directed to all shareholders, then the purchase price offered or limits on the purchase price range per share (excluding ancillary purchase costs) must not exceed by more than 10 percent nor fall below by more than 20 percent the average of the closing prices of the Company's shares of the same class in Xetra trading (or an equivalent successor system) for the last five trading days on the Frankfurt Stock Exchange prior to the date of publication 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 purchase offer or a public invitation 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 applicable price is the closing price of the Company's shares of the same class in Xetra trading (or an equivalent successor system) on the last trading day on the Frankfurt Stock Exchange prior to publication of the adjustment; the 10 percent limit for exceeding and the 20 percent limit for falling below this price must be applied to this amount. The volume of the purchase offer or the invitation to submit offers to sell shares can be limited. To the extent that the entire volume of the purchase offer or the offers submitted by shareholders in response to an invitation to submit offers to sell the shares exceeds or falls below this volume,

the purchase of shares or acceptance of offers must be in relation to the shares offered. Preferential purchase or preferential acceptance of lower numbers of up to 100 tendered shares of the Company per shareholder and commercial rounding to avoid fractions of shares can be stipulated. The purchase offer or the invitation to submit offers to sell the shares may specify further conditions.

c. Use of treasury shares

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

1) The treasury shares may be sold for cash consideration 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 sold in this way must not exceed 10 percent 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 by disapplying pre-emptive 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 by disapplying pre-emptive rights upon corresponding application of Section 186 (3) Clause 4 AktG, also have to be offset in relation to the maximum limit;

2) The acquired treasury shares can be sold in ways other than via the stock exchange or by way of an offer to all shareholders if the shares can be sold in return for cash payment at a price that does not fall significantly below the stock exchange price of the Company's shares of the same class at the time of sale. The applicable stock exchange price within the meaning of the preceding is the average of the closing prices of the Company's shares of the same class in Xetra trading (or an equivalent successor system) for the last five trading days on the Frankfurt Stock Exchange prior to entering into the obligation to sell the shares. Shareholder pre-emptive rights are disapplied. This authorization is applicable only under the condition that the treasury shares sold while disapplying pre-emptive rights in accordance with Sections 71 (1) No. 8 sentence 5 half-sentence 2 and 186 (3) sentence 4 AktG may not exceed a total of 10 percent of the share capital, either at the time the authorization enters into force or – if this amount is lower – at the time it is exercised. The following are to be counted against the aforementioned 10 percent limit: (i) new shares issued while disapplying pre-emptive rights during the term of this authorization up to its exercise from authorized capital in accordance with Sections 203 (1) sentence 1 and (2) sentence 1 and 186 (3) sentence 4 AktG, (ii) those shares issued or to be issued to settle conversion or option rights or conversion or option obligations, or tender rights of the issuer arising from convertible and/or option bonds, profit-participation rights and/or income bonds (or a combination of these instruments) ("bonds"), insofar as the bonds are issued while disapplying pre-emptive rights during the term of this authorization up to its exercise in accordance with Sections 221 (4) sentence 2 and 186 (3) sentence 4 AktG, and (iii) treasury shares that were sold while disapplying pre-emptive rights during the term of this authorization up to its exercise in accordance with Sections 71 (1) No. 8 sentence 5 half-sentence 2 and 186 (3) sentence 4 AktG. Shares applied to the limit are no longer included in the limit if authorizations to issue new shares from authorized capital, to issue bonds, or to sell treasury shares are re-issued by the Annual General Meeting by applying Section 186 (3) sentence 4 AktG accordingly after exercise of such authorizations that led to the shares being applied to the limit.

3) The treasury shares may be sold in return for a non-cash consideration, in particular for the purpose of acquiring companies, parts of companies, other assets or in connection with business combinations, or for the purpose of acquiring receivables, rights or industrial property rights including copyrights and know-how.

4) The treasury shares can be used to settle pre-emptive rights to shares of the Company which have been allocated or which were granted or will be granted to members of the Management 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 AktG as part of the share price-based shadow share program of XING SE dated November 29, 2012, and the long-term incentive program for Management Board members of XING SE dated January 27, 2014, as long as the Company wishes to allocate to the beneficiaries shadow shares through shares according to this program. If members of the Company's Management Board are beneficiaries in the above cases, the Supervisory Board shall decide on whether to use treasury shares to serve pre-emptive rights.

5) The treasury shares can be used to settle conversion or option rights or conversion or option obligations, or tender rights of the issuer arising from bonds with conversion or option rights, or conversion or option obligations, or tender rights of the issuer relating to shares of the Company. If treasury shares are to be transferred to members of the XING SE Management Board, this authorization shall apply to the Supervisory Board.

6) The treasury shares can be used to grant a pre-emptive right to the holders or creditors of bonds with conversion or option rights or conversion or option obligations, or tender rights of the issuer to shares of the Company in the scope to which they would be entitled after exercise of these conversion or option rights or after settlement of these conversion or option obligations or the tender of shares as a shareholder.

7) The treasury 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. They may also be offered for sale or transferred to members of the Management Board of the Company or members of the management of an enterprise affiliated with the Company in accordance with Section 15 AktG. If members of the XING SE Management Board are beneficiaries, the Supervisory Board is responsible for selecting the beneficiaries and determining the volume of shares to be granted to them.

8) The treasury shares may be canceled without such cancellation or the performance of such action requiring a further resolution of the Annual General Meeting. They may also be canceled 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 canceled using the simplified procedure, the Management Board is authorized to adjust the number of shares in the Articles of Incorporation.

The shareholders' pre-emptive rights relating to the treasury shares purchased on the basis of this authorization are disapplied if these shares are used in accordance with the authorizations detailed under (1) to (6). The total number of treasury shares sold while disapplying pre-emptive rights under the authorizations in accordance with (1) to (6) may not (notwithstanding the limitation in a)) exceed 20 percent of the share capital, either at the time the authorization enters into force or – if this amount is lower – at the time it is exercised. The following are to be counted against the aforementioned 20 percent limit: (i) new shares issued while disapplying pre-emptive rights during the term of this authorization up to its exercise from authorized capital and (ii) those shares issued or to be issued to settle bonds, insofar as the bonds were issued while disapplying the pre-emptive rights of shareholders during the term of this authorization up to its exercise and (iii) treasury shares that are sold while disapplying pre-emptive rights during the term of this authorization up to its exercise based on another authorization. Insofar as and to the extent to which, after exercise of an authorization to disapply pre-emptive rights that led to shares being counted against the aforementioned 20 percent limit, the Annual General Meeting re-issues this authorization to disapply pre-emptive rights, the shares will no longer be included in the limit.

All of the authorizations mentioned above may be exercised by the Company in whole or in partial amounts, once or on multiple occasions, to pursue one or more purposes. The authorizations – with the exception of the authorization to cancel treasury shares – can also be exercised by entities dependent on the Company or entities which are majority owned by the Company or by third parties acting for their account or for the account of the Company.

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

In the event of a change in control, XING SE grants the Management Board member Ingo Chu the 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 shadow share program or long-term incentive plan), the total amount of which is subject to the severance cap as recommended by item 4.2.3 of the German Corporate Governance Code.

Further disclosures

The other information required in accordance with Section 315a (1) HGB relates to circumstances which do not exist at XING SE. 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 SE 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.

Auditor of the financial statements

Since the audit of the 2013 consolidated and annual financial statements, XING SE has been audited by Pricewaterhouse-Coopers GmbH, Hamburg branch office. The responsible audit partner for the 2018 audit of the consolidated and annual financial statements is Niklas Wilke. He has held this position since 2015.

REPORT ON POST-BALANCE SHEET DATE EVENTS

With the exception of the matters specified in section 4., "Organizational structure of the Group", no further reportable events of significance for XING SE occurred after the reporting period.

CONSOLIDATED FINANCIAL STATEMENT

for the financial year from January 1 to December 31, 2018

Consolidated statement of comprehensive income

of XING SE for the period from January 1 to December 31, 2018

Consolidated statement of comprehensive income

In € thousand	Note no.	01/01/2018 – 12/31/2018	01/01/2017 – 12/31/2017[1]
Service revenues	7	231,537	185,578
Other operating income	8	3,532	2,892
TOTAL OPERATING INCOME		**235,069**	**188,470**
Personnel expenses	9	– 89,022	– 68,026
Marketing expenses	10	– 27,916	– 23,765
Other operating expenses	11	– 42,905	– 35,378
EBITDA		**75,226**	**61,301**
Depreciation, amortization and impairment losses	12	– 29,040	– 20,767
EBIT		**46,186**	**40,534**
Share of profits and losses of equity-accounted investments	18	– 1,158	– 3,565
Finance income	13	2,611	2,648
Finance costs	13	– 2,700	– 1,047
EBT		**44,939**	**38,570**
Taxes on income	14	– 13,959	– 12,919
CONSOLIDATED NET PROFIT		**30,980**	**25,651**
Earnings per share (basic)	15	5.51	4.56
Earnings per share (diluted)	15	5.51	4.56
CONSOLIDATED NET PROFIT		**30,980**	**25,651**
Currency translation differences	16	0	– 65
Remeasurement of available-for-sale assets	16	– 835	– 35
OTHER COMPREHENSIVE INCOME		**– 835**	**– 100**
CONSOLIDATED TOTAL COMPREHENSIVE INCOME		**30,145**	**25,551**

[1] *restated*

Consolidated statement of financial position

of XING SE as of December 31, 2018

Assets

In € thousand	Note no.	12/31/2018	12/31/2017[1]	01/01/2017[1]
NON-CURRENT ASSETS				
Intangible assets				
Purchased software	17	8,631	8,970	4,453
Internally generated software	17	59,363	48,910	30,975
Goodwill	17	49,778	49,778	13,143
Other intangible assets	17	5,003	7,076	2,188
Property, plant and equipment				
Leasehold improvements	17	1,024	340	513
Other equipment, operating and office equipment	17	8,597	8,348	5,585
Construction in progress	17	223	203	2,709
Lease assets	17	11,050	11,501	7,712
Financial assets				
Financial assets at amortized cost	18	453	49	79
Financial assets at fair value (other comprehensive income)	18	28,702	29,936	0
Equity investments	18	0	0	1
Prepaid expenses		632	700	372
Deferred tax assets		3,349	4,215	2,345
		176,805	**170,026**	**70,075**
CURRENT ASSETS				
Receivables and other assets				
Receivables from services	19	35,523	28,336	19,637
Contract assets	19	2,395	2,216	1,470
Other assets	19	5,912	5,155	2,672
Cash and short-term deposits				
Cash	19	53,831	32,327	83,428
Third-party cash	19	4,050	4,219	3,214
		101,710	**72,253**	**110,421**
		278,514	**242,279**	**180,496**

[1] *restated*

Equity and liabilities

In € thousand	Note no.	12/31/2018	12/31/2017 [1]	01/01/2017 [1]
EQUITY				
Subscribed capital	20	5,620	5,620	5,620
Capital reserves	20	22,644	22,622	22,622
Other reserves	20	1,773	2,338	2,438
Net retained profits	20	68,274	47,007	38,049
		98,311	**77,587**	**68,729**
NON-CURRENT LIABILITIES				
Deferred tax liabilities	14	21,036	20,128	11,091
Contract liabilities	21	2,995	2,260	2,183
Other provisions	21	1,445	655	604
Financial liabilities at fair value (profit or loss)	21	9,546	14,724	3,220
Lease liabilities	19	7,586	9,111	4,808
Other liabilities	21	3,466	3,114	2,493
		46,074	**49,992**	**24,399**
CURRENT LIABILITIES				
Trade accounts payable	22	3,873	6,851	3,316
Lease liabilities	22	4,776	2,596	3,411
Contract liabilities	19	89,717	73,894	57,754
Other provisions	22	1,167	894	625
Financial liabilities at fair value (profit or loss)	22	4,501	4,733	2,037
Income tax liabilities	22	1,813	271	1,247
Other liabilities	22	28,281	25,461	18,978
		134,128	**114,700**	**87,368**
		278,514	**242,279**	**180,496**

[1] *restated*

Consolidated statement of cash flows

of XING SE for the period from January 1 to December 31, 2018

Consolidated statement of cash flows

In € thousand	01/01/2018 – 12/31/2018	01/01/2017 – 12/31/2017[1]
Earnings before taxes	44,939	38,570
Amortization and write-downs of internally generated software	14,022	8,680
Depreciation, amortization and impairment losses on other fixed assets	15,018	12,087
Finance income	– 2,611	– 2,648
Interest received	47	225
Finance costs	2,700	1,047
Share of profits and losses of equity-accounted investments	1,158	3,565
Taxes paid	– 10,207	– 9,200
Profit from disposal of fixed assets	– 16	– 101
Change in receivables and other assets	– 7,672	– 11,977
Change in liabilities and other equity and liabilities	– 329	12,194
Non-cash changes from changes in basis of consolidation	0	– 4,138
Change in contract liabilities	16,558	15,012
Elimination of XING Events third-party obligation	169	– 1,005
CASH FLOWS FROM OPERATING ACTIVITIES	**73,776**	**62,311**
Payment for capitalization of internally generated software	– 24,475	– 26,615
Payment for purchase of software	– 2,265	– 2,187
Payments for purchase of other intangible assets	– 205	– 112
Proceeds from the disposal of fixed assets	92	153
Payments for purchase of property, plant and equipment	– 5,842	– 4,644
Payment for acquisition of consolidated companies (less funds acquired)	– 5,463	– 26,238
Payments for equity-accounted investments	– 1,446	– 3,281
Payments for investments in other financial assets	0	– 39,954
Proceeds from the disposal of other financial assets	0	10,017
CASH FLOWS FROM INVESTING ACTIVITIES	**– 39,604**	**– 92,861**

[1] *restated*

Consolidated statement of cash flows

In € thousand	01/01/2018 – 12/31/2018	01/01/2017 – 12/31/2017 [1]
Payment of regular dividend	– 9,442	– 7,700
Payment of special dividend	0	– 8,993
Interest paid	– 174	– 190
Payments for leases	– 2,881	– 3,489
Payments for acquisition of treasury shares	– 270	0
Proceeds from sale of treasury shares	89	0
CASH FLOWS FROM FINANCING ACTIVITIES	**– 12,678**	**– 20,372**
Currency translation differences	10	– 179
Change in cash and cash equivalents	21,504	– 51,101
Own funds at the beginning of the period	32,327	83,428
OWN FUNDS AT THE END OF THE PERIOD [2]	**53,831**	**32,327**
Third-party funds at the beginning of period	4,219	3,214
Change in third-party cash and cash equivalents	– 169	1,005
THIRD-PART Y FUNDS AT THE END OF THE PERIOD	**4,050**	**4,219**

[1] *restated*
[2] *Funds consist of liquid funds.*

Consolidated statement of changes in equity

of XING SE for the period from January 1 to December 31, 2018

Consolidated statement of changes in equity

In € thousand	Subscribed capital	Capital reserves	Treasury shares at cost	Other reserves	Net retained profits	Equity Total
AS OF 01/01/2017 (AS PREVIOUSLY REPORTED)	**5,620**	**22,622**	**0**	**2,438**	**39,182**	**69,862**
Restatement from the first-time application of IFRS 15	0	0	0	0	– 941	– 941
Restatement from the first-time application of IFRS 16	0	0	0	0	– 192	– 192
As of 01/01/2017 (restated)	**5,620**	**22,622**	**0**	**2,438**	**38,049**	**68,729**
Consolidated net profit (restated)	0	0	0	0	25,651	25,651
Other comprehensive income	0	0	0	– 100	0	– 100
Consolidated total comprehensive income (restated)	**0**	**0**	**0**	**– 100**	**25,651**	**25,551**
Regular dividend for 2016	0	0		0	– 7,700	– 7,700
Special dividend	0	0		0	– 8,993	– 8,993
AS OF 12/31/2017 (RESTATED)	**5,620**	**22,622**	**0**	**2,338**	**47,007**	**77,587**
AS OF 12/31/2017 AND 01/01/2018 (AS PREVIOUSLY REPORTED)	**5,620**	**22,622**	**0**	**2,338**	**48,404**	**78,984**
Restatement from the first-time application of IFRS 15	0	0	0	0	– 1,258	– 1,258
Restatement from the first-time application of IFRS 16	0	0	0	0	– 139	– 139
As of 01/01/2018 (restated)	**5,620**	**22,622**	**0**	**2,338**	**47,007**	**77,587**
Consolidated net profit	0	0	0	0	30,980	30,980
Other comprehensive income	0	0	0	– 835	0	– 835
Consolidated total comprehensive income	**0**	**0**	**0**	**– 835**	**30,980**	**30,145**
Equity-settled share-based payment	0	0	0	270	– 270	0
Purchase of treasury shares	0	0	– 270	0	0	– 270
Issuance of treasury shares	0	0	181	0	0	181
Sale of treasury shares	0	22	89	0	0	111
Regular dividend for 2017	0	0	0	0	– 9,442	– 9,442
Special dividend	0	0	0	0	0	0
AS OF 12/31/2018	**5,620**	**22,644**	**0**	**1,773**	**68,274**	**98,311**

Notes to the consolidated financial statements

for the financial year from January 1 to December 31, 2018

(A) Principles and methods

1. Information on the Company

The registered offices of XING SE are located at Dammtorstrasse 30, 20354 Hamburg, Germany; the Company is registered at the Amtsgericht (local court) Hamburg under HRB 148078. The parent company of XING SE is Burda Digital GmbH, Munich, and the ultimate controlling parent company of XING SE since December 18, 2012 has been Hubert Burda Media Holding Kommanditgesellschaft, Offenburg, Germany. The next higher-level parent company that prepares consolidated financial statements is Burda Gesellschaft mit beschränkter Haftung, Offenburg.

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 fee-based products for end customers and businesses. It is a model in which our customers pay for most of the services provided in advance.

The consolidated financial statements and the Group management report of XING SE for the period ending December 31, 2018 are approved for publication by the Management Board on March 21, 2019, and presented to the Supervisory Board of the Company for approval on the same day. 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 SE (referred to hereinafter as “XING” 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 315e (1) HGB. Due consideration has been given to all IFRSs and IFRICs which were adopted by the EU Commission as of December 31, 2018 and which are subject to mandatory adoption.

The consolidated financial statements are prepared in euros, the Company’s functional currency. 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 statement of comprehensive income has been prepared using the total cost (nature of expense) method and a one-statement approach.

3. Changes in accounting policies

FIRST-TIME APPLICATION OF NEW STANDARDS OR AMENDMENTS

The following financial reporting standards had to be applied for the first time in the 2018 financial year with effects on XING’s reporting:

- Introduction of IFRS 15 – Revenue from Contracts with Customers
- Introduction of IFRS 9 – Financial Instruments

In addition, the requirements of IFRS 16 – Leases were implemented voluntarily in the current financial year.

IFRS 15 AND IFRS 16

XING applies the fully retrospective method in accordance with IAS 8 for the introduction of both IFRS 15 and IFRS 16. The following table analyses the effect on equity of the transition as of January 1, 2017 recognized through other comprehensive income:

Statement of financial position

In € thousand	12/31/2016 as reported	IFRS 15	IFRS 16	01/01/2017 restated
Lease assets	0	0	7,712	7,712
Deferred tax assets	1,477	777	91	2,345
Other non-current assets	60,018	0	0	60,018
NON-CURRENT ASSETS	**61,495**	**777**	**7,803**	**70,075**
Contract assets	0	1,470	0	1,470
Other assets	2,672	0	0	2,672
Other current assets	106,279	0	0	106,279
CURRENT ASSETS	**108,951**	**1,470**	**0**	**110,421**
Net retained profits	39,182	– 941	– 192	38,049
Other equity	30,680	0	0	30,680
EQUITY	**69,862**	**– 941**	**– 192**	**68,729**
Deferred tax liabilities	10,766	325	0	11,091
Contract liabilities	2,152	31	0	2,183
Lease liabilities	0	0	4,808	4,808
Other non-current liabilities	6,317	0	0	6,317
NON-CURRENT LIABILITIES	**19,235**	**356**	**4,808**	**24,399**
Lease liabilities	0	0	3,411	3,411
Contract liabilities	54,922	2,832	0	57,754
Other liabilities	19,202	0	– 224	18,978
Other current liabilities	7,225	0	0	7,225
CURRENT LIABILITIES	**81,349**	**2,832**	**3,187**	**87,368**
TOTAL ASSETS	**170,446**	**2,247**	**7,803**	**180,496**

The following tables show the effects on the consolidated financial statements as of December 31, 2017 and January 1, 2018 (footnotes are explained below the tables):

Statement of financial position

In € thousand	12/31/2017 as reported	IFRS 15	IFRS 16	01/01/2018 restated
Lease assets	0	0	11,501	11,501
Deferred tax assets	3,081	1,026	108	4,215
Other non-current assets	154,310	0	0	154,310
NON-CURRENT ASSETS	**157,391**	**1,026**	**11,609**	**170,026**
Contract assets	0	2,216	0	2,216
Other assets	5,301	0	– 146	5,155
Other current assets	64,882	0	0	64,882
CURRENT ASSETS	**70,183**	**2,216**	**– 146**	**72,253**
Net retained profits	48,404	– 1,258	– 139	47,007
Other equity	30,580	0	0	30,580
EQUITY	**78,984**	**– 1,258**	**– 139**	**77,587**
Deferred tax liabilities	19,664	432	32	20,128
Contract liabilities	2,213	47	0	2,260
Lease liabilities	0	0	9,111	9,111
Other non-current liabilities	18,493	0	0	18,493
NON-CURRENT LIABILITIES	**40,370**	**479**	**9,143**	**49,992**
Lease liabilities	0	0	2,596	2,596
Contract liabilities	69,873	4,021	0	73,894
Other liabilities	25,598	0	– 137	25,461
Other current liabilities	12,749	0	0	12,749
CURRENT LIABILITIES	**108,220**	**4,021**	**2,459**	**114,700**
TOTAL ASSETS	**227,574**	**3,242**	**11,463**	**242,279**

Statement of comprehensive income

In € thousand	2017 as reported	IFRS 15	IFRS 16	2017 restated
Service revenues	184,865	713	0	185,578
Personnel expenses	– 68,392	366	0	– 68,026
Marketing expenses	– 22,227	– 1,538	0	– 23,765
Other operating expenses	– 38,706	0	3,328	– 35,378
Other income/expenses	2,892	0	0	2,892
EBITDA	**58,432**	**– 459**	**3,328**	**61,301**
Depreciation, amortization and impairment losses	– 17,625	0	– 3,142	– 20,767
EBIT	**40,807**	**– 459**	**186**	**40,534**
Finance costs	– 928	0	– 119	– 1,047
Other financial result	– 917	0	0	– 917
EBT	**38,962**	**– 459**	**67**	**38,570**
Income taxes	– 13,047	148	– 20	– 12,919
CONSOLIDATED NET PROFIT	**25,915**	**– 311**	**47**	**25,651**
Earnings per share (basic/diluted)	4.61 €	– 0.06 €	0.01 €	4.56 €
Other comprehensive income	– 100	0	0	– 100
CONSOLIDATED TOTAL COMPREHENSIVE INCOME	**25,815**	**– 311**	**47**	**25,551**

Statement of cash flows

In € thousand	2017 as reported	IFRS 15	IFRS 16	2017 restated
Earnings before taxes	38,962	– 459	67	38,570
Depreciation, amortization and impairment losses on other fixed assets	8,945	0	3,142	12,087
Finance costs	928	0	119	1,047
Change in assets	– 11,453	– 670	146	– 11,977
Change in equity and liabilities	10,931	1,174	89	12,194
Other items	10,390	0	0	10,390
CASH FLOW FROM OPERATING ACTIVITIES	**58,703**	**45**	**3,563**	**62,311**
CASH FLOW FROM INVESTING ACTIVITIES	**– 92,861**	**0**	**0**	**– 92,861**
Interest paid	– 71	0	– 119	– 190
Payments for leases	0	0	– 3,489	– 3,489
Other items	– 16,693	0	0	– 16,693
CASH FLOWS FROM FINANCING ACTIVITIES	**– 16,764**	**0**	**– 3,608**	**– 20,372**

The quantitative changes with regard to IFRS 15, including the clarifications issued in the meantime, shown in the statement of financial position, statement of comprehensive income and statement of cash flows, are based on the following situations:

➡ 1. Setup services for fixed-term products

The Group recognizes revenue from setup services generated in the B2B segments over the initial minimum term of the subsequent fixed-term products. The support provided to the customer during setup has until now been recognized as a separate deliverable. As of December 31, 2017, first-time application resulted in the recognition of higher contract liabilities of €3,305 thousand (of which €47 thousand were non-current). This reduced revenues in the statement of comprehensive income for 2017 by €825 thousand.

➡ 2. Sales commissions

Sales employees and external agencies are partly paid performance-related remuneration. If these commission payments are entirely variable, they are allocated over the term of the products sold. As of December 31, 2017, first-time application resulted in the first-time recognition of a contract asset of €1,326 thousand. This reduced personnel expenses in the statement of comprehensive income for 2017 by €366 thousand.

➡ 3. Principal/agency relationships

If XING controls the services that are to be provided, bears the end customer’s credit risk and the agent is not able to set its selling prices itself, XING is acting as principal. Due to its business model (platform operation), this will result in XING reporting more transactions as principal in future, which leads to an increase in contract assets and contract liabilities of €890 thousand and €763 thousand, respectively, as of December 31, 2017. This increased marketing expenses revenues/revenues in the statement of comprehensive income for 2017 by €1,538 thousand.

A breakdown of revenues by type of revenue and region is provided in segment reporting. The effects on the statement of cash flows can be derived from the statement of financial position and the statement of comprehensive income.

The effects of the introduction of IFRS 16 on the statement of financial position, statement of comprehensive income, and statements of cash flows result primarily from the following two situations:

➡ 4. Leasing of office space

The right-of-use assets arising from the leasing of office space are recognized at present value and depreciated over the lifetime of the lease. Lease liabilities are recognized in the same amount according to the lease term and reduced in accordance with the payment plan. As of December 31, 2017, this approach resulted in carrying amounts of €11,501 thousand in lease assets and €11,707 thousand in lease liabilities (of which current: €2,596 thousand). Lease expenses previously included in other operating expenses in 2017 were adjusted (€3,373 thousand); the expenses resulting from the transition from depreciation of right-of-use assets (€3,142 thousand) and from the accrual of the interest expense included in the lease liability (€119 thousand) were recognized as expenses and reported separately in the statement of cash flows.

➡ 5. Rent-free periods

When leasing office space, XING receives rent-free periods that were reported to date in other assets (€146 thousand) and other liabilities (€137 thousand), and are now included in the measurement of lease assets and lease liabilities. The items were derecognized directly in equity as of January 1, 2017, and the changes in the items during the 2017 financial year again adjusted. The derecognition of changes during the year resulted in an effect of €45 thousand in other operating expenses.

IFRS 9 Financial Instruments

IFRS 9 supersedes much of the guidance in IAS 39 on the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment, and hedge accounting. The application of IFRS 9 as of January 1, 2018 did not give rise to any significant changes at XING with regard to the measurement of financial instruments. The following adjustments have been made to recognition and disclosures in the notes:

	Measurement category acc. to IAS 39 [1]	Measurement category acc. to IFRS 9	Value acc. to IAS 39 (12/31/2017 in € thousand)	Value acc. to IFRS 9 (01/01/2018 in € thousand)
Non-current financial assets at amortized cost	LaR	Amortized cost	49	49
Non-current financial assets at fair value	AfS	FVOCI	29,936	29,936
Current receivables from services	LaR	Amortized cost	28,336	28,336
Current other assets	LaR	Amortized cost	882	882
Cash	LaR	Amortized cost	36,546	36,546
Non-current financial liabilities at fair value	FLFVtPL	FLFVtPL	14,724	14,724
Current trade accounts payable	FLAC	Amortized cost	6,851	6,851
Current financial liabilities at fair value	FLFVtPL	FLFVtPL	4,733	4,733
Current other liabilities	FLAC	Amortized cost	5,114	5,114

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

For the purposes of managing short- and medium-term surplus liquidity, XING has acquired several funds as a long-term strategic investment aimed at inflation-adjusted capital preservation. These funds have been classified pursuant to IAS 39 as available-for-sale financial assets. Since these investments do not solely provide for interest and principal repayments at set times, the changes in fair value must be recognized in profit or loss. XING makes use of the option to present the change in fair value during the holding period in other comprehensive income and only reclassify the cumulative gains and losses to profit or loss in the event of disposal.

Financial assets measured at amortized cost relate in particular to receivables from services and rent deposits. With regard to receivables from services and contract assets, there is no change in the application of the permissible simplified approach to loss allowances under IFRS 9 because XING already applied a comparable method under IAS 39. The reason for this is that due to its business model XING has a large number of small receivables, and services are normally paid for in advance. The recognition of loss allowances on receivables is based on the respective dunning level/number of days overdue, using empirical values. Loss allowances on individual receivables are initially recognized in advance if there are objective indications of overdue debt. On account of the prepaid business model, no loss allowances are recognized on contract assets. Because of the mostly short terms, revenues do not include a significant financing component. For details of loss allowances, please refer to the notes to the statement of financial position.

Apart from this, the introduction of IFRS 9 did not result in any significant changes in the classification and measurement of financial instruments. This also applies to the financial liabilities that had already been measured as at fair value through profit or loss under IAS 39. These relate solely to obligations arising from contingent purchase prices for acquisitions. XING does not hold derivative financial instruments and did not apply hedge accounting either in the reporting period or in the comparative period.

The revisions to IAS 40, IFRS 2, IFRS 4 and IFRIC 22, and the annual improvements of the 2014-2016 Cycle were applicable for the first time in the reporting period without affecting XING's reporting.

Standards issued but not yet effective

The following new or amended standards are relevant to the business activities of the Group and had been issued but were not yet effective by the time the consolidated financial statements of XING were published:

Initial application	New or amended standards
January 1, 2019	IFRIC 23 – Uncertainty over income tax treatments
	Amendments to IFRS 9 – Prepayment Features with Negative Compensation
	Amendment to IAS 28 – Long-term Interests in Associates and Joint Ventures
	Amendment to IAS 19 – Plan Amendment, Curtailment or Settlement
	Annual Improvements 2015–2017 – various standards
January 1, 2020	Changes in references to the conceptual framework in IFRS standards
January 1, 2021	IFRS 17 – Insurance Contracts
Still to be decided	Amendments to IFRS 10 and IAS 28

We do not expect the amendments listed above to have a material effect on XING's reporting.

4. Basis of consolidation and business combinations

BASIS OF CONSOLIDATION

In addition to XING SE, the consolidated financial statements include the subsidiaries that are controlled by XING SE 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. The question of whether or not the Group controls an investee is reassessed when facts or circumstances indicate that one or more of the stated criteria have resulted in a change of control.

If necessary, the annual financial statements of the subsidiaries are adjusted to align their accounting policies to the methods used in the Group. 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:

	Entity	Equity interest 12/31/2018 in %	Equity interest 12/31/2017 in %	Held by	Initial consolidation
1	XING SE (parent company), Hamburg				
2	amiando UK Ltd., Birmingham, United Kingdom	100	100	16	2011
3	Beekeeper Management GmbH, Hamburg[3]	100	0	1	2018
4	Eqipia GmbH, Zurich, Switzerland	100	100	15	2016
5	Grupo Galenicom Tecnologias de la Información, S. L., Barcelona, Spain	100	100	1	2007
6	InterNations GmbH, Munich[3]	100	100	16	2017
7	kununu engage GmbH, Berlin[2]	100	–	1	2018
8	kununu GmbH, Vienna, Austria	100	100	1	2013
9	kununu US LLC, Boston, MA, USA[4]	50	50	8	2016
10	New Work UG (haftungsbeschränkt), Hamburg[3]	100	–	1	2018
11	Prescreen GmbH, Berlin[3]	100	100	8	2017
12	Prescreen International GmbH, Vienna, Austria	100	100	11	2017
13	XING E-Recruiting GmbH, Vienna, Austria	100	100	14	2015
14	XING E-Recruiting GmbH & Co. KG, Hamburg[1]	100	100	1	2015
15	XING E-Recruiting Switzerland AG, Zurich, Switzerland	100	100	17	2016
16	XING Events GmbH, Hamburg[2]	100	100	1	2011
17	XING International Holding GmbH, Hamburg[3]	100	100	1	2007
18	XING Marketing Solutions GmbH, Hamburg[2]	100	100	1	2016
19	XING Networking Spain, S. L., Barcelona, Spain	100	100	17	2007
20	XING News GmbH, Hamburg[2, 5]	–	100	1	2016
21	XING Portugal Unipessoal Lda., Porto, Portugal	100	100	17	2017
22	XING S.à r. l. i. L., Luxembourg, Luxembourg	–	100	1	2014
23	XING Switzerland GmbH, Zurich, Switzerland	100	100	17	2008
24	XING Young Professionals GmbH, Hamburg[3]	100	100	16	2016

1 *XING SE is the entity's limited partner. XING International Holding GmbH, Hamburg is the general partner. The entity avails itself from the exemption under section 264b German Commercial Code (HGB).*

2 *A profit transfer agreement is in place with the respective parent company. The entities avail themselves from the exemption under section 264 (3) German Commercial Code (HGB).*

3 *A guarantee statement of XING SE exists. The entities avail themselves from the exemption under section 264 (3) German Commercial Code (HGB).*

4 *The entity is accounted for as a joint venture using the equity method in accordance with IFRS 11 in conjunction with IAS 28.*

5 *The entity was merged into XING SE, Hamburg, in 2018.*

ACQUISITION OF THE REMAINING SHARES OF KUNUNU US LLC

kununu GmbH, a wholly owned subsidiary of XING SE, formed the joint venture kununu US, LLC with Monster Worldwide Inc. on February 2, 2016. The objective was to position Europe's leading employer review and employer branding platform on the US market. The acquisition costs amounted to €2,706 thousand. Including the subsequent capital increases performed in the same amount by both shareholders, the capital paid in by kununu GmbH amounted to €7,430 thousand as of December 31, 2018. Proportional changes in earnings were accounted for using the equity method.

In a contract dated October 1, 2018, 50 percent of the shares of the joint venture kununu US, LLC were acquired from Monster Worldwide Inc. kununu GmbH therefore holds 100 percent of the shares as of the date of transfer of control (January 30, 2019). This step acquisition of the entity necessitates a transition from the equity method of accounting to full inclusion in the consolidated financial statements in 2019.

According to IFRS 3, the consideration of the buyer for the assets and liabilities acquired in the case of a step acquisition comprises the fair value of the equity share already held and the purchase price. The purchase price for the newly acquired 50 percent totals US$1 (= €0.87 as of December 31, 2018). The fair value of the shares already held calculated using the discounted cash flow method amounted to US$1,510 thousand (€1,315 thousand) as of January 30 2019. The write-up will be included in the financial result in 2019.

Goodwill of €4,643 thousand resulted primarily from synergies unused to date relating to the transfer of technology and expertise within the XING Group. This was allocated to the kununu International segment. The recognized goodwill is not tax-deductible.

Based on the carrying amount of net assets as of January 30, 2019, the acquired assets and liabilities have the following fair values at the date of initial consolidation, translated at the closing rate as of January 30, 2019:

Acquisition of kununu US LLC

In € thousand	01/30/2019
Customer relations	392
Property, plant and equipment	38
NON-CURRENT ASSETS	**430**
Receivables from services	60
Other assets	95
Cash	2,748
CURRENT ASSETS	**2,902**
IDENTIFIED ASSETS	**3,332**
Deferred income tax liabilities	101
Non-current liabilities	**101**
Trade accounts payable	3,433
Other liabilities	514
CURRENT LIABILITIES	**3,947**
IDENTIFIED LIABILITIES	**4,048**
Net assets	**–3,328**
Base purchase price	0
Fair value of the 50 % interest already held	1,315
Consideration transferred for 50 % of the shares	**1,315**
Goodwill	**4,643**

5. 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, the settlement value for conditional purchase price obligations, the measurement of assets and liabilities from leases, and with regard to the recoverability of deferred taxes on loss carryforwards. With regard to the main forward-looking assumptions and 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.

6. Foreign currency translation

Transactions in a currency other than the functional currency of an entity are stated in the functional currency at the middle spot exchange rate on initial recognition. At the end of the reporting period, the Company measures foreign currency monetary assets and liabilities in the functional currency at the middle spot exchange rate at that date. XING recognizes foreign currency gains and losses on these measurements in profit or loss. Foreign currency non-monetary items in the consolidated statement of financial position are translated using historical rates.

7. Significant accounting policies

STATEMENT OF COMPREHENSIVE INCOME

Income in the B2C and B2B E-Recruiting segments is recognized over the contract term using the straight-line method in view of the proportional duration of the relevant contract. Income in the B2B Marketing Solutions & Events segment is recognized at the time the service is performed. All prepayments received for periods after the reporting date are listed as contract liabilities in the statement of financial position; revenues are recognized in the subsequent periods.

Revenue is measured at the fair value of the consideration received or receivable. In the case of barter transactions, revenue is measured at the fair value of the consideration received according to IFRS 13.

The currency reserve in other comprehensive income can be reclassified to profit or loss in subsequent periods. The remeasurement of available-for-sale assets is never reclassified to profit or loss.

STATEMENT OF FINANCIAL POSITION

Business combinations

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. Transaction costs are immediately expensed. Contingent consideration is measured at fair value at the time of acquisition. As long as the contingent consideration is not classified as equity, changes in the fair value are recognized in profit or loss.

Interests in joint ventures are accounted for using the equity method. They are initially recognized at cost, which includes transaction costs. After initial recognition, the consolidated financial statements include the Group's share of the total profit or loss of the equity-accounted investments up until the date on which significant influence or joint control ends.

Intangible assets

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. Expenses that do not meet these criteria are recognized in profit or loss. After the first-time application of development costs, the asset is recognized at cost less cumulative amortization and cumulative impairments. All capitalized development costs of the XING platform are amortized over a five-year period using the straight-line method.

The recoverable amount of the development costs is subjected to an impairment test at least once a year, 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 regularly, at least once each financial year.

Expenses for the purchase of software and 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.

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.

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-generating 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-generating unit to which the goodwill has been allocated. If the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognized. Even if in future periods the recoverable amount exceeds the carrying amount of the cash-generating 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-generating 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.

Property, plant and equipment

Property, plant and equipment is 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. Leasehold improvements are depreciated over the basic rent term using the straight-line method. The carrying amounts, useful lives and depreciation methods are revised and adjusted at the close of the financial year, if necessary. Rent subsidies are reported under deferred income.

Non-financial assets and liabilities from leases

The right-of-use assets recognized in lease assets typically cover a period of one to five years, with XING often holding an extension option. The precise terms and conditions of the agreements vary depending on the country and the leased property.

When a leased object becomes available, the lease is carried as a right-of-use asset and a related liability. Each lease amount is divided into a depreciation charge and interest expense. The interest expense is recognized in profit or loss over the term of the lease. The right-of-use asset is depreciated over the shorter of the useful life or the term of the lease.

The cost of the right-of-use asset shall comprise:

- the amount of the initial measurement of the lease liability
- any lease payments made before the commencement date
- any initial direct costs incurred by the lessee
- any estimated cost of restoring the site

As a result, the asset is written down on a straight-line basis over the expected useful life under amortization and impairment losses and the discounted liability is unwound in the financial result.

When the lease liability is being determined, the following payments are considered:

- fixed payments to the lessor
- variable lease payments that depend on an index
- amounts to be payable by the lessee under residual value guarantees
- exercise price of a purchase option if it is reasonably certain that this will be exercised
- payments of penalties for terminating the lease it is reasonably certain that this option will be exercised

Lease payments are discounted at the incremental borrowing rate that would have to be offered by credit institutions to refinance the leased object. The interest and the principal repayment are recognized under cash flows from financing activities.

Leases with terms of up to one year continue to be recognized as an expense. There are no leases for low-value assets. Costs incurred to achieve the condition intended by XING and restoration obligations will continue to be presented under leasehold improvements.

Contract liabilities

Contract liabilities represent the obligation to perform a service after consideration has been received.

Financial assets and liabilities

XING's financial assets principally comprise cash and cash equivalents as well as receivables from services. 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.

All financial instruments whose fair value is shown in the financial statements, are classified according to the following hierarchy levels in accordance with IFRS 13:

Level 1: Fair values that are determined using prices quoted in active markets.

Level 2: Fair values that are determined using valuation techniques whose inputs which are relevant for the fair value are based on directly or indirectly observable market data.

Level 3: Fair values that are determined using valuation techniques whose inputs which are relevant for the fair value are not based on observable market data.

Rent deposits, receivables from services, contract assets, certain other financial assets, and cash are classified and measured at amortized cost (taking into account the effective interest method, if applicable). The same is true for trade accounts payable, contract liabilities and certain other liabilities. All changes in value are recognized in profit or loss. Receivables from services are recognized with the original invoice amount less loss allowances for amounts that are irrecoverable or no longer completely recoverable.

Changes in the value of strategic equity instruments held for the long term which are classified as measured at fair value are permanently recognized in other comprehensive income in accordance with IFRS 9.4.1. Dividends are recognized as income in profit or loss unless the dividends are clearly used to cover part of the investment costs. Other net gains or losses are recognized in other comprehensive income and never reclassified to profit or loss.

Noncurrent and current liabilities from contingent purchase prices are carried at fair value with changes recognized in profit or loss.

Settlement date accounting is used for all regular way purchases and sales of financial assets. Financial assets are derecognized if (i) the contractual rights to cash flows from the financial asset no longer exist, 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.

Receivables from services are recognized when the right to receive the consideration is no longer subject to any condition and they become due automatically at the end of the period. Loss allowances on receivables due to credit risk are recognized in accordance with the measurement method of expected loan defaults.

Taxes

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 statement of comprehensive income 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.

Share-based payment

Share-based entitlements at XING are cash-settled. The fair value is calculated at the grant date and recognized as an expense over the vesting period. It is determined as the market price of XING shares. Changes in fair value are recognized in profit or loss.

Post-employment benefits

Obligations to pay into defined-contribution plans are recognized as an expense as soon as the associated service is rendered. Prepaid items are recognized as assets if they confer a right to reimbursement or a reduction in future payments.

Provisions

The amount recognized as a provision is calculated by discounting the expected future cash flows using a pre-tax interest rate that reflects current market assessments of the time value of money and the risks specific to the liability. Unwinding of discounts is presented as a finance cost.

(B) Segment reporting

REPORTABLE SEGMENTS

Overview of business units/reporting segments

Business unit	Platform/Content	Premium Network	ProWork	kununu D-A-CH	New B2C	Inter-Nations	E-Recruiting	Marketing Solutions	Events	kununu International
Reporting segment	B2C						B2B E-Recruiting	B2B Marketing Solutions & Events		kununu International

The operating segments are combined into reportable segments in the regular management reporting based on the primary customer base of the products offered. While products offered by the B2C segment are mainly distributed through our online marketing channels, products offered by the B2B segments are mainly distributed offline.

The B2C reporting segment includes the Platform/Content, Premium Network, ProWork, kununu D-A-CH and New B2C business units. They serve the members of our social networking platforms who use www.xing.com, XING Jobs, kununu.com or internations.org to network with other professionals, find a suitable job, obtain information about potential employers, or read about career-related topics. These services are monetized mainly through paid memberships (Premium, ProJobs, Albatross). New B2C activities are also included here (e.g. ProCoach).

The B2B E-Recruiting segment serves B2B customers who seek access to employees and talent. This service is monetized through the development, marketing and sale of the XING Talent Manager (Active Recruiting), job ad (Passive Recruiting), and Employer Branding Profile products. The necessary profiles and traffic from candidates are generated by the B2C segment.

The Marketing Solutions & Events segment comprises the Marketing Solutions (Advertising) and Events business units. They serve advertising and events clients. This service is monetized via advertising income and ticketing. Remuneration is also paid for acquired B2C segment members.

We report on other activities outside of the D-A-CH (Germany, Austria, Switzerland) region in the (Kununu) International segment. The reconciliation statement (other operating income/expenses) includes corporate divisions such as IT, Finance, and Human Resources, as well as other business activities that by definition do not constitute a segment.

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. 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), 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. Adjusted extraordinary items 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	B2C		B2B E-Recruiting		B2B Marketing Solutions & Events		(kununu) International		Consolidation of intersegment revenues/expenses		Total segments	
	01/01/–12/31/2018	01/01/–12/31/2017 [1]	**01/01/–12/31/2018**	01/01/–12/31/2017 [1]	**01/01/–12/31/2018**	01/01/–12/31/2017 [1]	**01/01/–12/31/2018**	01/01/–12/31/2017 [1]	**01/01/–12/31/2018**	01/01/–12/31/2017 [1]	**01/01/–12/31/2018**	01/01/–12/31/2017 [1]
Revenues (from third parties)	99,883	89,544	108,743	77,418	21,214	17,284	1,697	1,332	0	0	231,537	185,578
Intragroup revenues	0	0	0	0	531	567	0	0	-531	-567	0	0
Total revenues	99,883	89,544	108,743	77,418	21,745	17,851	1,697	1,332	-531	-567	231,537	185,578
Intragroup segment expenses	-531	-567	0	0	0	0	0	0	531	567	0	0
Other segment expenses	-60,311	-45,850	-37,695	-27,365	-14,758	-11,183	-1,534	-1,291	0	0	-114,298	-85,689
Segment operating result	39,041	43,127	71,048	50,053	6,987	6,668	163	41	0	0	117,239	99,889
Other operating income and expenses											-42,013	-38,588
EBITDA											75,226	61,301

[1] *restated*

Revenues by geographical region are distributed as follows:

In € thousand	**01/01/2018 – 12/31/2018**	01/01/2017 – 12/31/2017 [1]
D-A-CH	213,833	176,447
International	17,704	9,131
	231,537	**185,578**

[1] *restated*

Geographical distribution is made based on the domicile of the service recipient. The Company is not reliant on major customers because a significant percentage of Group revenues is not generated with any single customer.

As was the case last year, the non-current assets (excluding deferred tax assets) of €173,456 thousand (previous year: €165,811 thousand) are attributable exclusively to the D-A-CH region.

(C) Consolidated statement of comprehensive income disclosures

8. Total operating income

In the financial year ended, total operating income was €235,069 thousand (previous year (restated): €188,470 thousand).

In financial year 2018, revenues amounted to €231,537 thousand (previous year (restated): €185,578 thousand). The breakdown of revenues and the corresponding development according to business units and regions are shown in segment reporting. Revenues include €2,376 thousand (previous year: €1,779 thousand) in revenue from barter deals.

Revenues in 2018 included prior-period revenues from contract liabilities amounting to €73,894 thousand (previous year: € 57,754 thousand).

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

In € thousand	01/01/2018 – 12/31/2018	01/01/2017 – 12/31/2017 [1]
Income from incidental costs of internally generated software	961	878
Income from non-cash benefits	942	813
Income from currency translation	449	90
Earnings from returned bank transfers and dunning fees	418	416
Prior-period income	51	178
Income from receivables written off	4	0
Other	707	517
	3,532	**2,892**

[1] *restated*

Other income mainly consists of cost allocations or tax refunds.

9. Personnel expenses

The following table breaks down the personnel expenses:

In € thousand	01/01/2018 – 12/31/2018	01/01/2017 – 12/31/2017 [1]
Salaries and other types of remuneration	88,154	69,666
Capitalization of internally generated software	– 16,508	– 14,489
Social security contributions (employer portion)	15,193	11,268
Pension costs (defined-contribution plan)	716	621
Termination benefits	576	886
Provisions for vacation	239	48
Other	652	26
	89,022	**68,026**

[1] *restated*

Personnel expenses rose from €68,026 thousand by €20,996 thousand to €89,022 thousand (+31 percent). The increase in expenses is due mainly to the higher number of people employed by the Group.

10. Marketing expenses

Marketing expenses are broken down as follows:

In € thousand	01/01/2018 – 12/31/2018	01/01/2017 – 12/31/2017[1]
Marketing costs	21,425	19,907
Sales commissions	3,854	2,357
Events	2,637	1,501
	27,916	**23,765**

[1] *restated*

Marketing costs include, in particular, costs of online advertising, traditional display advertising, TV 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	01/01/2018 – 12/31/2018	01/01/2017 – 12/31/2017[1]
IT services, management services	22,254	23,943
Capitalization of internally generated software	– 7,006	– 11,206
Travel, entertainment and other business expenses	5,322	4,210
Server hosting, administration and traffic	4,344	3,367
Other personnel expenses	2,981	2,197
Occupancy expenses	2,956	2,643
Payment transaction costs	2,581	2,379
Bad debts	2,170	1,007
Training costs	1,666	1,365
Legal consulting fees	932	843
Accounting fees	673	554
Phone/cell phone/postage/courier costs	592	760
Currency translation expenses	541	609
Rental/leasing expenses	443	387
Financial statements preparation and auditing costs	439	484
Office supplies	408	347
Supervisory Board remuneration	320	320
Other	1,289	1,169
	42,905	**35,378**

[1] *restated*

The other expenses mainly comprise expenses attributable to prior periods, costs of contributions, other charges and insurance costs. Bad debts include derecognition expenses of €1,677 thousand (previous year: €835 thousand).

In the reporting period, €443 thousand (previous year: €387 thousand) in expenses for renting of low-value assets were recognized. In addition, €582 thousand (previous year: €431 thousand) in occupancy expenses related to the short-term renting of office space and employee apartments.

12. Depreciation, amortization and impairment losses

Depreciation, amortization and impairment losses include €4,028 thousand (previous year: €3,142 thousand) in depreciation of lease assets. Impairment losses of €6,279 thousand (previous year: €3,353 thousand) were recognized. Due to the change in the estimate described in note 17, amortizations were €2,446 thousand lower; these will be recognized in later periods.

13. Finance income and finance costs

The financial result can be broken down as follows (the result pursuant to the equity method is explained in note 18):

In € thousand	01/01/2018 – 12/31/2018	01/01/2017 – 12/31/2017 [1]
Finance income	2,611	2,648
Finance costs	– 2,700	– 1,047
	– 89	**1,601**

[1] *restated*

Finance income includes income of €2,346 thousand (previous year: €2,143 thousand) from the reversal of contingent purchase price liabilities.

Finance costs include €1,431 thousand (previous year: €0 thousand) from the adjustment of contingent purchase price liabilities, €1,085 thousand (previous year: €789 thousand) from the unwinding of discounts on provisions and liabilities, and €114 thousand (previous year: €119 thousand) from the unwinding of discounts on lease liabilities.

14. Income taxes

The income taxes for the reporting period are broken down as follows:

In € thousand	01/01/2018 – 12/31/2018	01/01/2017 – 12/31/2017 [1]
Corporation tax (including solidarity surcharge)	6,990	5,118
Trade tax	4,760	3,106
Deferred taxes	2,209	4,695
	13,959	**12,919**

[1] *restated*

An amount of €3,230 thousand (previous year: €2,694 thousand) for corporation tax was incurred outside Germany. The deferred taxes were mainly incurred in Germany, as in the previous year.

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

In € thousand	01/01/2018 – 12/31/2018	01/01/2017 – 12/31/2017 [1]
Recognition/amortization of internally developed software	3,374	5,789
Contract assets	1,253	– 142
Recognition of tax losses carried forward	399	– 310
Temporary differences in fixed assets	36	51
Deferral of rental expenses and investment grants	0	47
Lease assets/liabilities	– 358	14
Amortization of customer relations	– 378	– 293
Amortization of brand/domain	– 395	– 14
Amortization of acquired technology	– 714	– 322
Goodwill identified for tax purposes	– 957	– 125
Other	– 51	0
	2,209	**4,695**

[1] *restated*

Changes recognized outside profit or loss concern €431 thousand relating to netting with other comprehensive income.

The following overview reconciles the expected tax expense with the actual tax expense:

In € thousand	01/01/2018 – 12/31/2018	01/01/2017 – 12/31/2017 [1]
Earnings before taxes (EBT)	44,939	38,570
Expected tax result	14,507	12,450
Tax effects attributable to		
Different foreign tax rates	– 210	– 471
Tax rate changes	0	586
Application of the equity method	– 394	103
Outside basis differences	– 151	230
Tax-free income	– 438	– 531
Effects from tax losses carried forward	72	– 26
Fx adjustments	– 55	69
Taxes, previous years	0	– 34
Expenses not deductible for tax purposes	628	543
ACTUAL TAX RESULT	**13,959**	**12,919**

[1] *restated*

Outside basis differences result from undistributed profits of subsidiaries. The tax-free income relates to the reversal of contingent purchase price obligations.

The theoretical tax rate is determined as follows:

In %	12/31/2018	12/31/2017
Corporation tax including solidarity surcharge (effective)	15.83	15.83
Trade tax rate	16.45	16.45
THEORETICAL TAX RATE	**32.28**	**32.28**

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

In € thousand	12/31/2018	12/31/2017 [1]
Intangible assets		
Software and licenses	– 1,111	– 1,838
Internally developed software	– 19,162	– 15,788
Brand/domain	– 310	– 705
Customer relations	– 753	– 1,130
Deferred rental expenses and investment grants	53	80
Loss carryforwards	2,317	2,714
Temporary differences in fixed assets	13	43
Financial assets at fair value (other comprehensive income)	398	17
Goodwill	957	0
Contract assets/liabilities	– 629	594
Lease assets	423	76
Other	117	24
NET DEFERRED TAX ASSETS/ LIABILITIES	**– 17,687**	**– 15,913**

[1] *restated*

The deferred tax assets (€3,349 thousand, previous year: €4,215 thousand) and deferred tax liabilities (€21,036 thousand, previous year: €20,128 thousand) were not offset because the criteria in IAS 12.71 were not satisfied. The recognition of deferred tax assets on loss carryforwards is based on the assumption that the units concerned will achieve tax profits in the future.

15. Earnings per share

Earnings per share are broken down as follows:

	12/31/2018	12/31/2017 [1]
Consolidated profit or loss attributable to the shareholders of XING SE in € thousand	30,980	25,651
Weighted average number of issued shares (basic and diluted)	5,620,328	5,620,435
Consolidated earnings per share attributable to the shareholders of XING SE		
Basic	5.51 €	4.56 €
Diluted	5.51 €	4.56 €

[1] *restated*

16. Other comprehensive income

In addition to gains and losses on the translation of foreign financial statements (€0 thousand; previous year: loss of €65 thousand), items recognized in other comprehensive income also include the remeasurement of available-for-sale financial assets measured at fair value (loss of €1,233 thousand; previous year: loss of €52 thousand). Deferred tax income attributable to the latter amounted to €398 thousand (previous year: €17 thousand).

(D) Consolidated statement of financial position disclosures

17. 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 generated software and goodwill.

Internally generated software in the amount of €24,475 thousand (previous year: €26,615 thousand) was capitalized as internally generated intangible assets in financial year 2018 because the criteria set out in IAS 38 were satisfied. The development work mainly concerned various projects to enhance the mobile apps, the development of the new messenger, and other new products. As a result of determining the value in use, amortization and impairments of internally generated software include impairment losses of €6,279 thousand (previous year: €3,353 thousand) on platform components no longer used. As was the case in the previous year, no reversals of impairment losses charged on internally generated software were recognized. Impairment losses on software and licenses in the reporting year amounted to €248 thousand (previous year: €0 thousand). As was the case in the previous year, no reversals of impairment losses were recognized.

At the beginning of financial year 2018, the useful life of the XING platform was fixed at a further five years until December 31, 2022. As of the previous year's reporting date, the useful life was assumed to run until December 31, 2021. As a result, amortizations in the 2018 financial year were €2,446 thousand lower; these will be recognized in later periods. The remaining useful life of the internally developed web site is thus 48 months as of December 31, 2018. Modules that are no longer active are written down for impairment by regularly reviewing the platform modules that have been activated.

The research and development costs recognized in profit or loss, which do not meet the capitalization criteria of IAS 38, amounted to €57,301 thousand (previous year: €50,105 thousand).

As in the previous year, no impairment losses or reversals of impairment losses were recognized on other intangible assets. Mandatory annual impairment testing was performed as of the end of the 2018 financial year.

Goodwill from the acquisition of kununu GmbH in the amount of €2.2 million, BuddyBroker AG in the amount of €4.9 million and Intelligence Competence Center (Deutschland) AG in the amount of €6.1 million continued to be allocated to the B2B E-Recruiting segment for purposes of impairment testing. The goodwill resulting from the acquisition of Prescreen GmbH totaling €21.2 million was also allocated to the B2B E-Recruiting segment. The segment is the cash-generating unit in which the goodwill is monitored for internal management purposes (see "Segment information").

The goodwill resulting from the acquisition of InterNations GmbH totaling €15.4 million was allocated to the InterNations segment, which is shown as part of the B2C operating segment.

The recoverable amount of the cash-generating units is based on the value in use estimated using discounted cash flows. Based on the inputs from the measurement procedure used, the fair value measurement was classified as a fair value that is not based on observable market data.

	E-Recruiting		InterNations	
In %	**12/31/2018**	12/31/2017	**12/31/2018**	12/31/2017
Discount rate	12.4	10.9	13.0	11.7
Sustainable growth rate	2.0	2.0	2.0	2.0

The discount rate is a pre-tax figure (WACC); it reflects current market assessments of the risks specific to the cash-generating unit and is based on the weighted average cost of capital.

In measuring value in use as the recoverable amount, the Company projected cash flows for the next three to five 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, price trends in the competitive environment and expected economic developments. 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. The growth rates take account of external macroeconomic data and industry-specific trends.

In the case of both cash-generating units, the Management Board believes that both revenues and the EBITDA margin can be increased in the future. The impairment test did not reveal any indication of impairment. Even with a change in each of the two most significant influencing factors, the discount rate (increase of 1 percentage point) and the long-term growth rate (reduction of 1 percentage point), the recognized goodwill was recoverable.

PROPERTY, PLANT AND EQUIPMENT

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

As in the previous year, no impairment losses on other equipment, operating and office equipment or reversals of impairment losses were recognized.

NON-FINANCIAL OTHER ASSETS AND LIABILITIES

The incremental borrowing rate used to discount lease assets and liabilities is between 0.73 percent and 1.18 percent for the current leases. It is not expected that the unilateral extension options identified in the leases will be exercised by XING.

Lease liabilities amounted to €12,362 thousand as of December 31, 2018 (previous year: €11,707 thousand).

18. Financial assets

EQUITY-ACCOUNTED INVESTMENTS

In the year under review, kununu US LLC, Boston/USA, a 50:50 joint venture, was included in the consolidated financial statements and accounted for using the equity method. XING contributed an additional €1,446 thousand (US$1,750 thousand) to the joint venture in the reporting year. The equity interest in kununu US LLC is the only investment by the Group in joint ventures or associated companies.

The equity investment developed as follows as of the reporting date:

kununu US LLC, Boston/USA

In € thousand	2018	2017
Carrying amount as of 01/01	0	0
Contributions	1,446	3,278
Share of profit or loss in the reporting year	–1,446	–3,278
CARRYING AMOUNT AS OF 12/31/	**0**	**0**

The liability of €288 thousand recognized in the previous year was utilized.

In the reporting year, the Group acquired the remaining shares from Monster Worldwide Inc. effective January 30, 2019.

The following table shows the combined financial information of kununu US LLC, Boston/USA, as of the reporting date:

kununu US LLC, Boston/USA

Summarized financial information in € thousand [1]	12/31/2018	12/31/2017
Revenues	552	476
Net profit/loss for the year	–5,206	–6,494
TOTAL COMPREHENSIVE INCOME (100 %)	**–5,206**	**–6,494**
Non-current assets	39	47
Current assets	178	360
Cash	193	2,478
Current liabilities	–3,628	–3,754
EQUITY (100 %)	**–3,218**	**–868**

1 *Statement of financial position translated at closing rate, comprehensive income translated at average exchange rate*

OTHER FINANCIAL ASSETS

XING SE acquired several funds in the previous year for the purpose of investing excess liquidity. The fair values of the instruments, all of which are allocated to Level 1, correspond to their nominal values, multiplied by the prices prevailing on December 31, 2018. All of the securities are available for sale. XING SE recognizes fair value changes in other comprehensive income. These effects are not reclassified to profit or loss, even when the assets are sold.

PREPAID EXPENSES

Prepaid expenses mainly include prepayments for software maintenance and licenses.

LEASE ASSETS

The lease assets comprise only leases for office space. Additions to lease assets amounted to €3,577 thousand in the reporting year (previous year: €6,931 thousand).

The following table (figures in € thousand) shows the changes in fixed assets pursuant to IAS 16 and IAS 38:

Consolidated statement of changes in fixed assets

	Cost				
In € thousand	01/01/2018	Additions	Disposals	Reclassi-fications	12/31/2018
1. INTANGIBLE ASSETS					
1. Software and licenses	28,702	3,768	– 28	61	32,503
2. Internally generated software	83,243	24,475	0	0	107,718
3. Goodwill	64,613	0	0	0	64,613
4. Other intangible assets	20,657	3	0	0	20,660
	197,215	**28,246**	**– 28**	**61**	**225,494**
2. PROPERTY, PLANT AND EQUIPMENT					
1. Leasehold improvements	2,116	864	0	0	2,980
2. Other equipment, operating and office equipment	28,477	4,897	– 452	0	32,922
3. Construction in progress	203	81	0	– 61	223
TOTAL	**30,796**	**5,842**	**– 452**	**– 61**	**36,125**

Consolidated statement of changes in fixed assets

	Cost					
In € thousand	01/01/2017	Additions	Changes triggered by acquisitions	Disposals	Reclassi-fications	12/31/2017
1. INTANGIBLE ASSETS						
1. Software and licenses	21,046	2,123	5,533	0	0	28,702
2. Internally generated software	56,628	26,615	0	0	0	83,243
3. Goodwill	27,978	0	36,635	0	0	64,613
4. Other intangible assets	14,290	28	6,339	0	0	20,657
	119,942	**28,766**	**48,507**	**0**	**0**	**197,215**
2. PROPERTY, PLANT AND EQUIPMENT						
1. Leasehold improvements	1,951	165	0	0	0	2,116
2. Other equipment, operating and office equipment	21,941	4,133	138	– 241	2,506	28,477
3. Construction in progress	2,709	0	0	0	– 2,506	203
TOTAL	**26,601**	**4,298**	**138**	**– 241**	**0**	**30,796**

Depreciation, amortization and impairment losses				Carrying amounts	
01/01/2018	Additions	Disposals	12/31/2018	12/31/2018	12/31/2017
– 19,732	– 4,156	16	– 23,872	8,631	8,970
– 34,333	– 14,022	0	– 48,355	59,363	48,910
– 14,835	0	0	– 14,835	49,778	49,778
– 13,581	– 2,076	0	– 15,657	5,003	7,076
– 82,481	**– 20,254**	**16**	**– 102,719**	**122,775**	**114,734**
– 1,776	– 180	0	– 1,956	1,024	340
– 20,128	– 4,577	381	– 24,324	8,597	8,349
0	0	0	0	223	203
– 21,904	**– 4,757**	**381**	**– 26,281**	**9,845**	**8,892**

Depreciation, amortization and impairment losses				Carrying amounts	
01/01/2017	Additions	Disposals	12/31/2017	12/31/2017	12/31/2016
– 16,593	– 3,139	0	– 19,732	8,970	4,453
– 25,653	– 8,680	0	– 34,333	48,910	30,975
– 14,835	0	0	– 14,835	49,778	13,143
– 12,102	– 1,479		– 13,581	7,076	2,188
– 69,183	**– 13,298**	**0**	**– 82,481**	**114,734**	**50,759**
– 1,438	– 338	0	– 1,776	340	513
– 16,356	– 3,989	217	– 20,128	8,349	5,585
0	0	0	0	203	2,709
– 17,794	**– 4,327**	**217**	**– 21,904**	**8,892**	**8,807**

19. Current assets

As was the case in the previous year, receivables arising from XING services recognized as of December 31, 2018, were due within one year.

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

In € thousand	12/31/2018	12/31/2017
Total amount of receivables from services	37,086	29,781
Loss allowances on receivables	– 1,563	– 1,445
RECEIVABLES FROM SERVICES	**35,523**	**28,336**

Receivables from services are impaired as follows:

12/31/2018	Not yet due	Past due < 30 days	Past due < 90 days	Past due > 90 days	Total
Impairment ratio	0.8 %	2.9 %	8.3 %	20.5 %	4.2 %
Gross carrying amount (in € thousand)	21,636	7,668	3,548	4,234	37,086
Impairment (in € thousand)	– 180	– 221	– 296	– 866	– 1,563

12/31/2017[1]	Not yet due	Past due < 30 days	Past due < 90 days	Past due > 90 days	Total
Impairment ratio	0.7 %	2.4 %	9.3 %	21.1 %	3.6 %
Gross carrying amount (in € thousand)	17,108	4,624	6,580	1,092	29,405
Impairment (in € thousand)	– 116	– 112	– 610	– 231	– 1,069

[1] *restated*

In financial year 2018, €54 thousand (previous year: €0 thousand) of derecognized receivables were recognized in profit or loss.

The contract assets of €2,395 thousand (previous year: €2,216 thousand) only include directly attributable costs to obtain a contract. They include sales commission paid to employees and agencies. The following table shows the amount recognized and the annual amortization.

In € thousand	Amount recognized 2018	Amortization 2018	Amount recognized 2017	Amortization 2017
Personnel expenses	3,750	3,310	2,518	2,151
Marketing expenses	2,950	3,211	1,992	1,613
	6,700	**6,521**	**4,510**	**3,764**

At the start of 2017, contract assets totaled €1,470 thousand. They are amortized over the average initial contract term (3–24 months). On average, this is 10 months.

The following table shows the composition of other assets:

In € thousand	12/31/2018	12/31/2017[1]
Deferred cost	2,223	2,717
Advances paid	1,950	604
Receivables due from credit card companies	940	882
Receivables due from personnel	8	13
Other assets	791	939
	5,912	**5,155**

[1] *restated*

Cash and short-term deposits as of the reporting date consisted of bank balances of €57,864 thousand (previous year: €36,546 thousand) and cash-in-hand of €17 thousand (previous year: €10 thousand). Bank balances include a figure of €4,050 thousand (previous year: €4,219 thousand) relating to third-party cash held by XING Events. The increase in other assets results mainly from the increase in advance payments received in connection with an advertising campaign shortly before the reporting date.

20. Equity

SUBSCRIBED CAPITAL

The share capital amounted to €5,620,435 as of December 31, 2018 (previous year: €5,620,435) and is composed of 5,620,435 no-par value registered shares with a notional value of €1.00 each. All of the subscribed capital is fully paid in. All shares have the same rights.

TREASURY SHARES

As in the previous year, the Company did not hold any treasury shares as of the reporting date. In the course of 2018, XING SE or its subsidiaries acquired 990 shares on the Xetra stock exchange in order to provide employees with one share each. 306 shares were resold as fewer employees than initially planned took part in the campaign.

AUTHORIZED CAPITAL 2018

Pursuant to the resolution of the Annual General Meeting of May 16, 2018, the Management Board has been authorized, with the approval of the Supervisory Board, to increase the share capital of the Company by up to €2,810,217.00 until (and including) May 15, 2023, 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 2018). The number of shares must be increased in the same ratio as the share capital. A pre-emptive right must be granted to the shareholders. The new shares can also be taken up by one or more credit institutions specified by the Management Board on condition that they are offered to the shareholders (indirect pre-emptive right). The Management Board however is authorized, with the approval of the Supervisory Board, to disapply the pre-emptive 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, other assets or in connection with business combinations, or for the purpose of acquiring receivables, rights or industrial property rights including copyrights and know-how;

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. This authorization is applicable only under the condition that the new shares issued while disapplying pre-emptive rights in accordance with Sections 203 (1) sentence 1 and (2) sentence 1 and 186 (3) sentence 4 AktG may not exceed a total of 10 percent of the share capital, either at the time this authorization enters into force

or – if this amount is lower – at the time this authorization is exercised. The following are to be counted against the aforementioned 10 percent limit: (i) new shares issued while disapplying pre-emptive rights during the term of this authorization up to its exercise on the basis of another authorization from authorized capital in accordance with Sections 203 (1) sentence 1 and (2) sentence 1 and 186 (3) sentence 4 AktG, (ii) those shares issued or to be issued to settle conversion or option rights or conversion or option obligations, or tender rights of the issuer arising from convertible and/or option bonds, profit-participation rights and/or income bonds (or a combination of these instruments) ("bonds"), insofar as the bonds are issued while disapplying pre-emptive rights during the term of this authorization up to its exercise in accordance with Sections 221 (4) sentence 2 and 186 (3) sentence 4 AktG, and (iii) treasury shares that were sold while disapplying pre-emptive rights during the term of this authorization up to its exercise in accordance with Sections 71 (1) No. 8 sentence 5 half-sentence 2 and 186 (3) sentence 4 AktG. Shares applied to the limit are no longer included in the limit if authorizations to issue new shares from authorized capital, to issue bonds, or to sell treasury shares are re-issued by the Annual General Meeting by applying Section 186 (3) sentence 4 AktG accordingly after exercise of such authorizations that led to the shares being applied to the limit;

4) if the shares are issued to settle conversion or option rights or conversion or option obligations, or tender rights of the issuer arising from bonds with conversion or option rights, or conversion or option obligations, or tender rights of the issuer relating to shares of the Company;

5) to the extent it is necessary to grant a pre-emptive right to the holders or creditors of bonds with conversion or option rights or conversion or option obligations, or tender rights of the issuer to shares of the Company in the scope to which they would be entitled after exercise of these conversion or option rights or after settlement of these conversion or option obligations or the tender of shares as a shareholder;

6) if the shares are offered to employees of the Company and/or employees and/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 credit institution or equivalent company, which takes up the shares with the undertaking to forward them exclusively to the relevant beneficiaries. The number of shares issued in this way while disapplying pre-emptive rights must not exceed 2 percent 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 overall amount of new shares issued while disapplying pre-emptive rights under the aforementioned authorizations from Authorized Capital 2018 may not exceed 20 percent of the share capital, either at the time this authorization enters into force or – if this amount is lower – at the time this authorization is exercised. The following are to be counted against the aforementioned 20 percent limit: (i) new shares issued while disapplying pre-emptive rights during the term of this authorization up to its exercise on the basis of another authorization from authorized capital, (ii) those shares issued or to be issued to settle conversion or option rights or conversion or option obligations, or tender rights of the issuer arising from bonds to the extent that the bonds were issued while disapplying pre-emptive rights of shareholders during the term of this authorization up to its exercise, and (iii) treasury shares that were sold while disapplying pre-emptive rights during the term of this authorization up to its exercise based on another authorization. Insofar as and to the extent to which, after exercise of an authorization to disapply pre-emptive rights that led to shares being counted against the aforementioned 20 percent limit, the Annual General Meeting re-issues this authorization to disapply pre-emptive rights, the shares will no longer be included in the limit.

The Management 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 Supervisory Board is authorized to amend the wording of the Articles of Incorporation based on the use of authorized capital or once the period of the authorization has ended.

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

CONTINGENT CAPITAL 2018

The share capital of the Company has been increased by up to €1,124,087.00 out of contingent capital by issuing up to 1,124,087 new no-par-value registered shares (Contingent Capital 2018). The contingent capital increase is implemented only to the extent that the holders of convertible and/or option bonds issued by XING SE and its Group companies until May 15, 2023 based on the authorization adopted by the Annual General Meeting on May 16, 2018, exercise their conversion or option rights or to the extent that conversion and option obligations arising from such bonds are fulfilled and no other forms of fulfillment are used. Provided that they are created before the start of the Annual General Meeting, the new 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 Management 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, 2018, no shares have been issued out of Contingent Capital 2018.

As of December 31, 2018, no valid stock options (previous year: 0) had been issued to employees, senior executives and the Executive Board.

CAPITAL RESERVES

The capital reserves mainly comprise the premium from the cash capital increases.

As of December 31, 2018, the capital reserves amounted to €31,434 thousand (previous year: €31,415 thousand), of which €48 thousand is freely available in accordance with Section 272 (2) no. 4 of the German Commercial Code (HGB) and results from the capital reduction approved in 2011.

OTHER RESERVES

The changes in other reserves include the effects attributable to currency translation of the financial statements of foreign subsidiaries and the other comprehensive income from available-for-sale securities.

OTHER

Under German stock corporation law, the dividend eligible for distribution to shareholders is based on the net retained profits which XING SE disclosed in its annual financial statements prepared in accordance with the regulations of the German Commercial Code. In financial year 2018, XING SE distributed a total amount of €9,442 thousand (€1.68 per share; previous year: €1.37 per share) to its shareholders. In the previous year, a special dividend of €1.60 per share was also paid out. With 5,620,435 shares carrying dividend rights, this corresponds to a total payout of €16,693 thousand for financial year 2016.

We propose that a dividend of €2.14 per share is to be paid out of the net retained profits of XING SE for financial year 2018. This corresponds to an anticipated total payment of €12,028 million. We also propose a special dividend of €3.56 per share, resulting in a special distribution of €20,009 thousand. Own cash and available-for-sale securities of €82.5 million as of the end of 2018 and XING's cash-generative business model enable the Company to pay dividends on a regular basis without changing its business strategy, which is aimed at achieving growth. The remaining net retained profits of €1,868 thousand is to be carried forward to new account.

Payment of this dividend is contingent on a resolution to be adopted by the Supervisory Board and the Annual General Meeting on June 6, 2019.

21. Non-current liabilities

The main portion of the non-current contract liabilities relates to member subscriptions for future periods in our B2C business and products in the B2B E-Recruiting segment with a remaining term of 1-2 year in the amount of €2,901 thousand (previous year: €2,213 thousand). The Company also recognized other non-current financial liabilities of €9,546 thousand (previous year: €14,724 thousand) that represent contingent purchase price payments.

Non-current provisions mainly concern provisions for restoration obligations. The change results in particular from space newly rented in the reporting year.

Other non-current liabilities of €3,466 thousand (previous year: €3,114 thousand) mainly include obligations arising from employee remuneration.

22. Current liabilities

Corporation tax liabilities and trade tax liabilities of €1,813 thousand (previous year: €271 thousand) were reported as of December 31, 2018.

As was the case in the previous year, all trade accounts payable recognized as of the reference date December 31, 2018 were due within one year (€3,873 thousand; previous year: €6,851 thousand). The trade accounts payable are not interest-bearing, and are generally due within 10 to 30 days.

XING generates a significant share of revenues from a prepaid business model from online fixed-term products. Due to the contractual arrangements billed mostly on an annual basis, contract liabilities increase with growing revenues at the end of the year. In the reporting period, these increased by €15,823 thousand to €89,717 thousand. They are recognized using the straight-line method over the term of the contract. At the start of 2017, contract liabilities totaled €59,937 thousand.

In the reporting period, €73,894 thousand in revenues were recognized that in the prior-year period were reported as contract liabilities.

Financial liabilities of €4,501 thousand (previous year: €4,733 thousand) relate to contingent purchase price payments arising from business combinations. As was the case in the previous year, there is no collateral for liabilities in the form of liens or similar rights.

The other liabilities are recognized at their settlement value, and are broken down as follows:

In € thousand	12/31/2018	12/31/2017
Liabilities from personnel expenses	10,909	10,539
Liabilities of XING Events due to event organizers	4,974	5,114
VAT liabilities	2,824	2,015
Liabilities for Supervisory Board remuneration	320	320
Miscellaneous liabilities	9,254	7,473
OTHER CURRENT LIABILITIES	**28,281**	**25,461**

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 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.

(E) Other disclosures

ADDITIONAL INFORMATION ON THE CONSOLIDATED STATEMENT OF CASH FLOWS

As of December 31, 2018, funds consist exclusively liquid funds of €57,881 thousand (previous year: €36,546 thousand), and comprise own funds of €53,831 thousand (previous year: €32,327 thousand) and third-party cash of €4,050 thousand (prior year: €4,219 thousand). Third-party funds comprise cash in connection with obligations from the Events segment. Funds consist mainly of bank balances.

The other non-current financial assets (measured at fair value) concern available-for-sale securities for managing excess liquidity. Cash in- and outflows are shown under cash flows from investing activities.

The interest paid includes €114 thousand in payments under leases. The total amount recognized in cash flow from financing activities for leases thus amounts to €3,055 thousand.

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.

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

The maturities of lease liabilities as defined by IFRS 16 are as follows:

In € thousand	Up to 1 year	1 – 2 years	2 – 5 years	Total contract payments	Discount	Carrying amount of liabilities
Contractual payment obligations from leases, 12/31/2018	4,894	4,691	3,010	12,595	– 233	12,362
Contractual payment obligations from leases, 12/31/2017	2,621	3,912	5,428	11,961	– 254	11,707

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 B2B customers, and via equity funding. The financial instruments of liabilities mainly relate to contingent purchase price payments. 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 equity ratio is 35.3 percent (previous year: 32.0 percent).

XING's liabilities also include contract liabilities that, due to the business model, do not lead directly to an outflow of cash. The following table shows that as of the reporting date the Group's cash and available-for-sale securities were slightly lower than liabilities (excluding deferred income):

In € thousand	12/31/2018	12/31/2017 [1]
Non-current liabilities (excluding contract liabilities)	– 43,079	– 47,732
Current liabilities (excluding contract liabilities)	– 44,411	– 40,806
Cash and available-for-sale assets	86,583	66,482
CASH DEFICIT	**– 907**	**– 22,056**

[1] *restated*

XING SE does not have any significant borrowings. The financial liabilities exclusively stem from contingent purchase price obligations.

In € thousand	12/31/2018	12/31/2017 [1]
Cash, incl. third-party cash, and available-for-sale securities	86,583	66,482
Non-current financial liabilities	– 9,546	– 14,724
Current financial liabilities	– 4,501	– 4,733
INTEREST-BEARING BALANCE SHEET ITEMS, NET	**72,536**	**47,025**

[1] *restated*

CLASSES OF FINANCIAL INSTRUMENTS

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

In € thousand	Measurement category [1]	12/31/2018	12/31/2017
Non-current financial assets at amortized cost	Amortized cost	453	49
Non-current financial assets at fair value	FVOCI	28,702	29,936
Current receivables from services	Amortized cost	35,523	28,336
Current other assets	Amortized cost	783	882
Cash	Amortized cost	57,881	36,546
Non-current financial liabilities at fair value	FLFVtPL	9,546	14,724
Current trade accounts payable	Amortized cost	3,873	6,851
Current financial liabilities at fair value	FLFVtPL	4,501	4,733
Current other liabilities	Amortized cost	3,989	5,114

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

All of the non-current financial assets at fair value are classified as Level 1 financial instruments. Their purpose is to manage excess liquidity.

Non-current other financial liabilities result from earn-out obligations in connection with acquisitions, for which changes in value are reported in the financial result. As of December 31, 2018, the liability arising from the acquisition of InterNations GmbH amounted to €7,119 thousand (thereof current: €2,037 thousand) and that arising from the acquisition of Prescreen GmbH to €6,928 thousand (thereof current: €2,464 thousand). All of the earn-out obligations are classified as Level 3 financial instruments. Here, the discounted present value is estimated based on the estimated cash outflow forecast by management in its business plan. This includes in particular estimates regarding revenue growth and sustainable EBITDA margin. Earn-out obligations of €2,346 thousand (previous year: €2,143 thousand) were reversed through finance income (BuddyBroker AG: €1,604 thousand; InterNations: €741 thousand). An amount of €1,431 thousand (previous year: €44 thousand) was recognized as finance costs for additions to contingent purchase price liabilities as a result of a change in the assumption of expected values (BuddyBroker AG: €566 thousand; Prescreen GmbH: €796 thousand). Changes from the unwinding of discounts and exchange rate effects total €1,042 thousand (previous year: €492 thousand).

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.

EXCHANGE RATE AND INTEREST RATE MANAGEMENT

The Group was exposed to the devaluation of the Swiss franc and the US dollar in the reporting period. Income from exchange rate effects amounted to €449 thousand (previous year: €90 thousand). Expenses from exchange rate effects had an offsetting effect of €541 thousand (previous year: €609 thousand). Revenues are generated mainly in euros. With the exception of contingent purchase price obligations, there are no interest-bearing liabilities.

Bank balances do not pay interest. 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 primarily have an impact on cash. If interest rates had increased by 100 basis points during the reporting period, interest income would have changed by €765 thousand (previous year: €697 thousand) on the basis of an average investment volume of €76,532 thousand (previous year: €69,747 thousand).

CREDIT AND FAIR VALUE RISK MANAGEMENT

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. The Group defines fair value risk as the risk of changes in the value of financial assets.

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 from members in Network/Premium or companies in E-Recruiting) as well as bank balances (cash 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 €10 thousand in each case. As of the reporting date, the remaining term of all these receivables was less than one year. The maximum counterparty credit risk of €35,523 thousand is equal to the carrying amount of the receivables (previous year: €28,336 thousand).

In the case of bank balances, reputable commercial banks rated AAA to A-2 are used for investment and payments. The remaining term of the bank balances is less than three months.

Available-for-sale assets are traded on each trading day. XING invests in securities subject to low volatility.

The Group believes that current counterparty credit and fair value risks are low. The necessary loss 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 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 and the available-for-sale securities, there are no major liquidity risks. Credit lines with banks as of the reporting date are in place for €20 million, but have not been utilized.

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

Through the granting of shadow shares as part of a long-term incentive program for the Management Board, 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 Management Board. The shadow shares from the LTI are a virtual replication of shares to be allocated to the Management Board members in annual tranches. The number of shadow shares to be allocated in an annual tranche corresponds to the allocation amount calculated annually divided by the average closing price of the Company's shares over the 100 trading days immediately preceding the Annual General Meeting in which the consolidated financial statements, which are the basis for determining target achievement, are adopted. The annual allocation amount depends on the achievement of quantitative corporate goals that are stipulated by the Supervisory Board as part of its three-year plan in advance for the relevant financial year in the three-year plan, currently Group EBITDA and consolidated revenues (incl. other operating income). Following a waiting period of three years from allocation, the beneficiary (Management Board member) acquires an entitlement to a cash payment tied to the share price or, at the Company's discretion, to the allocation of XING SE shares. In addition, the beneficiary is paid dividends applicable to real shares in the amount corresponding to the allocated shadow shares, if any, for the three preceding financial years ("cumulative dividend"). If cash is paid, then the total amount paid is limited to three times the relevant allocation amount of the respective tranche of shadow shares. If the payment is settled in shares, then the number of shares to be granted is equal to the number of shadow shares allocated. If the total of the share price at the time of exercise and the cumulative dividend is greater than three times the relevant allocation amount of the respective tranche of shadow shares, then the number of shares granted is equivalent to three times the allocation amount. In the past, the current LTI was only satisfied through cash settlement.

The provisions for the current financial year are determined on the basis of the fair value for the phantom stocks granted in that year based on a target achievement level of 100.09 percent. Overall, personnel expenses of €1,364 thousand (previous year: €1,215 thousand) for cash-settled share-based payment were recognized in the income statement for the 2018 financial year. Provisions of €4,109 thousand (previous year: €3,546 thousand) were recognized as of December 31, 2018 for entitlements arising from the long-term incentive programs, taking into account the share price performance.

RELATIONS WITH RELATED PARTIES

The members of the Management Board and the Supervisory Board of XING SE are deemed to be related parties for the purposes of IAS 24. In the year under review, there were the following business relations between the Management Board, the Supervisory Board and the companies included in the consolidated financial statements:

The Management Board and the Supervisory Board received total remuneration of €4,672 thousand and €320 thousand (previous year: €3,836 thousand and €320 thousand) for their work in the financial year ended. Of this amount, benefits payable in the short term amounted to €3,309 thousand (previous year: €2,619 thousand), while benefits payable in the long term totaled €1,363 thousand (previous year: €1,215 thousand). To reflect the change in value in claims to date to cash-settled share-based payment, an amount of €212 thousand was recognized in the financial year (previous year: €642 thousand). Further information is included in the remuneration report, which is an integral part of the Group management report.

Since December 18, 2012, Burda Digital GmbH, Munich, Germany (a subsidiary of Hubert Burda Media Holding Kommanditgesellschaft, Offenburg, Germany) has held more than 50 percent of the share capital of XING SE. XING SE 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 SE and Hubert Burda Media Holding Kommanditgesellschaft, Offenburg, the Management Board of XING SE prepares a report regarding relations with affiliated companies in accordance with Section 312 (1) Clause 1 AktG. In the 2018 financial year, XING SE or the companies controlled by it 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 shareholder Burda Digital GmbH, Offenburg, received €4,746 thousand (previous year: €8,390 thousand) in dividend payments. Other transactions with Burda Digital GmbH totaled less than €1 thousand (previous year: €47 thousand).

Services in the amount of €3,456 thousand (previous year: €4,152 thousand) were provided to affiliated companies of Burda Media Holding Kommanditgesellschaft, Offenburg, Germany. Services purchased from affiliated companies totaled €2,140 thousand (previous year: €835 thousand). The receivables from services show net amounts of €2,852 thousand (previous year: €1,936 thousand) due from affiliated companies, and the trade accounts payable show net amounts of €192 thousand (previous year: €155 thousand) due to affiliated companies.

For a market study involving a company over which a member of the Management Board has control or significant influence, a contract was signed in the reporting period with a customary market remuneration of €100 thousand.

Expenses incurred with other related parties in the reporting years amounted to €16 thousand (previous year: €15 thousand).

NUMBER OF EMPLOYEES

XING employed an average of 1,389 persons (previous year: 1,129) as well as 5 members of the Management Board (previous year: 5) during financial year 2018. As of December 31, 2018, a total of 1,562 persons (previous year: 1,285) as well as five Executive Board members (previous year: 5) 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 annual financial statements of XING SE.

MEMBERS OF THE SUPERVISORY BOARD

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

Stefan Winners,
Managing Director of Hubert Burda Media Holding Geschäftsführung SE, Offenburg, Germany, Chairman of the Board of Directors and (Chairman) Managing Director of Hubert Burda Digital Future SE (since July 4, 2018) and Managing Director of Burda Digital GmbH, Munich, Germany (Chairman of the Supervisory Board)

Other Supervisory Board posts/memberships in control bodies:
- Chairman of the Supervisory Board of HolidayCheck Group AG Munich, Germany
- Chairman of the Advisory Board of BurdaForward GmbH, Munich, Germany
- Member of the Supervisory Board and the Advisory Board of Giesecke & Devrient GmbH, Munich, Germany
- Member of the Board of Directors, Cyndx Holdco, Inc., Delaware, USA

Dr. Jörg Lübcke,
Managing Director, Barcare GmbH, Munich, Germany

Other Supervisory Board posts/memberships in control bodies:
- Member of the Advisory Board of Cyberport GmbH, Dresden, Germany

Dr. Johannes Meier,
Managing Director, Xi GmbH, Gütersloh, Germany

Other Supervisory Board posts/memberships in control bodies:
- Member of the Advisory Board of the Meridian Foundation, Essen, Germany
- Member of the Advisory Board of Cliqz GmbH, Munich, Germany

Dr. Andreas Rittstieg,
Managing Director and member of the Board of Directors of Hubert Burda Media Holding Geschäftsführung SE, Offenburg, Germany

Other Supervisory Board posts / memberships in control bodies:
- Member of the Supervisory Board of Brenntag AG, Mühlheim an der Ruhr, Germany
- Member of the Administrative Board of Kühne Holding AG, Schindellegi, Switzerland
- Member of the Advisory Board of Huesker Holding GmbH, Gescher, Germany

Jean-Paul Schmetz,
Chief Scientist, Hubert Burda Media Holding KG, Munich, Germany

Other Supervisory Board posts/memberships in control bodies:
- Member of the Supervisory Board of OPMS Limited, Seoul, South Korea
- Member of the Supervisory Board of Coc Coc Pte. Limited, Singapore

Anette Weber,
CFO, Ascom (Holding) AG, Baar, Switzerland

Other Supervisory Board posts/memberships in control bodies: none

MEMBERS OF THE MANAGEMENT BOARD

In the 2018 financial year, the following persons were appointed to the Management Board:

Dr. Thomas Vollmoeller,
CEO, Hamburg, Germany (Chairman)

Supervisory Board posts/memberships in control bodies:
- Member of the Supervisory Board of Ravensburger AG, Ravensburg, Germany
- Member of the Administrative Board of Conrad Electronic SE, Hirschau, Germany

Dr. Patrick Alberts,
CPO, Hamburg, Germany (since July 1, 2018)

Supervisory Board posts/memberships in control bodies:
none

Alastair Bruce,
CSO, Hamburg, Germany

Supervisory Board posts/memberships in control bodies:

- Member of the Advisory Board of Melitta Unternehmensgruppe Bentz KG, Minden, Germany (since February 2018)
- Member of the Board of Directors of EHI Retail Institute GmbH, Cologne, 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, Germany (until June 30, 2018)

Supervisory Board posts/memberships in control bodies:
none

FEES AND SERVICES OF PRICEWATERHOUSECOOPERS GMBH AND AFFILIATED COMPANIES

In financial year 2018, costs of €249 thousand were recognized for auditing services (of which €18 thousand is attributable to affiliated companies of the PwC group). Other assurance services (Management Board remuneration, capital coverage certificate) used in the reporting year totaled €5 thousand (previous year: €15 thousand); other services (support provided in a human resources project) amounted to €18 thousand (previous year: €15 thousand). As was the case in the previous year, tax consultancy services were not utilized.

DIRECTORS' DEALINGS

In accordance with Article 19 of the Market Abuse Regulation (MAR), members of the Management Board and Supervisory Board are subject to a legal requirement for disclosing the acquisition or disposal of shares of XING SE 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 SE had been properly disclosed, and can be downloaded from the Company's web site (http://corporate.xing.com/deutsch/investor-relations/corporate-governance/directors-dealings).

STATEMENT CONCERNING THE CORPORATE GOVERNANCE CODE

In March 2018, the Management Board and the Supervisory Board of XING SE published the statement specified in accordance with Section 161 AktG and made it available by publishing it on the Company's web site (https://corporate.xing.com/en/investor-relations/corporate-governance).

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

With the exception of the matters specified under 4., no further reportable events of significance for XING SE occurred after the reporting period.

Responsibility statement

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 21, 2019

The Management Board

Dr. Thomas Vollmoeller

Dr. Patrick Alberts

Alastair Bruce

Ingo Chu

Jens Pape

Independent auditor's report

To XING SE, Hamburg

Report on the audit of the consolidated financial statements and of the group management report

AUDIT OPINIONS

We have audited the consolidated financial statements of XING SE, Hamburg, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 January to 31 December 2018, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of XING SE for the financial year from 1 January to 31 December 2018. In accordance with the German legal requirements, we have not audited the content of those parts of the group management report listed in the "Other Information" section of our auditor's report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to § [Article] 315e Abs. [paragraph] 1 HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2018, and of its financial performance for the financial year from 1 January to 31 December 2018, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the content of those parts of the group management report listed in the "Other Information" section of our auditor's report.

Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2018. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matters of most significance in our audit were as follows:

- ➡ Recoverability of goodwill
- ➡ Allocation of revenue

Our presentation of these key audit matters has been structured in each case as follows:

- ➡ Matter and issue
- ➡ Audit approach and findings
- ➡ Reference to further information

Hereinafter we present the key audit matters:

Recoverability of goodwill

In the Company's consolidated financial statements goodwill amounting to € 49.8 million (17.9% of total assets) is reported under the "Intangible assets" balance sheet line item.

Goodwill is tested for Impairment by the Company once a year or when there are indications of impairment to determine any possible need for write-downs. Impairment testing is carried out at the level of the groups of cash-generating units to which the relevant goodwill has been allocated. At XING SE, the cash-generating units correspond to the business segments.

The carrying amounts of the relevant cash-generating units, including goodwill, is compared with the corresponding recoverable amount in the context of the impairment test. The calculation of the recoverable amount generally employs the value in use.

The present value of the future cash flows from the respective group of cash-generating units normally serves as the basis of valuation. The present values are calculated using discounted cash flow models. For this purpose, the adopted medium-term business plan of the Group forms the starting point for the future projections based on assumptions about long-term rates of growth. Expectations relating to future market developments and assumptions about the development of macroeconomics factors are also taken into account. The discount rate used is the weighted average cost of capital for the relevant group of cash-generating units. The impairment test determined that no write-downs were necessary.

The outcome of this valuation exercise is dependent to a large extent on the estimates made by the executive directors with respect to the future cash flows from the respective group of cash-generating units, the discount rate used, the rate of growth and other assumptions, and is therefore subject to considerable uncertainty. Against this background and due to the complex nature of the valuation, this matter was of particular significance in the context of our audit.

As part of our audit, we assessed the methodology employed for the purposes of performing the impairment test, among other things. After matching the future cash inflows used for the calculation against the adopted medium-term business plan of the Group, we assessed the appropriateness of the calculation, in particular by coordinating it with general and sector-specific market expectations. We also assessed the appropriate consideration of the cost of corporate functions. In the knowledge that even relatively small changes in the discount rate applied can have a material impact on the value of the entity calculated using this method, we focused our testing in particular on the parameters used to determine the discount rate applied, and evaluated the calculation method.

We assessed the sensitivity analyses performed by the Company, in order to reflect the uncertainty inherent in the projections. Taking into account the information available, we determined that the carrying amounts of the cash-generating units, including the goodwill, were adequately covered by the discount future cash flows.

Overall, the measurement inputs and assumptions used by the executive directors are in line with our expectations and are within the ranges considered by us to be reasonable.

The Company's disclosures on goodwill are contained in note 15 of the notes to the consolidated financial statements.

Allocation of revenue

In the Company's consolidated financial statements revenue amounting to € 231.5 million is reported in the consolidated statement of comprehensive income. Revenue form products involving prepayments form customer, such as Premium and Pro Jobs memberships, Employer Branding Profiles and XING Talent manager, is recognized as of the date on which it is generated, taking into account the pro-rata duration of the respective contract as at the balance sheet date. Prepayments received for periods after the balance sheet date are recognized in the liabilities side of the balance sheet under the line item "deferred revenue".

The first-time adoption of the new accounting standard for revenue recognition (IFRS 15) in this financial year had no material impact on the revenue recognition and deferred revenue.

This revenue item, which is material in terms of its amount, is subject to particular risk due to the complexity of the systems and processes necessary for recording and allocating it. Against this background, the correct recording and allocation of revenue is considered to be complex and was of particular significance for our audit.

In the knowledge that the complexity of the systems and processes give rise to an increased risk of accounting misstatements, our audit included assessing the Group's processes and controls for properly recognizing revenue. Our audit approach included carrying out tests of the design and effectiveness of controls as well as substantive audit procedures. For this purpose, we assessed the appropriateness of the processes and controls established, from the conclusion of the contract and invoicing through to recording and allocating revenue in the general ledger, among other things. In addition, we carried out test of functions to assess the continuous effectiveness of the established controls and assessed the relevant IT systems used for invoicing as well as other relevant systems used to support the recording and allocation of revenue, including the implemented controls for system changes and the interface between the relevant IT systems in collaboration with specialists. Furthermore, we assessed and evaluated individual transactions on a test basis.

In our audit, we also we assessed the impact of the first-time adoption of IFRS 15.

We were able to satisfy ourselves that the systems and processes in place, as well as the established controls, are appropriate for the purpose of ensuring the appropriate recognition and allocation of revenues.

The Company's disclosures relating to the peculiarities of revenue allocation in the consolidated financial statements are contained in section 6 of the notes to the consolidated financial statements.

The disclosures on the impact of the first-time adoption of IFRS 15 are contained in section 2 of the notes to the consolidated financial statements.

Other Information

The executive directors are responsible for the other information. The other information comprises the following non-audited parts of the group management report:

- the statement on corporate governance pursuant to § 289 f HGB and § 315 d HGB included in section "Legal information" of the group management report
- the separate non-financial report pursuant to § 289 b Abs. 3 HGB and § 315 b Abs. 3 HGB

The other information comprises further the remaining parts of the annual report – excluding cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our auditor's report.

Our audit opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315 e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.]

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315 e Abs. 1 HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

FURTHER INFORMATION PURSUANT TO ARTICLE 10 OF THE EU AUDIT REGULATION

We were elected as group auditor by the annual general meeting on 16 May 2018. We were engaged by the supervisory board on 20 August 2018. We have been the group auditor of the XING SE, Hamburg, without interruption since the financial year 2013.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

German public auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Niklas Wilke.

Hamburg, March 21, 2019

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Niklas Wilke Wirtschaftsprüfer [German Public Auditor]	Alexander Schucht Wirtschaftsprüfer [German Public Auditor]

Financial calendar

Publication of the 2018 annual financial report	March 21, 2019
Q1 2019 interim financial report	May 3, 2019
Annual General Meeting	June 6, 2019
2019 half-year financial report	August 13, 2019
Q3 2019 interim financial report	November 7, 2019

Publishing information and contact

For annual reports, interim reports and current financial information about XING SE, please contact:

PUBLISHED BY
XING SE
Dammtorstrasse 30
20354 Hamburg, Germany
Phone +49 40 41 91 31 – 793
Fax +49 40 41 91 31 – 44

EDITOR-IN-CHIEF
Patrick Möller (Director Investor Relations)

CONSULTING, CONCEPT AND DESIGN
Silvester Group
www.silvestergroup.com

For press inquiries and current information about XING SE, please contact:

CORPORATE COMMUNICATIONS
Marc-Sven Kopka
Phone +49 40 41 91 31 – 763
Fax +49 40 41 91 31 – 44
presse@xing.com

FURTHER EDITORS
Anja Engler
Thorsten Ginsel
Johannes Greef
Ralf Klassen
Marc-Sven Kopka
Jennifer Lachmann
Marcus Merheim
Jens Meyer
Birte Pampel
Berit Schütte
René Springer
Kenneth Steffen
Myriam van Alphen-Schrade
Claudia Weigt

Rounding differences may occur.
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.

www.xing.com

XING SE
Dammtorstrasse 30
20354 Hamburg
Germany
Phone +49 40 41 91 31–793
Fax +49 40 41 91 31–44
investor-relations@xing.com