

XING[®]

ANNUAL
REPORT
2016

XING AG

Key figures

	Unit	2016	2015	2014	2013	2012
Total revenues ¹	€ million	148.5	122.9	101.4	84.8	73.3
EBITDA reported	€ million	47.9	36.6	29.2	22.8	20.1
EBITDA margin reported	in %	32	30	29	27	27
Adjusted EBITDA	€ million	47.9	36.6	31.6 ⁴	24.3 ³	22.0 ²
Adjusted EBITDA margin	in %	32	30	31 ⁴	29 ³	30 ²
Consolidated net profit/loss reported	€ million	23.6	17.6	6.2	9.1	7.7
Adjusted consolidated net profit/loss	€ million	23.6	17.6	15.7 ⁵	10.5 ³	9.2 ²
Earnings per share (diluted) reported	in €	4.19	3.15	1.10	1.65	1.43
Adjusted earnings per share (diluted)	in €	4.19	3.15	2.80 ⁵	1.90 ³	1.71 ²
Regular dividend per share	in €	1.37 ⁸	1.03	0.92	0.62	0.56
Cash flow from operations reported	€ million	49.9	35.8	34.2	23.8	18.9
Cash flow from operations adjusted	€ million	49.9	39.8 ⁶	34.2	23.8	18.9
Equity	€ million	69.9	60.5	43.4	62	51.8
XING users Germany, Austria, Switzerland (D-A-CH), total	million	12.13	10.13	8.33	6.93	6.09
thereof platform members (D-A-CH)	million	11.42	9.60	8.01	6.93	6.09
thereof subscribers (D-A-CH)	thousand	929	881	835	807	783
B2B customers						
in the B2B E-Recruiting segment		17,031	17,930	17,197	16,031	15,731
in the B2B Advertising & Events segment		6,616	5,464 ⁷	2,196	2,246	1,874
Employees		961	792	649	571	513

¹ Incl. other operating income

² Adjusted for €1.9 million in one-time costs relating to the mandatory tender offer submitted by Burda Digital GmbH and the kununu GmbH acquisition

³ Adjusted for €1.5 million in non-operating expenses arising from the earn-out obligation of kununu GmbH

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 must be recognized under cash flows from operating activities. At XING, this change affects the earn-out obligation for the kununu transaction. 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 (05/16/2017)

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XING is the leading social network for business professionals in the German-speaking market, providing advice and support to its members during the upheavals in the world of work.

In an environment marked by a shortage of skilled workers, digitalization, and changes in values, XING helps its approximately 12 million members achieve as harmonious a work/life balance as possible. For example, members can use XING Jobs to find the position that meets their individual needs, keep up to date with the news offerings on XING and participate in the debate, or find out about changes and trends in the new world of work on the XING spielraum topics portal.

In early 2015, the Jobbörse.com website – the biggest job search engine in the German-speaking market – was added to the Company's portfolio. Prior to this, XING had further strengthened its position as the market leader in social recruiting by acquiring kununu, the leading employer review platform in the German-speaking market.

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

Members can meet and exchange views on XING in around 80,000 groups or get together at one of the more than 150,000 relevant events for professionals that are organized each year.

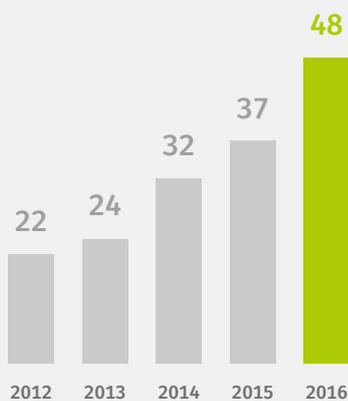
The Company has around 1,000 employees at its locations in Hamburg, Munich, Aschaffenburg, Barcelona and Vienna.

OUR SUCCESS STORY

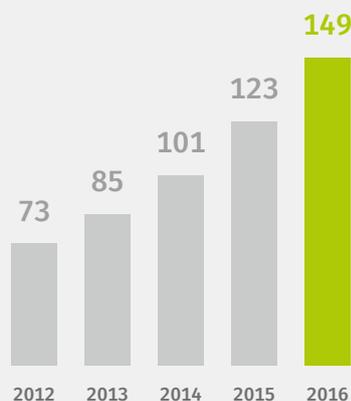
2016 was a great year for XING. We reported record results in terms of earnings and revenues as well as member growth.

We are particularly delighted that we achieved the high targets we set ourselves for 2016. In 2013, we announced that we wanted to double our 2012 revenues by 2016. Today we can say: we delivered!

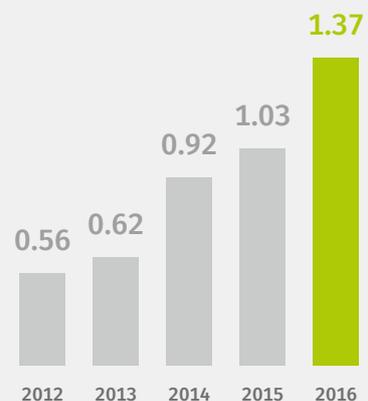
EBITDA (ADJUSTED)
(in € million)



TOTAL REVENUES
(in € million)



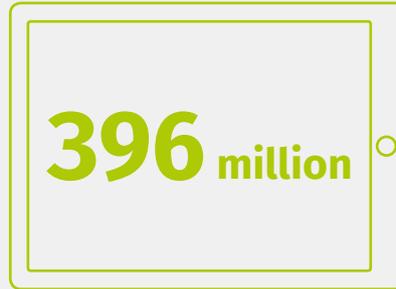
REGULAR DIVIDENDS
(in €)





EMPLOYEES (number)

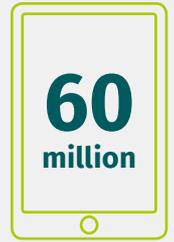
2014: 649 | 2015: 792 | 2016: 961



XING USE

396 million page views per month in 2016 (avg.)

60 million visits per month in 2016 (avg.)



XING JOBS

>800,000

vacancies

REVIEWED EMPLOYERS KUNUNU

300,000 companies

1.5 million reviews



300,000

D

9.7

MEMBERS

11.4 million members in D-A-CH

9.7 million Germany

0.9 million Austria

0.9 million Switzerland

(Rounding differences are possible)

CH

0.9

A

0.9

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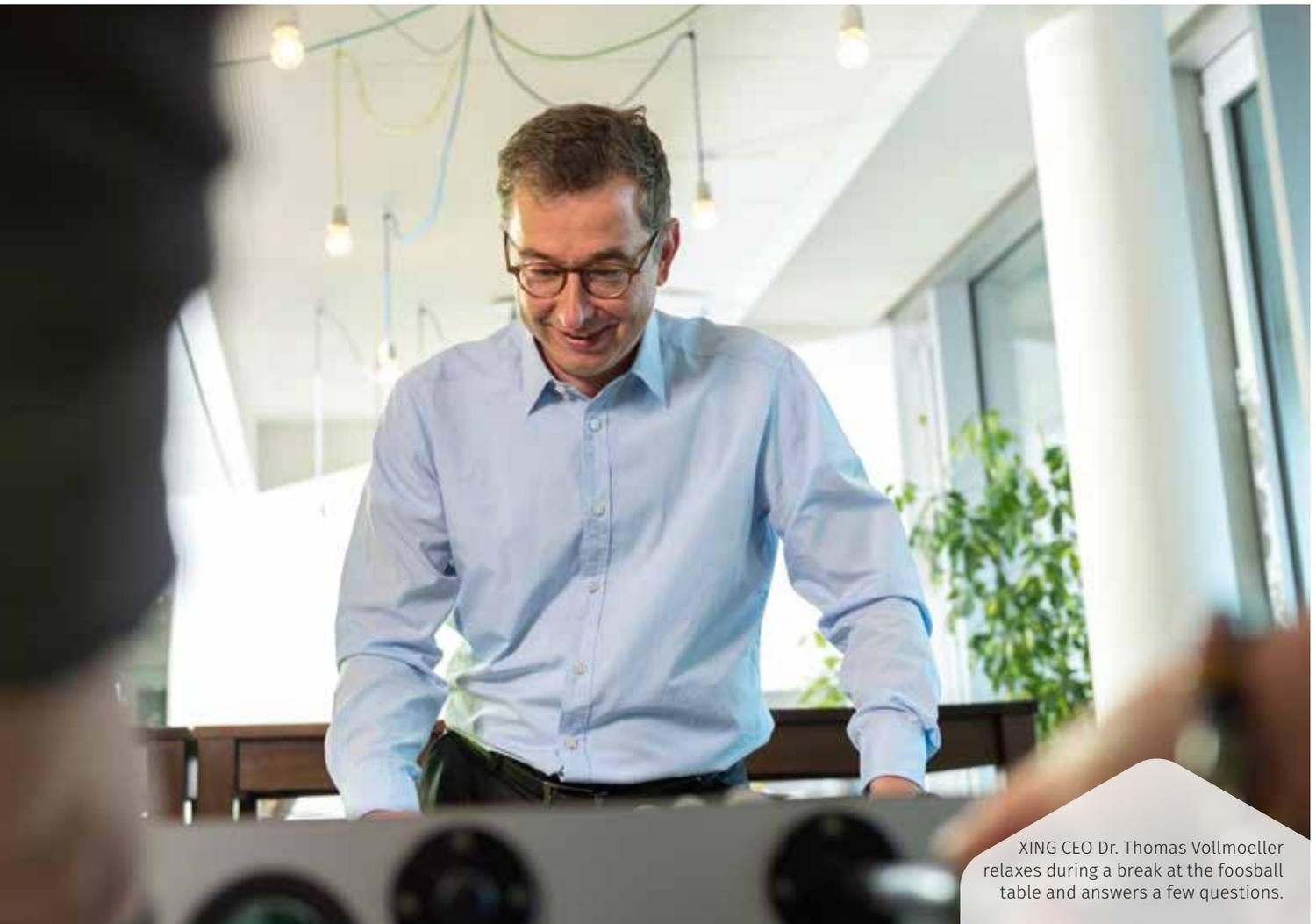
NEW WORK – NEW OPPOR- TUNITIES

**INTERVIEW WITH XING CEO
DR. THOMAS VOLLMOELLER**

The world of work is currently undergoing a profound transformation primarily driven by digitalization, a shortage of skilled labor and changing social values. As the leading professional network in German-speaking countries, XING has made it a key priority to actively support its members through this process of change.

The Company's objective is to make the opportunities created by this revolution accessible to professionals so that they can use them to create a better working life for themselves. XING also uses innovative products to help companies find and retain the right candidates for their business. These are the cornerstones of XING's success story.





XING CEO Dr. Thomas Vollmoeller relaxes during a break at the foosball table and answers a few questions.

How was the past year for XING?

Vollmoeller: 2016 was a great year for us. We reported record results in terms of earnings and revenues as well as member growth. I am particularly delighted that we achieved the high targets we set ourselves for the year. In 2013, we announced that we wanted to double our 2012 revenues by 2016. I can now say that we delivered and fulfilled our ambitious objectives!

What have been the most important sources of revenue during that time?

Vollmoeller: While the B2C business remains our biggest revenue source, the B2B E-Recruiting unit has recorded the strongest growth. Our innovative products and services are exactly what today's companies need to succeed in the battle for talent. B2B Advertising & Events, the smallest segment in terms of revenue, also reported double-digit revenue growth compared with the previous year.

What is your view on the conditions for future growth?

Vollmoeller: We are experiencing double-digit growth in every segment, and are excellently positioned to represent an issue everyone is talking about: the future of work. We offer tangible solutions for the challenges facing every individual and company. The conditions for future growth could not be better.

Does focusing on German-speaking countries still offer sufficient potential?

Vollmoeller: Absolutely! We now have just over 12 million members, yet our target audience comprises around 25 million business professionals, so there is still plenty of room for growth. What's more, our local focus is a clear advantage, as the key to our success always lies in understanding the needs of our customers. That is the prerequisite for continuing to develop and successfully launch tailor-made product innovations. As a network entirely focused on German-speaking countries, we can completely dedicate ourselves to local needs and desires without having to serve the lowest common denominator in the global market. Jobs are a local issue for the majority of people. That's why our local focus offers us such a clear advantage.

In what areas can we expect to see new products from XING?

Vollmoeller: We will continue to expand our network functions and improve access to other interesting, useful or inspiring members. We will also continue to broaden our news offering, which has been very well received. Of course, we will also enhance access to professional opportunities and vacancies that suit each individual member. In a nutshell – people, news and jobs. As we make these improvements, we will concentrate on providing individual offerings and tailor-made solutions. The same thing is true for our corporate customers as we help them present themselves optimally as employers and unearth new talent. After all, new forms of work require new recruiting methods.

It has often been said that the world of work is experiencing a paradigm shift. Do you believe this is the case?

Vollmoeller: Absolutely. Digitalization is one of the primary drivers here, together with demographic change and the shift in values among the younger generation. While technical and sociodemographic factors are one thing, this transformational dynamic also offers many people the chance of a better working life with greater self-determination. To stimulate the necessary discussions and spark interest among our members, we are deeply committed to the subject of "new work". Back in 2013, we established a participatory think tank under the auspices of Thomas Sattelberger and created a prize for innovating working practices called the New Work Award. This accolade will be presented in March at our major new event, the New Work Experience (NWX). The NWX offers a program with keynote speeches delivered by pioneers and thought leaders and testimonies from companies and individuals breaking new ground, presents new tools and technologies and provides plenty of opportunities for discussion and networking.

You have made several references to the fact that XING provides its users with tangible, even "tailor-made" offerings. Do you see any differences between XING and other networks?

Vollmoeller: Yes, we are significantly different from our competitors. We are much more than just a network. To give a few examples, we are the only provider to host events. We produce and disseminate news and are now one of the largest distributors of business news in the German-speaking world. In kununu, we offer the leading portal for employer reviews. In turn, this helps us to present roles on our Jobs portal according to criteria such as family-friendliness, working atmosphere and home working in a way no other provider can match. XING will also continue to change, expand and innovate in the future. As our German-speaking clients and their needs are key to these developments, it is vital that we continue to increasingly differentiate ourselves and our portfolio from other providers if our success is to continue in the future.

THE EXECUTIVE BOARD



DR. THOMAS VOLLMOELLER CEO

- 2015 – present** *Member of the Supervisory Board of 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, UFA07/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*



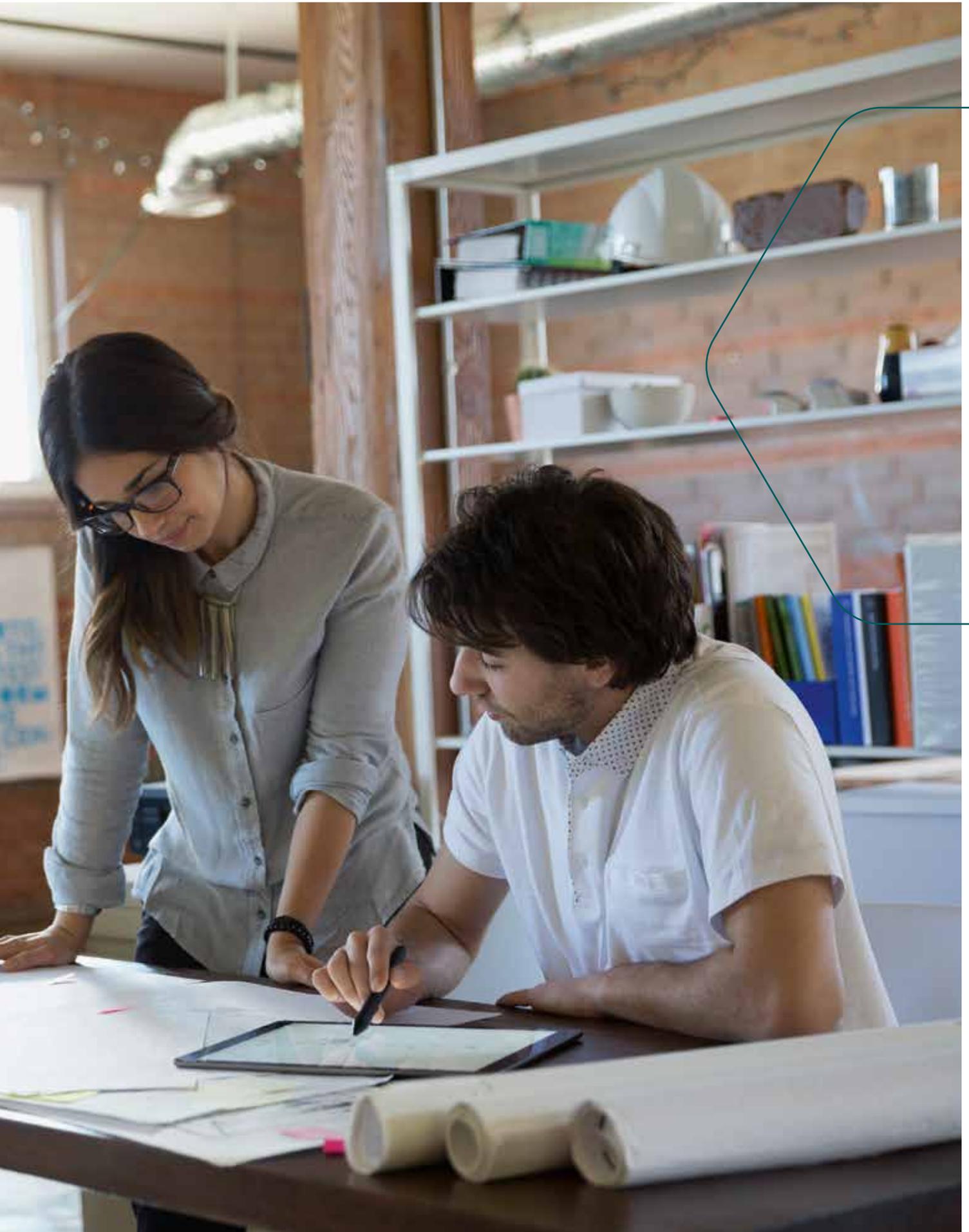
TIMM RICHTER CPO

- 2011 – 2013** *CEO, TravelTainment GmbH*
- 2008 – 2010** *Managing Director, Berge & Meer Touristik GmbH*
- 2002 – 2007** *Division Head, Tchibo GmbH*
- 2000 – 2002** *Head of corporate development, Tchibo AG*
- 1995 – 2000** *Project manager, McKinsey & Company, Inc.*



THE FUTURE OF WORK HAS BEGUN

People are increasingly searching for a job that fits their needs and living situation. XING helps make that desire a reality.



A

lthough it is unfashionable to say so, we believe that the digital evolution and the boom in robotics and AI won't ultimately do away with human labor entirely but instead will help usher in an even greater degree of freedom in how we design our world of work. People network all over the planet and can exchange their ideas and skills to solve problems together. Mindless, repetitive work is scaled down, creating new, open spaces.

If care is also taken to ensure as many people as possible can participate in this digital transformation – by offering better education and greater social mobility (and not just for the usual groupings) – then work will (again) become a universal enabler.

Not least because the demand for well-qualified staff – and knowledge workers in particular – will see huge growth over the next few years, in Germany and elsewhere. In 2025, the baby boomers will retire and generations with lower birthrates will take their place. In Germany, that means the 2025 labor market will have 6.5 million people fewer than today. It is also highly unlikely that this decline in the working population can be balanced out by migration or technological developments in the labor market.

What IT specialists (for example) are now experiencing is likely to become the norm for many professions: businesses battling to secure the best people.

At the same time (and probably driven by this very trend), value systems are no longer what they were – especially for younger workers. While they are clearly aware of their value to the company, they are not simply aping the older generation. Money and a career which have long been the catalysts of employee motivation are increasingly unimportant for many people. They are looking for other incentives for the time, energy and emotional investment they contribute in their day-to-day work.

Even older employees are now asking themselves whether the traditional concepts of working hours, attendance, vacation and salary are still appropriate. Aspects such as flexibility, satisfaction and meaningfulness are now much more common responses to the question "What do you look for in a career?" than conventional incentive systems based on company cars and hierarchical rank.

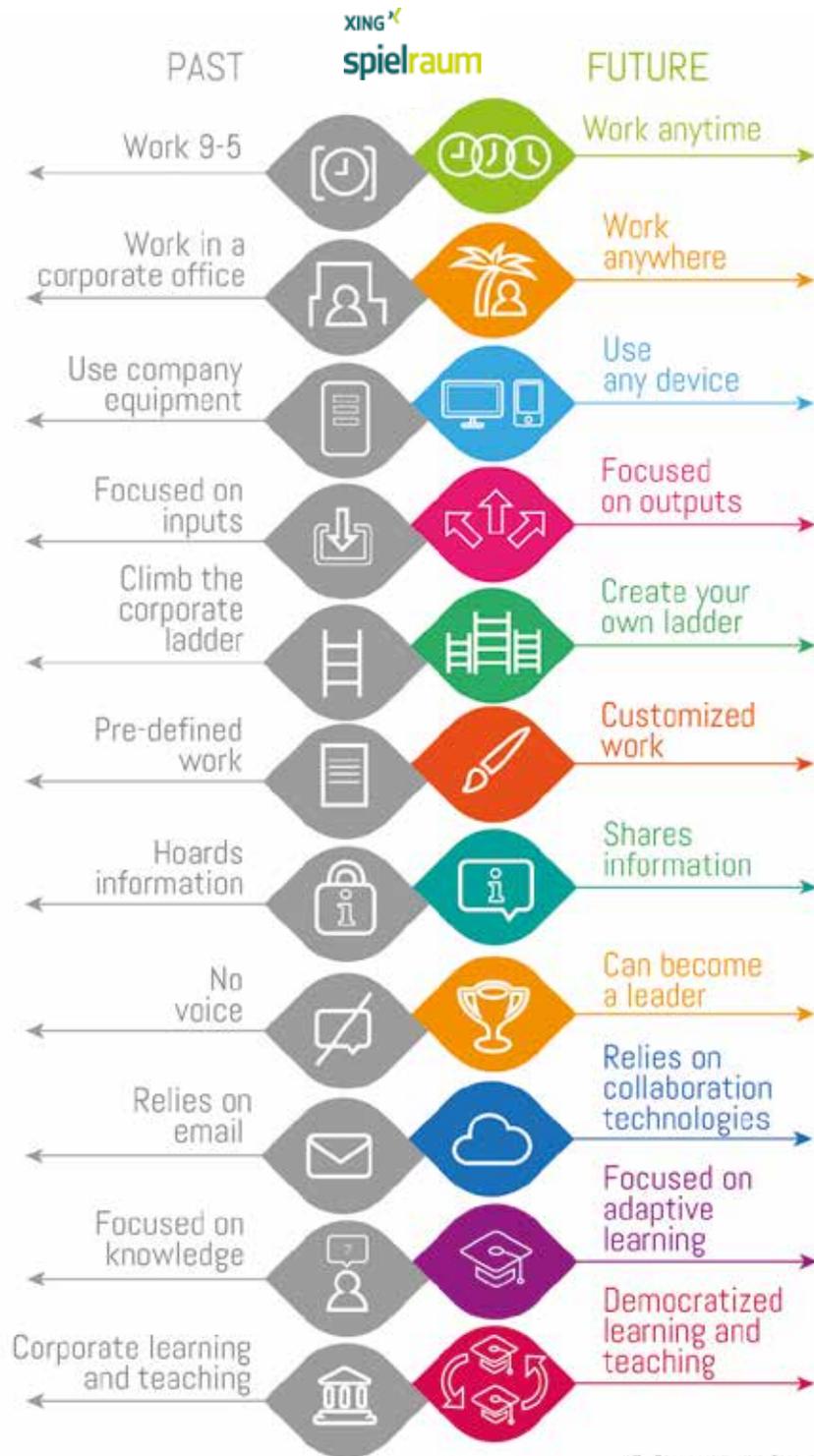
And the vast majority of studies also show that the appeal of independent work is stronger than ever, with two in three workers looking for greater freedom and autonomy in the workplace.

But this does not reflect a lack of dedication – many employees are in fact looking for more opportunities for "direct democracy" in their company. Some 75 percent would actually "get a buzz" from being able to take part in decisions about new products and developments. And an impressive 80 percent are actually of the opinion that greater participation in company-relevant decision-making would improve the productivity of their business.

At the same time, employees are looking for greater individual freedom – to an even greater extent than structural freedoms within their organization. In surveys, the freedom to choose workplace and working hours, trustworthy co-workers and freedom of personal expression regularly score higher than flexible organizational structures. Apart from influencing their own working conditions, respondents also emphasize promoting a culture of experimentation in their company to take a more innovative stance.

Step by step, a new kind of employee is emerging, one that fundamentally differs from the traditional worker role model not only in terms of many aspects of daily working life but also in his or her long-term job expectations. The diagram below, from our New Work portal "XING spielraum", illustrates this development.

THE EVOLUTION OF THE EMPLOYEE



Yet the modern world of work is not only (radically) changing day-to-day life and the career path taken by many employees. Personnel managers in company HR departments are also facing a number of dramatic changes. Many of their original duties – such as in administration – have now been delegated either partially or entirely to digitalization and automation. Old management styles – even the traditional concept of “personnel management” itself – no longer apply due to changes in values and the new relationship between employer and employee.

Accordingly, experts are now calling for HR work to focus on the areas that directly affect the make-up of the employee relationship – such as the recruitment of new talent or continuing professional development, for example. HR roles suggested by a recent Rundstedt report include that of “cultural ambassador and key driver for change within the company”, and “career adviser and life coach”, able to provide individual support to people wanting to harmonize their private and professional lives. As such, the report continues, contemporary HR can be a key “point of reference and orientation within the agile workplace.”

OFFERINGS FOR OUR CUSTOMERS

XING’s portfolio covers every area of the modern working world.

PEOPLE,
JOBS, NEWS
+
XING Events,
XING Marketing
Solutions



Social Network
XING Premium
XING Campus
XING Coaches

PEOPLE



XING Jobs
—
kununu
—
XING E-Recruiting

JOBS



XING News
—
Klartext

NEWS



D

“With XING Jobs, I can search for new jobs that fit into my life at any time – not just here in Austria, but across the German-speaking region.”



“With XING News I can keep up-to-date on the latest developments in my sector and across the globe on the way to my office in Frankfurt.”



CH

“As a freelancer, XING enables me to reach customers even when I’m taking a moment to enjoy the sun here in Bern.”



XING – MORE THAN JUST A NETWORK

OPPORTUNITIES AS DIVERSE AS
THE PEOPLE THEY SERVE

Having started out as an online network, XING is now much more. We have evolved to become a central career hub for a constantly growing community of members. What's more, our ability to understand and offer tailor-made solutions for the varied needs of professionals across the German-speaking region enables us to meet those needs. Some of our members focus on pursuing a traditional career path that allows them to optimize their salary and job title. We can help with that. Yet XING also offers personalized offerings to help those seeking to work more flexibly, whether at home or in a better environment. Our solutions are as comprehensive as our members' aspirations are diverse. This means that every day we work towards our vision: "For a better Working Life."

Why XING? What sets us apart?

There are at least **5** good reasons ...

1 XING is the largest professional online network in the German-speaking region

2

XING offers the largest job portal in Germany

3 XING offers relevant content and news across all sectors

3

4

XING and kununu create transparency about the quality of employers

5

XING has evolved into a hub for all things career-related



“

A XING profile is simply essential for the modern world of work. Overall, some 1.8 million new members registered on our platform in 2016 – a record-breaking number of new accounts for a single year. Developments in XING member activity have also been positive. XING News is one of the key drivers here, and we recently expanded this area to become one of the largest distributors of business news in the German-speaking market.”

Dr. Martin Rusch, Senior Vice President, Platform & Content



“In 2016, we opened a new chapter in XING’s history with the formation of XING E-Recruiting GmbH & Co. KG. As the biggest driver of growth at XING AG, our mission to ‘Enable companies to hire the best’ clearly underlines what we stand for: XING E-Recruiting is the partner of choice for companies and service providers who are looking to take on new members of staff. Every day, we work on tackling our customers’ hiring challenges both with our ever-expanding portfolio of products – the most recent addition being XING ReferralManager – and with our team of over 180 employees based in Germany, Austria, Switzerland and Spain.”



Frank Hassler, Managing Director, XING E-Recruiting GmbH & Co. KG



“In 2016, we introduced our new Messenger and significantly increased our activity in the corresponding segment. With almost 50,000 new Premium membership sign-ups, we also managed to further expand our subscriber base in the German-speaking market to 929,000 accounts. While our work in Premium has focused on systematically developing our concept ‘The best of XING’, our ProJobs and ProCoaches products have successfully concentrated on the immediate needs of jobseekers and coaches, and professionals interested in coaching in the German-speaking regions.”

Dr. Patrick Alberts, Senior Vice President, Premium Network & New Business



“XING Jobs is not only one of the best-known online job portals in the German-speaking market – but also is fundamentally different from other products on the market. With independent reviews of employers, details of pay and direct contact to prospective employers, XING Jobs offers real insights and guidance, helping jobseekers to tailor their search precisely to match their specific needs.”

Dr. Christoph Richter, Senior Vice President, Business Unit ProWork



“kununu has been a runaway success, and with 1.5 million reviews for 300,000 companies it is now the biggest employer review platform in Europe. Almost a year ago, we launched our site with Monster on the US market. As our initial results show, there are other international markets that also have a strong interest in the kind of transparency that only kununu can offer.”

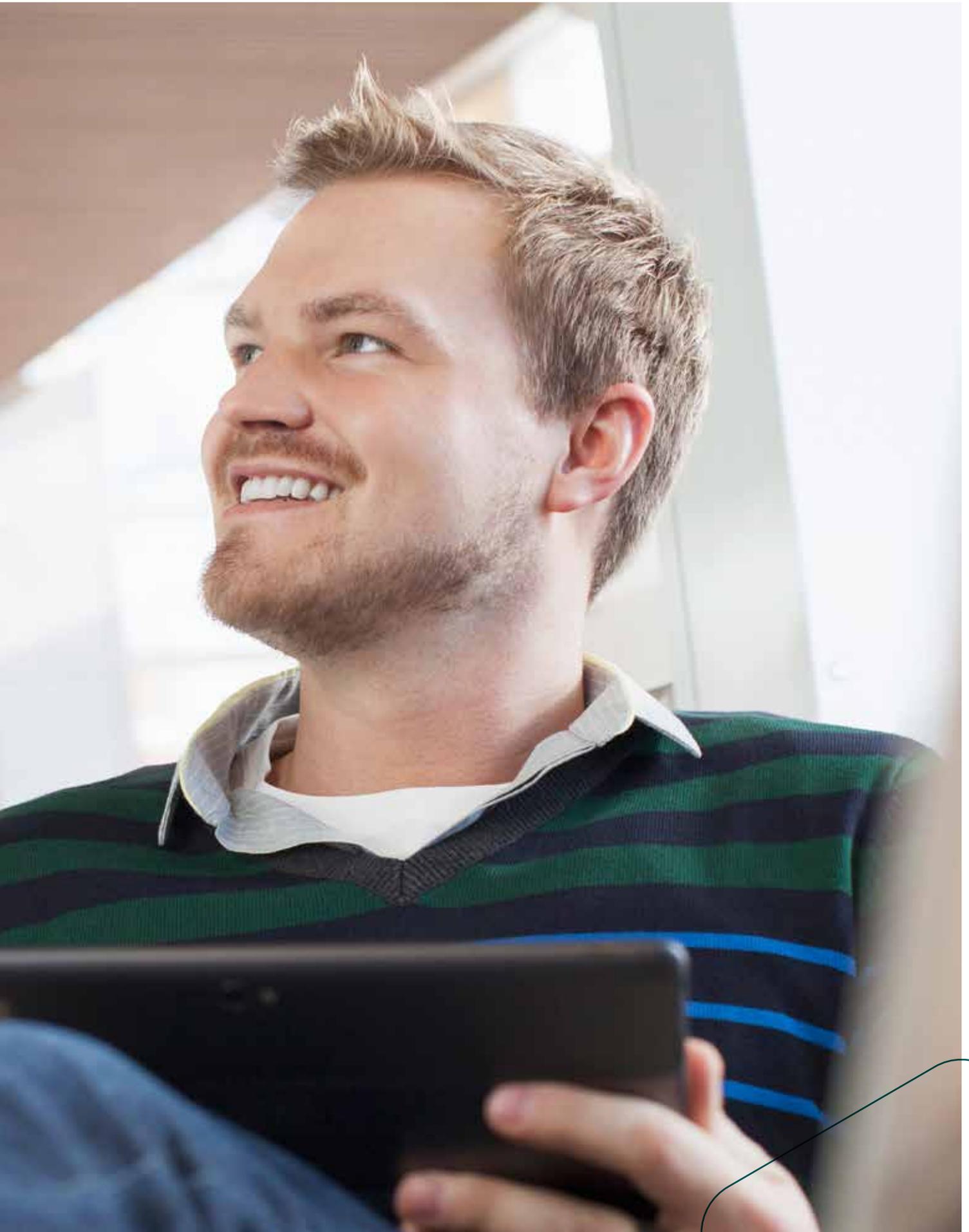
Moritz Kothe, CEO kununu

BEING AND REMAINING COMPETITIVE

BY USING SOCIAL RECRUITING IN HUMAN RESOURCES WORK

Amid a shortage of skilled labor, the advance of digitalization and people's increasing job and career expectations, companies must find new ways to search for and approach candidates.





The profound changes in today's world of work pose a significant challenge for companies, the extent of which is not yet clear. Driven by democratic change, a shortage of specialists is creating a situation that considerably strengthens the position of qualified applicants, enabling them to pick and choose a position that meets their needs. Now ever-present, the change in values in younger generations is causing traditional incentive systems such as earning potential and titles to fade into insignificance. Instead, the focus shifts to so-called soft factors such as working atmosphere, family-friendliness or working time flexibility. At the same time, the digital transformation is creating new kinds of jobs and ways of working together even as other professions disappear.

Yet what does this change mean for employers in practical terms? If company decision-makers want to ensure the long-term future of their businesses, they need to adapt to these new balances of power. The enormity of this task can also be seen in numerical terms. According to the "ICR Recruiting Trends 2017" report, 96 percent of the employers surveyed stated that they had experienced difficulties in 2016 in finding suitable applicants to fill vacant positions.

XING REFERRALMANAGER ENABLES INNOVATIVE HR WORK

As the leading professional online network in the German-speaking market, we at XING believe these dynamics of change harbor an opportunity to make the working world of the future better for everyone – for the employee and therefore for the employer as well. Our goal is to bring them both together. And there is plenty to look forward to as an employer. According to a Forsa report commissioned by XING AG in January 2016 that surveyed 1,010 people employed in skilled or management positions, nearly a third of respondents are thinking about changing jobs this year.

With its e-recruiting products, XING is unique among providers in its orientation on the particular requirements of the contemporary labor market. Based on the largest pool of candidates in the German-speaking market, intelligent, relevant products can be developed that provide invaluable assistance to employers during the recruitment process. In fall 2016, the Company's already extensive service portfolio was expanded by yet another key component – the XING ReferralManager: at the 2016 Zukunft Personal ("Future of HR") trade show, XING unveiled a new digital solution that enables companies to fill vacancies quickly, inexpensively and effectively by using recommendations from their own workforces. The XING ReferralManager is an enhanced version of the eqipia program acquired by XING AG earlier in the year.

“Employee recommendations are the holy grail of HR hiring work. No method is more personal, direct or reliable, since it is the company's own employees who are acting as ambassadors for the business. Effective immediately, candidates can now be found and contacted automatically with the XING ReferralManager – which also substantially reduces effort on the part of HR.”

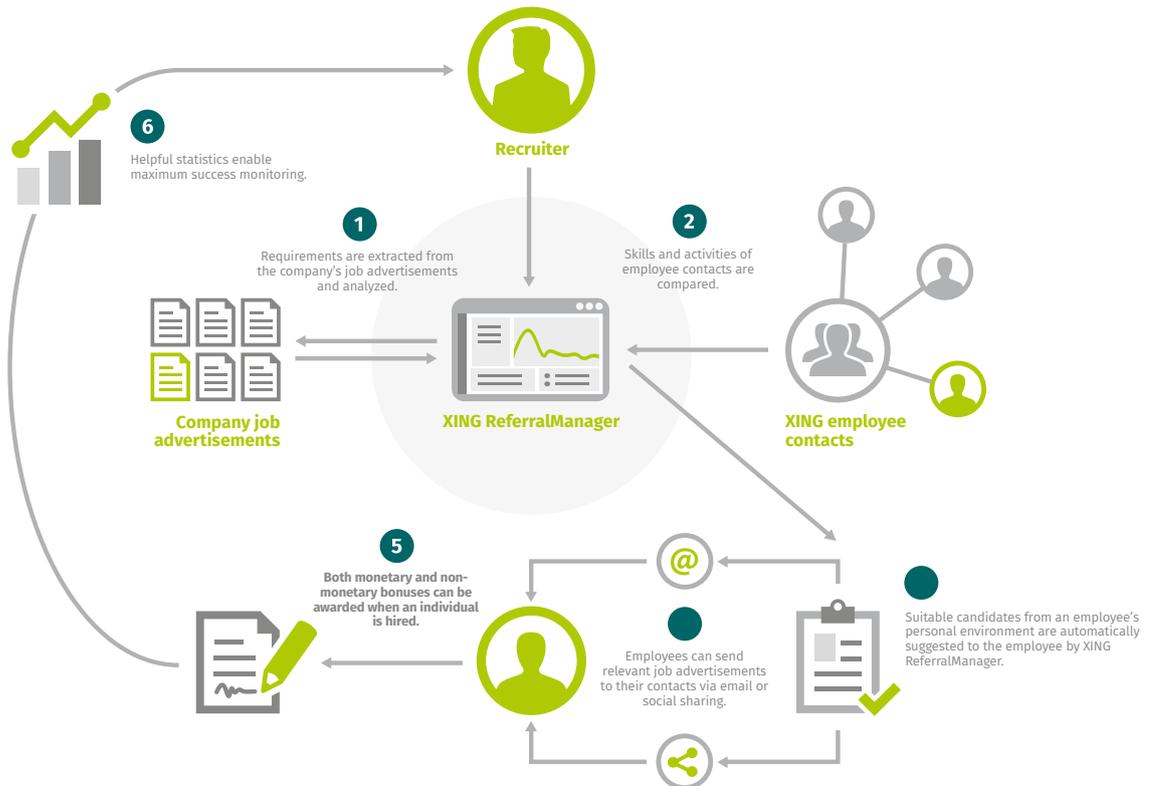
XING CEO Dr. Thomas Vollmoeller



How digital recommendation management works
with the XING ReferralManager

XING[®]
E-Recruiting

How it works: The XING ReferralManager



The screenshot displays the XING ReferralManager user interface for user Eugenia Boyd. The interface is divided into several sections:

- DEINE EMPFEHLUNGS-STATISTIKEN:** Shows 30 detected jobs, 230 clicks, and 3 referrals.
- DEINE WICHTIGSTEN KANÄLE:** A bar chart showing click-through rates for Twitter (75%), Facebook (50%), and XING (80%).
- Quick Start:** A list of tasks such as 'Account validieren', 'Job-titeln', 'Gruppe auswählen', 'Business E-Mail hinzufügen', 'Arbeitskollegen einladen', and 'Empfehlungsprämie einstreichen'.
- ARBETSKOLLEGEN EINLADEN:** A search bar and a list of colleagues to invite, including Fanny Bennett (Inside Sales), Raymond Washington (Key Account Manager), Luke Conner (Legal), Roxie Stephens (Customer Success), and Nina Boone (Werkstudentin HR).
- Deine Empfehlungen:** A list of job recommendations with their status:
 - Alta Steele (Social Media Managerin): **Eingestellt** (07.10.2016) - Social Media Manager (w/m) 80%
 - Alfred Cooper (Senior Data Engineer): **Pausiert** (02.10.2016) - Scala Software Engineer (w/m) für Data Science
 - Cornelia Hart (UI Designerin): **Beworben** (22.08.2016) - Lead User Interface Designer (w/m)
- Offene Jobs für dein Netzwerk:** A table of open jobs with matches:

Jobtitel	Matches
01.10.2016: Scala Software Engineer (w/m) für Data Science (Hamburg)	3 matches
24.09.2016: Lead User Interface Designer (w/m) (Hamburg)	3 matches
28.09.2016: Junior Account Manager (m/w) - Inside Sales (Wien)	2 matches
05.10.2016: Manager Inside Sales (Hamburg)	2 matches
05.09.2016: Junior Social Media Manager (w/m) 80% (Hamburg)	2 matches
- Rangliste:** Top Referrers from CreativeConnect, including Marcia Padilla (HR Managerin), Viola Fitzgerald (Sales Manager), and Johan Rowe (Data Engineer).
- Job Statistiken:** A line chart showing job statistics over time from Dec 08 to Jan 02. The chart shows a peak in late December followed by a decline and then a secondary, smaller peak.

XING ReferralManager user interface



“The XING ReferralManager helps us to identify candidates that are a good match for the vacancy and who have been recommended by our own members of staff. This combination is what makes the ReferralManager so appealing: while the software identifies the candidates best qualified for the job on the basis of facts and figures, it is our employees who ultimately tell us whether they can imagine these candidates as future colleagues at Swisscom.”

Dr. Hans C. Werner,
Chief Personnel Officer, Swisscom



EMPLOYEES AS HEADHUNTERS

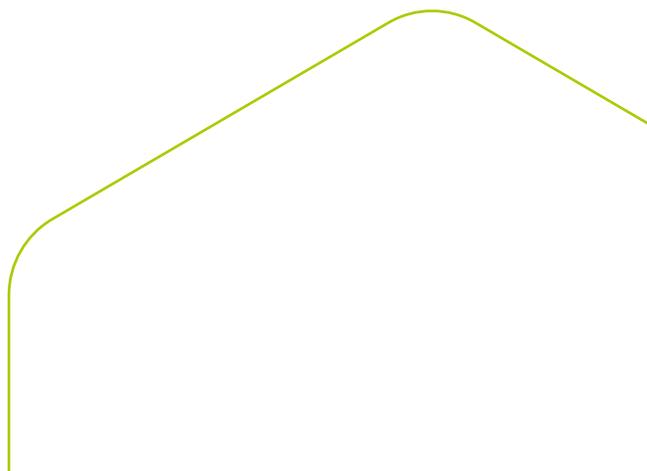
Recommendations from staff members are now a high-priority topic in HR work. This fact was also highlighted in a study performed in 2016 by Forsa on commission from the online career network XING, which surveyed 152 HR decision-makers from German businesses with over 200 employees. Some 77 percent of companies surveyed consider it important or very important that members of staff proactively share details of company vacancies within their social circles. Out of the HR departments responding to the survey, however, only one in four companies (25 percent) had an established process for handling these recommendations. In addition, completing forms based on Excel, Word or similar formats is extremely inefficient and time-consuming for both employees and HR staff alike. With its ReferralManager, XING can now offer a solution that automates and accelerates this process by using an intelligent algorithm to identify suitable candidates for vacant positions from the employee's own network of XING contacts. The employee in question can then contact these friends or acquaintances directly or increase ad exposure by sharing it with other social networks. The XING ReferralManager is an enhanced version of the eqipia program acquired by XING AG earlier in the year.

One of the product's first customers is Swisscom. This leading Swiss IT and telecommunications company had already used the eqipia program in the past and will now continue to support its HR work with the XING ReferralManager.

A BROAD SERVICE PACKAGE WITH SMART NETWORKING

XING today offers a comprehensive portfolio of products for modern HR work. More than 180 members of XING's E-Recruiting unit are in daily contact with both existing and potential customers.

Apart from job advert publication on XING Jobs, using XING TalentManager as a direct means of identifying and establishing contact with candidates, and the professional presentation of employer benefits on the Employer Branding profile, XING now also offers an automated employee recommendation solution. Future developments will further improve networking between the various products to ensure companies have a more homogeneous and intelligent tool at their disposal.



REPORT OF THE SUPERVISORY BOARD

DEAR SHAREHOLDERS,

The past financial year was the most successful year ever for XING. With growth once again strong in all segments, we were able to increase total revenues including other operating income by 21 percent to €148.5 million. The operating result also rose to almost €48 million. The share price reached a new all-time high of €195 during the past year.

XING continued to pursue its growth strategy by successfully acquiring Swiss company BuddyBroker AG and its eqipia product. The XING ReferralManager program, which was fully integrated into the XING platform during the year, offers a superior solution for intelligent and automated employee recommendation programs.

Our Austrian subsidiary kununu GmbH's joint venture with leading job platform Monster Worldwide, Inc. agreed in 2015 also began operations during the past financial year. This partnership enables kununu to distribute its successful business model for creating greater employer transparency in the US labor market and continues XING's expansion beyond the core D-A-CH region.

The network was optimized for new user groups with new products and services such as the launch of XING Students. XING also enhanced its appeal to existing members by expanding its journalistic offering with specialist contributions from carefully selected experts known as XING's Industry Insiders.

The major success of the 2016 financial year also enabled XING AG to significantly increase its dividends to shareholders compared to the previous year. We are delighted about this situation. Based on the Company's strong results over the past few years, the Supervisory Board decided to extend the contracts of Executive Board members Ingo Chu, Timm Richter and Jens Pape for an additional term of office until 2020 or 2021. With the arrival of Alastair Bruce from February 1, 2017, XING AG also appointed an extremely experienced manager to the Executive Board as Chief Sales Officer.

The Supervisory Board exercised with great diligence the duties that it is required to perform as a result of the law and Articles of Incorporation. It continued to advise the Executive Board in terms of steering the fast growing company, and also diligently monitored the Executive Board's written and oral reports and meetings. Anette Weber and I, as the Chairman of the Audit Committee and Supervisory Board, exchanged information with the Executive Board by conducting telephone conferences regularly and visiting the XING premises.

The Executive Board regularly informed the Supervisory Board in good time with regard to its business policy and strategy, key corporate planning aspects (including financial, investment and HR planning), the course of business, current revenues, earnings and liquidity, the Company's and Group's economic

situation (including the risk situation and risk management), Group-wide compliance and business transactions of importance to the Company and Group. The Executive Board reported as and when needed, when requested to do so by the Supervisory Board, and periodically as per the Rules of Procedure imposed upon the Executive Board by the Supervisory Board.

When required, the Supervisory Board also commissioned external consultants and employees from various departments to assist with its consultations in 2016. The Supervisory Board was promptly involved by the Executive Board in all major decisions that were of key importance to the Company. In accordance with its Rules of Procedure, the Executive Board also presented transactions requiring consent to the Supervisory Board which, following their review and deliberation with the Executive Board, were subsequently approved by the Supervisory Board.

CHANGES TO THE SUPERVISORY BOARD AND COMPOSITION

During the past financial year, Sabine Bendiek first withdrew from her post due to a more-than-temporary conflict of interest and ultimately resigned with effect from December 6, 2016. Her role as a member of the Executive Board of Microsoft Deutschland and the announced and then completed takeover of LinkedIn by Microsoft gave rise to a potential, unresolvable conflict of interest that led her to resign from her position with XING AG. We would like to express our sincere thanks to Sabine Bendiek for her excellent cooperation and valuable contributions to the development of the Company. Dr. Andreas Rittstieg was appointed to the Supervisory Board by court order as her successor on December 15, 2016. We are delighted to welcome Dr. Rittstieg as a colleague on the Supervisory Board. He has an exceptional track record of supervisory board work. 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 9.1 of the Articles of Incorporation has six members, consisted of Anette Weber, Dr. Johannes Meier (Deputy Chairman), Dr. Jörg Lübcke, Dr. Andreas Rittstieg, Jean-Paul Schmetz und myself as Chairman of the Supervisory Board.

In the reporting year, the Audit Committee, which pursuant to Section 96 (1), Section 101 (1) sentence 1 of the German Stock Corporation Act (AktG) in conjunction with item 9.1 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. Jörg Lübcke and Dr. Johannes Meier.

To further the technological development of the Company more effectively, an additional Supervisory Board committee was introduced with the Tech Board at the start of the year to handle tech organization and working method issues and evaluate software and hardware technology trends. During the reporting year, the Technical Committee consisted of Jean-Paul Schmetz (Chairman), Dr. Johannes Meier and, until her departure, Sabine Bendiek. I was appointed as her successor on the Technical Committee.

SUPERVISORY BOARD MEETINGS

During the financial year ended, the Supervisory Board came together for five regular meetings and one additional strategy meeting. Sabine Bendiek did not participate in two Supervisory Board meetings after withdrawing from her role, while Dr. Andreas Rittstieg sent apologies for his absence from one meeting. With this exception, all Supervisory Board meetings were each attended by the full complement of Supervisory Board members. A number of telephone conferences and written resolutions also took place involving all of the Supervisory Board members apart from Sabine Bendiek's absence on two occasions. Each meeting at which the members met in person involved intense discussions on the current state of the business and the Company's KPIs. During the reporting period, the Supervisory Board also dealt with the following key aspects:

The Supervisory Board meeting held on March 23, 2016 exhaustively discussed the annual financial statements, management report, consolidated financial statements and Group management report for the 2015 financial year. As recommended by the Audit Committee and following in-depth deliberations by the auditors, the 2015 annual financial statements were adopted by the Supervisory Board. Other key resolutions adopted by this meeting included the Supervisory Board's approval of the Executive Board's recommendation on profit appropriation, and the recommendation by the Company's officers for the choice of annual auditor for the 2016 financial year, to be presented to the Annual General Meeting. The Supervisory Board also approved the planned agenda items and proposed resolutions for the Annual General Meeting on June 2, 2016. We also discussed the Company's HR strategy and approved the acquisition of Swiss-based BuddyBroker AG.

At the meeting held on June 1, 2016, the Supervisory Board agreed to extend Timm Richter's director's contract until December 31, 2021. It also discussed the relocation of the Company's data center and dealt with issues around the XING Messenger product and the E-Recruiting unit. Lastly, the Supervisory Board made preparations for the Company's Annual General Meeting on the following day.

The Supervisory Board reappointed committee members at its constituent meeting after the Annual General Meeting on June 2, 2016. The Supervisory Board also carried out its regular review of long-term Executive Board remuneration.

During the annual strategy meeting attended by the Executive Board and Supervisory Board in July 2016, the Company's strategic development was discussed at length.

At its meeting on September 21, 2016, the Supervisory Board appointed Alastair Bruce as a new member of the Company's Executive Board with effect from February 1, 2017 for a term initially lasting until January 31, 2020 and discussed other Executive Board issues. Alastair Bruce had already been selected from a wide selection of candidates evaluated as part of a comprehensive process. At this meeting, the Supervisory Board also dealt extensively with a review of the competitive environment, activities surrounding the Premium Network and core initiatives for 2017.

At the meeting held on November 30, 2016, the Supervisory Board approved the 2017 budget presented by the Executive Board and the three-year plan for the 2017 to 2019 financial years. The meeting was continued on December 21, 2016, and on that day the Supervisory Board discussed the Company's M&A initiatives and the changing competitive environment. Lastly, the Supervisory Board resolved to appoint new committee members with effect from January 1, 2017 in the wake of staff changes.

Outside meetings attended by Supervisory Board members, urgent decisions were also taken in conference calls or by circulating written motions for approval. On January 29, 2016, the establishment of the US joint venture with Monster Worldwide, Inc. was approved. On February 17, 2016, a resolution was adopted concerning the content of the Declaration of Conformity pursuant to Section 161 of the German Stock Corporation Act (AktG). On July 6, 2016, the Supervisory Board reappointed Ingo Chu and Jens Pape as members of the Company's Executive Board until June 30, 2021 and December 31, 2020 respectively and resolved to extend their contracts. The conclusion of one important individual agreement was agreed on November 24, 2016.

AUDIT COMMITTEE MEETINGS

Over the last year, members of the Audit Committee attended four meetings in person, held on February 18, March 22, September 22 and November 30, 2016. During these meetings, the Audit Committee reviewed the financial statements and the consolidated financial statements, discussed auditing issues with the auditors, and dealt with internal audit and risk management. The Audit Committee received the application for the statement of independence of the auditor in accordance with point 7.2.1 of the German Corporate Governance Code, and focused on the proposal on the choice of auditor for the 2016 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 2016 annual financial statements were also discussed and decided on with the auditor of the annual financial statements. Lastly, the Audit Committee also regularly answered questions by the annual auditor concerning fraud/entity level controls. 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 between the Audit Committee and the Executive Board on a monthly basis. 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 during the past year. On March 22, June 1, September 21 and November 30, 2016, it dealt with issues surrounding the Company's tech organization. It also discussed technological developments and product innovations as well as IT security issues. Another regular topic of discussion was the technological infrastructure used at XING. The Technical Committee and its members also advised the Executive Board on technology-related topics outside of its face-to-face meetings.

AUDIT OF THE 2016 ANNUAL FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS

The annual financial statements, which were prepared by the Executive Board in accordance with the rules of German commercial law and the management report of XING AG for the 2016 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 AG for the 2016 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 Executive Board has prepared a report on relations with affiliated companies to be prepared by the Executive Board due to Burda Digital GmbH's majority shareholding in XING AG. 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 Executive Board with regard to actions referred to in the report."

The annual financial statements and the consolidated financial statement, including the Group management report and the management report, the report on relations with affiliated companies as well as the audit reports of the auditor and the profit appropriation proposal of the Executive Board were submitted to the Supervisory Board prior to the Audit Committee's meeting on March 20, 2017 and the Supervisory Board's meeting on March 21, 2017 for them to be audited 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 Executive Board's accounting policy and financial planning. Other specific matters discussed with the Executive Board and the auditor of the annual financial statements included findings from the audits conducted by the auditor on the agreed key points of the audit.

Following the final result of its own audit, the Supervisory Board did not have any reservations with regard to the annual financial statements which were submitted, the management report as well as the consolidated financial statements and the Group management report and the report on relations with affiliated companies and, following its own audit, approved the results of the auditors concerning the audit of the financial statements and the consolidated financial statements as well as the management report and Group management report of XING AG and the report on relations with affiliated companies during its meeting on March 21, 2017. The Supervisory Board has approved the annual financial statements prepared by the Executive Board and the consolidated financial statements of XING AG. The annual financial statements of XING AG have thus been adopted.

The Supervisory Board has conducted a thorough audit and considered all of the arguments in connection with the Executive Board's profit appropriation proposal. As a result, the Supervisory Board will propose to the Annual General Meeting on May 16, 2017 to distribute a dividend of around €7.7 million, or €1.37 per share. Furthermore, the Company intends to propose to the Annual General Meeting that a special dividend of €9.0 million or €1.60 per share be paid.

CORPORATE GOVERNANCE

As per item 3.10 of the German Corporate Governance Code, the Executive Board and the Supervisory Board provide information on Corporate Governance at XING AG on the Investor Relations section of the XING AG website. 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 <https://corporate.xing.com/english/investor-relations/corporate-governance/corporate-governance-code/>. XING AG complies with almost all of the recommendations of the German Corporate Governance Code and is committed to sound corporate governance as an integral part of management.

CONFLICTS OF INTEREST

On June 16, 2016, Sabine Bendiek announced her withdrawal from her role in relation to a more-than-temporary conflict of interest and ultimately resigned from her position on December 6, 2016. Other than that, no topics or transactions arose in the financial year ended that had the potential to cause conflicts of interest for members of the Executive Board or Supervisory Board.

CLOSING REMARKS

The Supervisory Board would like to thank all of XING's members and customers and its shareholders for the trust they have vested in the Company. The Supervisory Board would also like to thank the Executive Board and all employees in the XING Group for their excellent work. Together they have made 2016 a tremendously successful financial year.

Hamburg, March 21, 2017



Stefan Winners,
Chairman of the Supervisory Board

THE SUPERVISORY BOARD



STEFAN WINNERS
Chairman



DR. JOHANNES MEIER
Vice Chairman



DR. JÖRG LÜBCKE



DR. ANDREAS RITTSTIEG



JEAN-PAUL SCHMETZ
Chairman of the Tech Board



ANETTE WEBER
*Chairwoman of the
Audit Committee*

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 as of December 31	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

SHARE PRICE IN 2016

When we published our results for the 2016 financial year, we achieved our ambitious target of doubling 2012 revenues. We even succeeded in more than doubling our EBITDA over the same period, while annual member growth increased at an equally impressive rate.

In short, we delivered!

Nonetheless, our share price paused for breath during the past financial year (January 1 to December 31, 2016) after several years of considerably outperforming the markets. Our share was pulled into the maelstrom at the start of the year, after a sell-off in the markets in the second week of February 2016 (when the DAX briefly fell below 9,000 points) amid

growing fears of a global economic downturn. As a result, our share price slipped disproportionately to below €140 without any fundamental reasons for the decline.

We were able to overcome this weak phase during the year by continuing to report solid operating performance and achieve our financial targets, ending the year with a gain of 3 percent and a year-end price of €175.45 – and thus outperforming our benchmark TecDAX index.

However, we were unable to outperform the DAX index. But in the first two months of the current financial year, the XING share regained its momentum and gained 10 percent due to factors such as a sharp increase in profit, higher dividend payment and the proposal to distribute an additional special dividend. Overall, it left the DAX (+3 percent) and TecDAX (+4 percent) benchmark indices trailing in its wake. We hope that our open, proactive communication will enable the XING share to win over investors and continue performing well for the rest of the year.

Stock market performance

In %	2016	2015
XING share	3	84
TecDAX	-1	33
DAX	7	10

Key data on the XING share at a glance

	2016	2015	2014	2013	2012
XETRA closing price at year-end	€175.45	€170.70	€92.81	€74.40	€41.87
High	€194.95	€192.95	€105.85	€86.00	€58.50
Low	€138.40	€92.19	€73.55	€38.00	€33.51
Market capitalization at year-end	€986 million	€959 million	€519 million	€416 million	€232 million
Average trading volume per day (XETRA)	8,225	13,357	6,817	9,292	17,035
TecDAX ranking					
based on trading volume	27	25	31	30	37
based on free-float market capitalization	23	24	28	28	25
Earnings per share (basic)	€4.19	€3.15	€2.80 ²	€1.90 ³	€1.71 ⁴
Number of shares	5,620,435	5,620,435	5,592,137	5,592,137	5,554,243
Dividend per share	€1.37 ¹	€1.03	€0.92	€0.62	€0.56
Special dividend per share	€1.60 ¹	€1.50		€3.58	

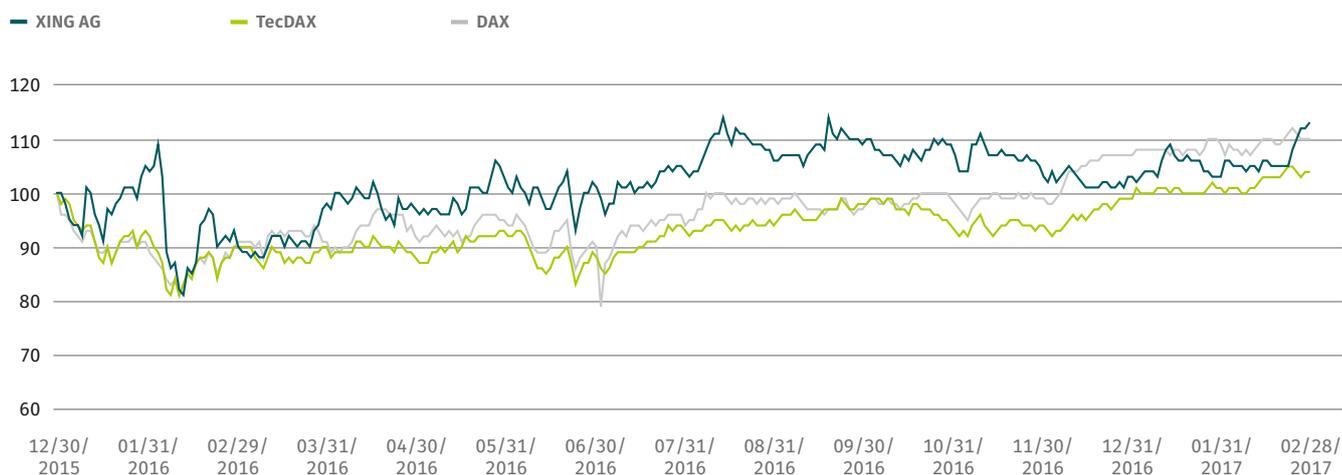
¹ Proposal to the Annual General Meeting (May 16, 2017)

² Adjusted for €7.1 million in non-operating expenses arising from the earn-out obligation of kununu GmbH and the impairment of XING Events

³ Adjusted for €1.5 million in non-operating expenses arising from the earn-out obligation of kununu GmbH

⁴ Adjusted for €1.9 million in one-time costs relating to the mandatory tender offer submitted by Burda Digital GmbH and the kununu GmbH acquisition

XING AG share price performance January 1, 2016 to February 28, 2017 vs. DAX and TecDAX



IR ACTIVITIES AND CAPITAL MARKET FEEDBACK

Maintaining a professional dialog with existing and potential investors and disseminators is extremely important to us.

By communicating proactively, openly and reliably, we want to make sure that analysts and (potential) investors are always kept up-to-date in equal measure. Only by doing this can we reduce valuation fluctuations and enable our share to be perceived as uniformly as possible.

To achieve these targets, our investor relations activities are based on high levels of proactivity. We regularly speak with our investors at roadshows and conferences as well as on conference calls and site visits and thus continually identify additional potential investors to consistently enhance perception of the XING equity story among a larger and more diverse target audience.

Furthermore, as we do not believe that communication is a one-way street, we survey analysts and investors who are familiar with the XING share and our communications about the quality of our capital market communications roughly every two years. We are very satisfied with the results. Almost all of the respondents are impressed with the XING strategy being communicated.

This kind of feedback from the capital markets is extremely helpful in enabling us to constantly refine our messages and explanations about the Company and its strategy to (potential) investors and multipliers.

ANALYST COVERAGE

At the time of publication of this Annual Report, the XING share was covered by nine banks. After beginning its coverage in March, Metzler Bank has not yet been able to resume coverage after the analyst left the company. Nevertheless, we are extremely satisfied with the quality and extent of coverage and our collaboration with the nine brokerage houses. The dialog – and the associated regular publications and estimates concerning the XING share – is optimal in terms of keeping potential and existing investors continuously informed about the share, its performance and outlook.

At the time of publication of this Annual Report, seven of the nine analysts had a “Buy” recommendation for the share, with only two analysts believing that investors should hold their existing positions at this time. There are no “Sell” recommendations.

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, 2017

Broker	Analyst	Recommendation	Price target
Berenberg Bank	Sarah Simon	Buy	€217
Commerzbank	Heike Pauls	Buy	€240
Oddo Seydler	Marcus Silbe	Hold	€183
Deutsche Bank	Benjamin Kohnke	Buy	€200
Goldman Sachs	Carl Hazeley	Hold	€215
Hauck & Aufhäuser	Lars Dannenberg	Buy	€205
Jefferies	James Lockyer	Buy	€185
Montega AG	Alexander Braun	Buy	€200
Warburg Research	Jochen Reichert	Buy	€215

ANNUAL GENERAL MEETING

Our Annual General Meeting was held once again in the Hamburg Chamber of Crafts on June 2, 2016. Following a turnout of 73 percent in 2015, around 89 percent of share capital was represented last year. Of this figure, around 50 percent was attributable to our major shareholder Burda Digital, with the remaining 40 percent being primarily represented by domestic and overseas institutional investors.

CEO Dr. Thomas Vollmoeller and CFO Ingo Chu presented the positive set of figures from the 2015 financial year to the shareholders and guests in attendance, and also took time to personally respond to questions and suggestions raised during the meeting. Even after the official close of the meeting, our four Executive Board members mingled with shareholders at the buffet to follow up on the constructive dialog by means of face-to-face conversations. All resolutions passed were adopted with an overwhelming majority of more than 99 percent of the capital in attendance.

Due to the very positive results from the 2016 financial year, the Executive Board resolved in February 2017 to recommend that the Annual General Meeting of May 16, 2017 shall agree to increase the regular dividend payout by 33 percent to €1.37 per share and to pay out a special dividend of €1.60 per share.

XING AG SOCIAL MEDIA CHANNELS

<https://corporate.xing.com/de/investor-relations/>
(XING AG Investor Relations site)

<http://blog.xing.com>

(The XING AG corporate blog is available in four languages)

Twitter: [xing_ir](#)

(Information and news related to the capital markets)

Twitter: [xing_de](#)

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

Twitter: [xing_com](#)

(Corporate information and news in English)

Slideshare: http://de.slideshare.net/XING_com

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

Facebook: www.facebook.com/XING

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

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GROUP MANAGEMENT REPORT

for the financial year from January 1 to December 31, 2016

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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 Advertising & Events
4. kununu International

XING AG generates its revenues from a large number of fee-based product offerings for consumers and companies. 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.

B2C SEGMENT

B2C strategy



The B2C segment involves all of the XING platform's basic features, thus representing the basis for all 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. We have also successfully established XING Klartext, a debate format in which experts take a controversial view of different topics and XING members can participate in the debate in question. The debates are initiated and staged by an editorial team consisting of experienced journalists.

In the B2C segment, we generate our revenues from paid memberships with enhanced functions and services. We differentiate between premium, ProJobs and ProCoach membership.

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, which are available with two membership terms: three-month membership costs €9.95 per month while twelve-month membership costs €7.95 per month.

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 four membership terms (3, 6, 12 or 18 months) costing between €24.95 and €39.95 per month.

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) costing between €39.96 and €49.96 per month.

Paid memberships are largely marketed by way of upselling campaigns on the XING platform itself (so-called upsell campaigns).

Strategic development in the B2C segment should primarily be driven by the development of further paid memberships and thus the ability to serve special customer needs more effectively.

B2B E-RECRUITING SEGMENT

The B2B E-Recruiting segment includes Active Recruiting and Passive Recruiting products and services as well as Employer Branding. These are aimed at corporate clients. However, XING members also benefit from E-Recruiting activities and offerings, which go a long way to opening up the opportunities of the job market for them. The more HR recruiters who use the platform to search for personnel, the greater the chance that members will find the right job.

The Passive Recruiting subsegment allows recruiters to post various kinds of job ads on the XING platform. Two basic billing models are available: Either a performance-based method based on a pay-per-click model (€0.85 per click on an ad) or the conventional fixed-price model (from €395 per ad) with a predefined term of 30 days.

In the Active Recruiting subsegment, the XING Talent Manager (XTM) was developed as an active candidate search and management product. XTM is aimed at businesses and recruiters that regularly use the XING platform to search for and get in touch with people to fill their current vacancies. This product is monetized via fixed-term contracts with single licenses priced at around €4,000 (per "seat") per year.

In the reporting period, we also established an additional offering for companies to proactively recruit talent by acquiring BuddyBroker AG ("eqipia", April 2016) and launching the XING ReferralManager in October 2016. With the help of this tool, companies can use their own employees as headhunters and have them propose suitable candidates. Employees often receive a commission for successfully recommending a candidate. The Company itself pays a license fee of between €4,800 and €60,000 per year depending on the employees involved in the ReferralManager.

The Employer Branding subsegment includes the employer branding profiles. Employers can use their company profile to showcase their employer brand and provide potential candidates with more information about their company's general working environment. Revenues are generated based on a company's number of employees: The annual fee for an employer branding profile is between €4,740 and €13,140, depending on company size.

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

B2B ADVERTISING & EVENTS SEGMENT

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

The Advertising subsegment is largely in charge of selling advertising space on www.xing.com. Advertisers have the opportunity to gain access to XING members with their message and offering either directly or via a marketing company. This means that they can post super banners, logout page ads, network news headline ads, wallpaper ads, or advertise in the weekly newsletter based on click price or CPM (cost-per-mille) models.

XING also markets its business pages to corporate customers. Companies can use these business pages to present their products and services, thus supporting their sales and marketing activities. Professional business pages cost €1,788 per year. Companies can create multiple pages for different products.

In the second subsegment, Events, 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 charges a fee of €0.99 per participant plus 5.9 percent of the ticket price for these 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. As with the display advertising product, monetization is based on the CPM model, i.e. on the selected range. 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 currently reported are those generated by XING AG from the provision of technical infrastructure and services to the joint venture between kununu and US-based Monster, Worldwide Inc.

Market positioning

By focusing on German-speaking countries (the D-A-CH region), we operate in Europe's largest and strongest economic region. With over 11 million members, we are the biggest and also the most frequently used social network (approx. 60 million visits / month in 2016) 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 and establishing new product offerings and services for both people and companies. Currently only around 12 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 low by international standards. Particularly in the case of the Active Recruiting subsegment, XING is a trendsetter and is developing a completely new market for the German-speaking region. In Employer Branding, XING is a leading provider of solutions with which companies can ideally present themselves as an employer – especially via the www.kununu.de platform.

Strategy

Our strategy is geared towards sustainable long-term megatrends that have dominated the labor market in recent years and, in our opinion, will continue to do so in the years to come. This means that digitalization, a shortage of skilled labor and changing values are all part of our vision "For a better working life". We want to give our members access to relevant and interesting contacts to build up their own network, supply them with industry and career-related information and provide them with direct access to opportunities in the labor market.

While digitalization is causing disruption across entire industries, it is also a pioneer of technological changes that facilitate entirely new forms of collaboration. Nowadays, it is no longer a problem to work in different places or at different times, in a (virtual) team or even alone.

In some industries, the shortage of skilled labor is leading to a power shift between employees and employers. Since talented people are in short supply, jobseekers can act assertively and in many cases stipulate the working conditions themselves.

After all, in the younger generation, values such as flexibility, satisfaction and self-determination are often more important than conventional career incentives.

XING strategy is based on lasting megatrends



These aspects are not only bringing about lasting changes that affect the working population. Companies are also noticing that with traditional leadership methods and conventional incentives they are increasingly unable to prevail in the competition and in the pressure to innovate. Finding the right caliber of talent, retaining these employees in the long term, and creating structures that actually make it possible to develop innovations is a key factor for success in the knowledge society. XING is focusing on this lasting megatrend with the strategy it is pursuing.

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 we generate revenues exclusively with corporate customers (B2B). The strategic development of our product offering will be further orientated along the value chain in the coming years. Today, the two main areas of “Attract” and “Source” are already covered by our existing B2B offering (XING TalentManager (XTM), XING ReferralManager (XRM), XING Jobs (XJM), Employer Branding Profile (EBP)).

E-Recruiting value chain

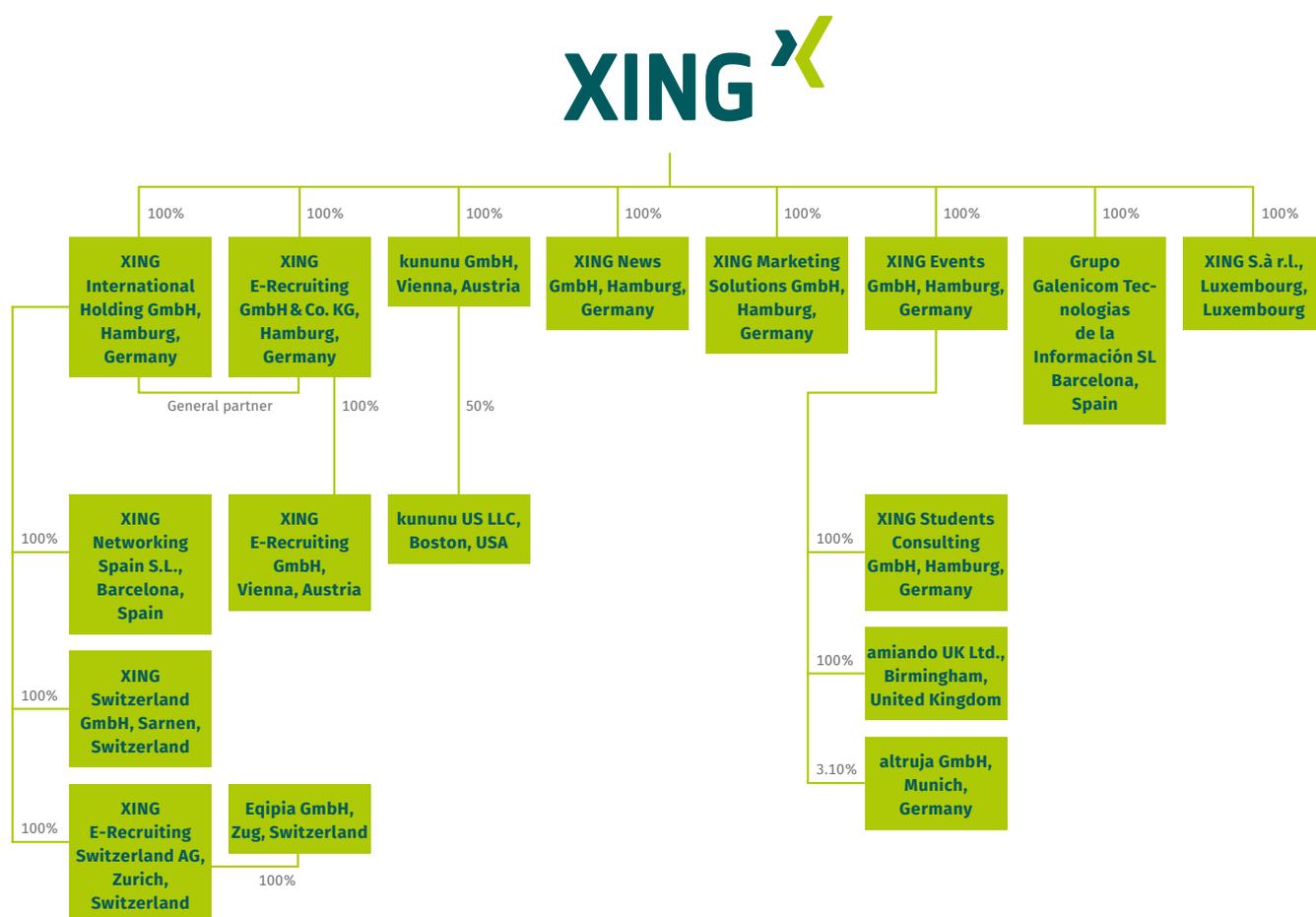


The B2B Advertising & Events segment will be strategically used to gain additional members and tie them to the enhanced fee-based functions of the XING platform, for example, over the life cycle. Selling advertising space and using additional forms of advertising (such as business pages, for example) on the XING platform should also help to increase revenues in this segment.

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 AG had a total of seventeen active investments in companies in and outside Germany, of which eight were direct investments and nine were indirect investments through intermediate companies. Fifteen investees are controlled by XING AG and are therefore fully consolidated in XING AG's consolidated financial statements. Since the 2016 financial year, kununu GmbH has held a share

(of 50 percent) in kununu US LLC, a joint venture with Monster Worldwide, Inc. XING AG holds only an insignificant interest in another investee. This entity is therefore not included as a consolidated entity in the consolidated financial statements; the carrying amount of the investment is reported as Equity investments under Financial assets.

Corporate social responsibility

SUSTAINABILITY CONCEPT

At XING AG, our business model creates transparency and efficiency on the labor market and provides a powerful platform for discourse by enabling professional networking among people. We support people with career planning and management and help companies with their recruiting. As an interface in everyday working life and on the labor market, XING is thus firmly embedded in the economy and society. At the same time, XING itself is a dynamically growing employer and business partner to other companies. As a taxpayer, contributor and driving force for public discussion, we also make a direct monetary and intangible contribution to society.

For management at XING AG, corporate responsibility means more than simply focusing on commercial and thus economic responsibility. The Company is aware of its various roles and is geared towards the different demands of our stakeholders. For XING, sustainability is a key factor in business success and securing the future of the Company. According to relevance and commercial significance, responsibility at XING is based on the following four pillars:

- Economic responsibility
- Responsibility for our employees
- Responsibility for society
- Responsibility for the environment

Of course, XING always complies with current legislation. Respect for human rights is firmly enshrined in our Company's principles. Clear compliance rules also apply. Compliance with these regulations is constantly monitored. Further corporate governance information can be found on our website at <https://corporate.xing.com/en/investor-relations/corporate-governance/>.

At XING, the Executive Board and senior executives in each sphere of responsibility and functional area are responsible for sustainable management in accordance with the Company's strategy. No separate sustainability organization is required. We provide detailed information on our business model, corporate strategy and management as well as our risks and opportunities in the respective sections of this management report.

STAKEHOLDER DIALOG AND SUSTAINABLE VALUE CREATION

We maintain a continuous, trust-based dialog with our stakeholders, in keeping with the principle of providing the greatest possible transparency. This dialog enables us to identify new trends and changing demands on the Company at an early stage and incorporate this into our corporate governance. The frequency and type of dialog vary depending on the specific expectations and demands of our principal stakeholders. These can be divided into the following groups: capital providers (investors, analysts, banks), partners (customers, employees, suppliers, service providers), the public (legislators, authorities, judiciary, associations) and society (media, education).

Company sustainability is primarily based on economic responsibility. Economic success is the main prerequisite for being able to create any value at all for our various stakeholders. It results in measurable value contributions for our employees as we, as their employer, remunerate them fairly and based on performance. We also distribute dividends to our shareholders. In addition, our shareholders can participate in the increase in enterprise value (share price performance). Our corporate taxes are a direct monetary value contribution to society.

ECONOMIC RESPONSIBILITY

Economic responsibility is firmly embedded in XING AG's corporate strategy. During the 2016 reporting period, XING performed well economically, achieving its financial and non-financial goals and significantly exceeding some of these targets.

RESPONSIBILITY FOR OUR EMPLOYEES

Working for XING means working for an agile company that plays a pioneering role in many areas of the new work process. In addition to providing numerous event and content offerings to accompany rapid changes in the labor market, including some fundamental new organizational forms and values, XING has also incorporated these changes into its corporate structures to ensure that they form an everyday living part of its positioning "For a better working life".

The first important evidence of this is the support we provide to our "newbies". The number of employees at XING grew by 169 in the past year alone to reach a year-end total of 961. In order to integrate our new colleagues quickly and seamlessly, XING's Human Resources department developed an entire toolkit including training courses, regular feedback sessions and special onboarding workshops. They ensure that new employees feel comfortable within XING's corporate culture and with its values and objectives from the start, thus enabling them to be efficiently integrated into team structures and workflows.

Targeted promotion of new and existing skills, even those beyond an employee's defined field of work, is a key element in managing the entire XING workforce: on-the-job learning, training and coaching are the three cornerstones of a continuous qualification strategy.

Each XING employee has a training and professional development budget. This can be used in consultation with management to implement specific measures corresponding to the employee's personal knowledge and skill level. Combined with the quality of our carefully selected training partners, this individual support leads to a 98 percent recommendation rate among employees – an incredibly high score for this kind of offering.

Sustainable professional qualifications are not XING's only core competency. We also lead the way when it comes to work-life balance. The opportunity to work from home regularly is as much a part of our strategy as offerings for flexible, unbureaucratic part-time solutions. These options are even available to executives and are already benefiting employees at management level – further proof of the pioneering role XING plays in creating modern organizational forms in a company of this size.

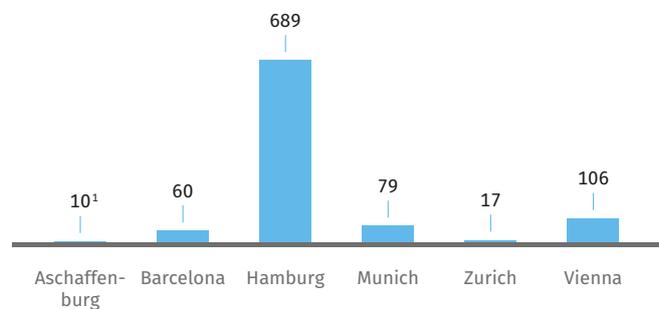
The highlight of this offering is the entitlement to a two-month sabbatical after three years' employment with the Company. The fact that the CEO himself, Dr. Thomas Vollmoeller, took advantage of this opportunity helped the issue to garner plenty of positive attention both inside and outside the Company.

The level of freedom granted by such offerings not only helps to strengthen an employee's bond with the Company but also increases the feeling of personal responsibility and ultimately helps our staff to identify more strongly with corporate objectives. We also uphold the values espoused by our younger generation of professionals. Genuine participation in decision-making and a permanent and transparent feedback and improvement process are also a key part of these efforts. One important aspect is undoubtedly the regular all-hands Friday meetings, at which the Executive Board gives its views on the results of the weekly employee survey.

Modern employers also stand out by providing opportunities for more than just professional support. For this reason, XING has agreed a partnership with the Fürstenberg consultancy that enables staff to turn to the consulting firm completely anonymously at any time to obtain help for difficult private situations or if they require support when caring for their children or older relatives.

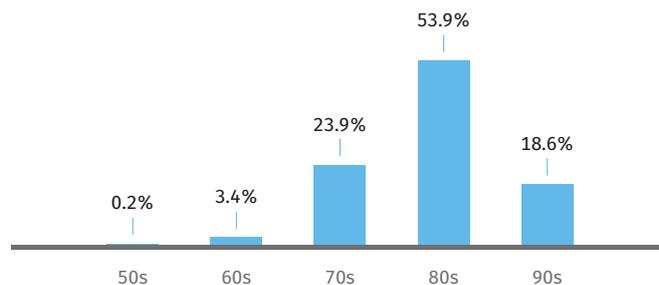
All of these measures and many more planned for the future increase XING's appeal as an employer and help us to secure the very best talent amid ever greater competition.

Employee distribution as of December 31, 2016



¹ Site in Aschaffenburg closed after the end of the 2016 financial year.

Year of birth



Gender distribution



RESPONSIBILITY FOR SOCIETY

XING has a business model that provides an important social service. We are an efficient interface with the labor market, creating transparency and giving vital independent support to all market participants. This role is incredibly important in a mobile and dynamically changing world of work.

We also offer a variety of tools that our users and visitors can also use free of charge and without obligation to the Company to improve their competitive position within the labor market and further their own careers. XING thus provides a significant social benefit.

Primarily, these tools are:

- XING Campus: Student community with detailed job profile information
- XING Campus Magazine: Online blog for students, graduates and young professionals
- New Work Session: series of events for experts to exchange views on new working time models
- Spielraum: Online blog about life 'behind' the world of work, with contributions designed to spark public discussion
- XING Coaches: The leading coaching platform in the D-A-CH region
- Lebenslauf.com: Tips and support for creating professional resumes

RESPONSIBILITY FOR THE ENVIRONMENT

XING is generally focused on the environment and seeks to conserve resources and thus have the least possible impact on the environment in all its activities. This provides both economic and ecological benefits. The focal point of these efforts are measures and initiatives aimed at reducing energy consumption and business travel that is as environmentally friendly as possible. When moving our data center during the last financial year, we ensured that a significant proportion of costs were generated purely by renewable energies. Business trips are taken by train as far as possible.

Business and operating environment

Macroeconomic and sector-specific environment

MACROECONOMIC ENVIRONMENT

According to the German Federal Statistical Office, Germany's gross domestic product (GDP) in 2016 grew by 1.9 percent year on year adjusted for inflation. Household consumption expenditure rose by 2.0 percent in real terms and was the main driver for this upswing. Government consumption expenditure and construction investments also provided momentum to the economy. Averaged over 2016, Germany's economic output was generated by almost 43.5 million people working in Germany, the highest level of employment since 1991. There were 429,000 more people in work than in the previous year (+ 1.0 percent). Driven by tax reforms and higher government spending, the Austrian economy's growth accelerated in 2016, rising by 1.4 percent after a weak phase lasting several years (National Bank of Austria). In Switzerland, the economy also expanded more strongly than in the previous year, rising by around 1.5 percent in 2016 according to the assessment of leading economists (SECO, KOF).

SECTOR-SPECIFIC ENVIRONMENT

The German labor market continued its long-standing upward trend in 2016, with the number of employees liable for social security contributions once again rising considerably. The number of self-employed and partially unemployed individuals fell further in 2016, with significantly more new jobs and/or vacancies posted in the economy. Averaged over 2016, the German unemployment rate declined by 0.3 percentage points to 6.1 percent (Federal Employment Agency). According to the internationally comparable ILO measure of unemployment, the German unemployment rate fell by 4.4 percent to 3.9 percent in 2016. In Austria, the number of non-self-employed workers increased by 1.5 percent in 2016. However, the influx of people caused the ILO unemployment rate to rise from 5.7 percent to 6.1 percent. The labor market in Switzerland remained strained in 2016. The nationally defined unemployment rate (SECO) rose slightly to 3.3 percent, while the ILO measure of unemployment increased from 4.5 percent to 4.7 percent.

The general population in Germany aged 14 and older increased to almost 70 million in 2016. According to the "digital facts 2016-10" study produced by Arbeitsgemeinschaft Online Forschung (AGOF e.V.), 78.0 percent of them used the Internet in the three-month survey period up to October (previous year: 76.3 percent). Ways of accessing the Internet vary depending on age group. More than a third of those aged 50 or over (36.7 percent) still use exclusively desktop offerings, while younger age groups showed a clear preference for mobile Internet access. In the 30-to-49 age group, 82.5 percent use both desktop and mobile while 3.4 percent access the Internet exclusively via mobile devices. The affinity for mobile Internet use is even more pronounced among those aged up to 29 (with only 4.9 percent using only desktop offerings). The significance of mobile applications continued to expand overall compared to the previous year.

Two-thirds of Internet users in Germany are employed (66.5 percent) with around 13 percent currently in training. Internet use becomes more pronounced as the educational qualifications attained increase. Individuals with high school or technical college leaving certificates make up the highest proportion of users of both desktop (38.2 percent) and mobile offerings (40.5 percent). Social networks play a role for around half of all users. With regards to topics such as family and children, job exchanges and online banking, by far the largest proportion of users came from the 30-to-49 age group.

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 Executive 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 2016. 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. Number of XING members
2. Number of XING subscribers
3. Number of corporate customers (B2B customers)

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 the B2B E-Recruiting and B2B Advertising & Events segments because these business units generate their revenue exclusively from the sale of services to corporate customers.

Results of operations, net assets, and financial position

COMPARISON OF OUTLOOK FOR 2016 WITH ACTUAL DEVELOPMENT IN THE 2016 FINANCIAL YEAR

Financial key performance indicators

We are very satisfied with the development of our financial key performance indicators. We reached or even exceeded the forecast in all dimensions.

Financial key performance indicators	Forecast for 2016	Actual for 2016
Consolidated revenues	Double-digit percentage growth	+ 21%
EBITDA (adjusted for extraordinary items) Group	Significant increase in EBITDA	+ 31%
Revenues, B2C segment	Double-digit percentage growth	+ 14%
EBITDA (adjusted for extraordinary items), B2C segment	EBITDA roughly constant	+ 4%
B2B E-Recruiting segment revenues	Double-digit percentage growth	+ 33%
EBITDA (adjusted for extraordinary items), B2B E-Recruiting segment	Significant increase in EBITDA	+ 43%
B2B Advertising & Events segment revenues	Double-digit percentage growth	+ 13%
EBITDA (adjusted for extraordinary items), B2B Advertising & Events segment	Significant increase in EBITDA	+ 24%

Dividend, liquidity and financial targets

We announced a sustainable dividend policy in 2012. Accordingly, in 2016 the Annual General Meeting followed the joint proposal of the Executive Board and Supervisory Board and resolved a dividend of €1.03 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 €15.2 million in 2015, we invested €24.4 million in the 2016 financial year (excl. M&A transactions). As in previous years, capital expenditure was concentrated on internally developed software (especially mobile apps and content products), server capacity (considerable increase in 2016 due to relocating the data center), and software licenses.

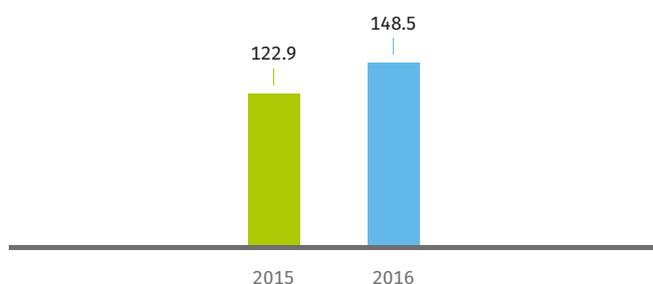
Non-financial key performance indicators

We reached all forecasts with one exception in terms of the non-financial key performance indicators. Only in the development of corporate customers (B2B) in the B2B E-Recruiting segment is the figure slightly down on the previous year. This is partly due to more volatile customer numbers at XING job ads and partly due to a one-off extraordinary item created by the liquidation of the Company Profile business. Without this extraordinary item, the B2B customer base would have grown. The forecast in terms of all financial and non-financial key performance indicators for the 2017 financial year is explained in detail in the report on opportunities and risks.

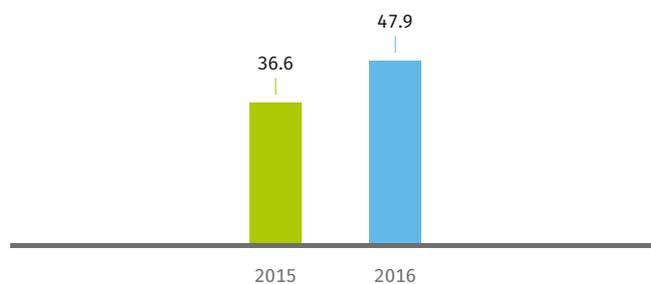
Non-financial key performance indicators	Forecast for 2016	Actual for 2016
B2C segment: Members in the D-A-CH region	Substantial member growth	+ €1.83 million
B2C segment: Subscribers in the D-A-CH region	Slight growth	+ 48.0 thousand
B2B E-Recruiting segment: Number of corporate customers	Slight growth	- 899
B2B Advertising & Events segment: Number of corporate customers	Slight growth	+ 3.2 thousand

RESULTS OF OPERATIONS

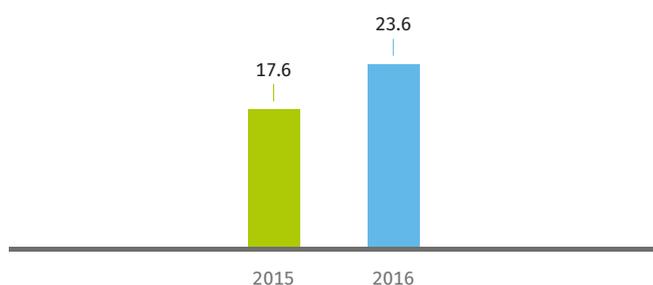
Revenues (incl. other operating income, in € million)



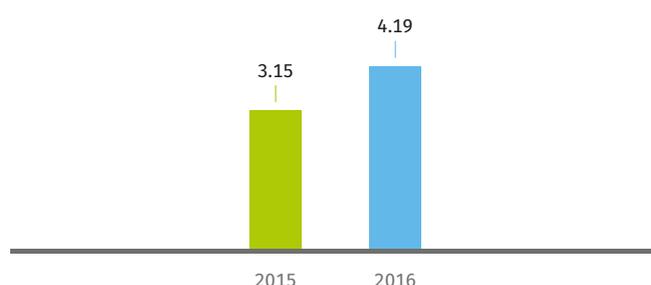
EBITDA (in € million)



Consolidated net profit (in € million)



Earnings per share



Revenues

Revenues of the XING Group including other operating income rose from €122.9 million in the 2015 financial year to €148.5 million in 2016. This corresponds to a relative growth rate of 21 percent or year-on-year growth of €25.6 million in absolute terms. At €2.6 million, other operating income exceeded the prior-year-figure of €3.0 million. It should be noted that the figure posted for other operating income in the prior year (Q1 2015) was about €1 million above its typical level as a result of positive currency effects. Without this effect, revenue in 2016 grew as much as 22 percent.

Personnel expenses

In the financial year ended, we recruited additional highly qualified employees for XING to continuously enhance our existing offerings and establish new offerings in the market. At the end of December 2016, we had 961 employees (December 2015: 792), which represents an increase of 169 employees (+ 21 percent). Personnel expenses increased at a slightly lower rate than revenues, rising from €45.3 million in 2015 to €54.5 million in the reporting period (+ 20 percent).

Marketing expenses

In the 2016 financial year, we upped our marketing spend by around €0.9 million year on year, from €13.7 million to €14.6 million. The most significant investments concern the development of our brand. Marketing activities in the B2C segment focused on the areas of SEM (search engine marketing), affiliate marketing, mailshots, and conventional display advertising. The marketing expenses ratio fell slightly from 11 percent (2015) to 10 percent in the 2016 financial year.

Other operating expenses

Other operating expenses rose by €4.2 million from €27.3 million to €31.5 million. The main operating expenses here include IT and other services (€10.6 million compared to €8.9 million in 2014), expenses for premises (€5.3 million compared to €4.4 million in 2014), and server hosting, administration and traffic costs (€2.7 million compared to €2.3 million in 2014). Section 10 of the notes to the financial statements includes a detailed table of all items reported under other operating expenses.

EBITDA

We gave a substantial boost to our operating result (EBITDA) in 2016. EBITDA of the XING Group amounted to €47.9 million in the reporting period. Compared with the prior-year figure, this constitutes an increase of €11.3 million or 31 percent.

Depreciation, amortization and impairment losses

Depreciation, amortization and impairment losses rose from €10.0 million in the previous year to €10.7 million (+€0.6 million). Depreciation, amortization and impairment losses in the reporting period include impairment losses of €0.7 million (previous year: €1.1 million). Amortization of internally generated software amounted to €4.7 million (previous year: €3.3 million).

Financial result and taxes

Reflecting the continuation of XING's conservative investment policy, interest income fell due to the low level of interest rates. We also recognized the start-up losses sustained by XING as part of our joint venture with Monster Worldwide Inc. in the USA in the financial result. These losses totaled €2.7 million in 2016.

Current taxes are determined by the companies of the XING Group based on the tax laws applicable in their country of domicile. Tax expense amounted to €10.7 million, up from €8.8 million in the 2015 financial year.

Consolidated net profit and earnings per share

Consolidated net profit in 2016 amounted to €23.6 million, up from €17.6 million in 2015. This gives rise to earnings per share of €4.19 for the 2016 financial year compared with €3.15 per share in 2015. Earnings per share in 2016 therefore rose by 33 percent compared with the adjusted prior-year figures.

Dividend distribution

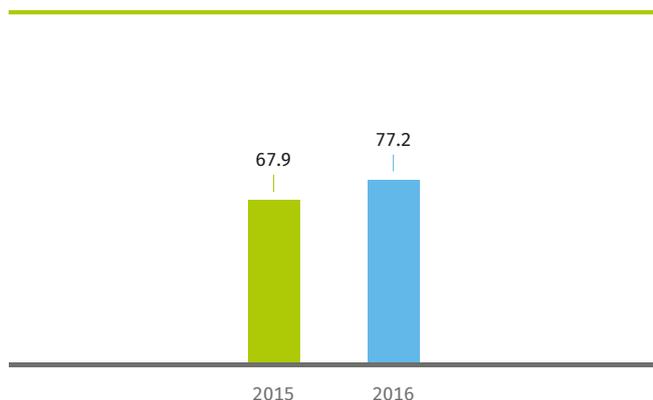
Based on the 2016 results and the implementation of a long-term dividend policy, the Executive Board and Supervisory Board will propose to the next Annual General Meeting to be held on May 16, 2017 that the shareholders be paid a dividend of €1.37 per share (previous year: €1.03). Furthermore, the Management Board will propose to the AGM payment of an additional special dividend of €1.60 per share. This figure is based on the Company's consolidated net profit and also on benchmarks of TecDAX companies with comparable growth figures.

The liquid funds of €83.4 million as of the end of 2016 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)



The XING B2C platform is the basis for our success. We showed strong growth again during the past financial year. Segment revenue here rose by 13 percent to €77.2 million, while the segment operating profit increased by 4 percent to €39.9 million.

There are three main drivers for this continuing dynamic revenue growth:

- 1) A membership base that is still growing rapidly
- 2) A stable rate of conversion to paid memberships
- 3) Improved average revenue per customer, particularly as a result of higher-priced special memberships (ProJobs and ProCoach)

Management believes that the XING platform's appeal to business professionals remains high. This is evident in the steadily increasing number of new customer registrations at www.xing.com. In the past financial year alone, more than 1.8 million new members (2015: 1.6 million) registered 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.

As a result, we counted around 11.4 million members on the XING platform at the end of the 2016 financial year. Including XING Events subscribers, the number of users at the end of 2016 was as much as 12.1 million.

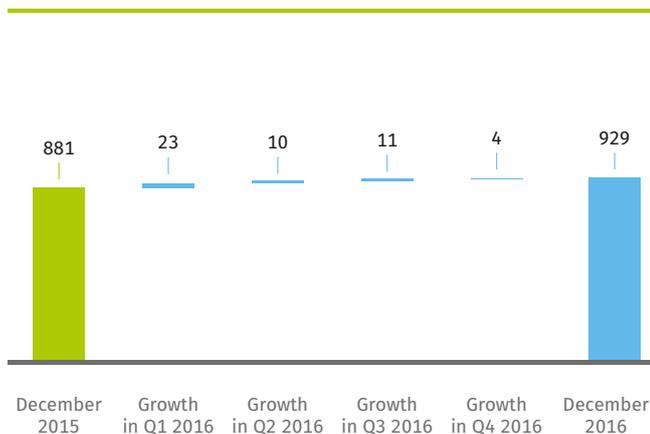
XING Member and user growth 2016 In D-A-CH (in million)



The most important indicator for segment revenue and earnings development is the number of subscribers or paid memberships sold, and we also achieved a significant increase in this area compared to the previous year. Almost 48,000 individuals opted for paid memberships (Premium, ProJobs or ProCoach) during the past financial year (2015: 45,520).

As a result, we served around 929,000 subscribers across the D-A-CH region at the end of the 2016 financial year (2015: 881,000).

Subscribers in D-A-CH (in thousand)



PRODUCTS AND INNOVATIONS

Messenger – XING improves message function



XING unveiled the beta version of its new message area in the fourth quarter of 2016.

By developing the XING message area into an instant messenger, we are addressing new usage practices that require increasingly accelerated and spontaneous communication in the professional environment – including via mobile devices. Whether asking a technical question, sending a message to a close or distant contact, placing a new assignment or making

a job offer, today's professionals expect fast, uncomplicated responses without a lengthy delay.

As with other well-known instant messenger services, a tick tells users whether the recipient has already read the message they have sent, thus removing the uncertainty of whether messages were ever acknowledged and the need to spend time sending reminders.

From now on, XING members can see their entire communication flow with a contact at a glance. The conversation area is no longer presented subdivided by message with subject but exclusively by contacts. The look and feel of this area is now even clearer and more intuitive. From now on, individual notifications are clearly distinguishable from each other by color coding, helping to make conversations easier to follow. All of these improvements also apply to group conversations.

Launch of XING Campus

In the second quarter of 2016, we launched the XING Campus and XING Campus Magazine services, a new way of learning about careers. XING Campus shows young people the careers for which they would be most suited based on their degree course using an analysis of the work histories in the more than 11 million member profiles on XING. Rounding out this service is XING Campus Magazine, which provides tips and tricks for entering the working world. In addition, XING features more than 100,000 ads for internships, student traineeships, and opportunities to complete final projects or theses. The entire service is available free of charge at <https://www.xing.com/campus/>.

Approximately 750,000 college and university students from German-speaking countries are already registered on XING. Professional networking is important and should definitely start before beginning a career – in the last few semesters of university, if not earlier. In general, however, students should start building a professional network as soon as possible for purposes of maintaining contact with fellow students, professors and especially colleagues they worked with during internships. Over time, this network will be extremely valuable and will greatly ease the transition into the working world later.

One year of Klartext

In the financial year ended, XING Klartext celebrated its one-year anniversary as a novel journalistic platform for experts and well-known personalities to take a position and put their opinions on current and controversial topics concerning business and professions up for debate.

The views held are accompanied by conflicting or different opinions. XING members not only have the chance to comment on opinion pieces, but can themselves also become Klartext authors and participate interactively in the debate. Klartext authors are chosen by the editorial team headed up by editor-in-chief Jennifer Lachman.

This offering aims to help our members stay abreast of developments in their industries. We offer XING members a customized portfolio of information that is local, nearby and relevant.



Paid services expanded – Largest coaching platform in D-A-CH launched

According to the “Compass for the New World of Work” study, continuous training and flexibility are the aspects of the world of work that people most expect to change. This is leading to increased demand for professional coaching. To meet this demand, we launched a special platform to address all coaching-related issues and are thus making a heavily fragmented market more transparent.

XING Coaches can be used by coaches to present themselves professionally and acquire new customers, while people looking for a coach can find the right person to help in their situation. Since its launch, the platform has boasted over 50,000 coaches, making it the largest coaching platform in the German-speaking region.



For those looking for a coach: Find the right coach from over 50,000 quickly and easily

XING Coaches is aimed not only at coaches and their potential customers such as HR departments and executives, but also at private individuals. A diverse range of search options – for example by location, focus of work, event – and filter functions helps individuals to choose from over 50,000 coaches.

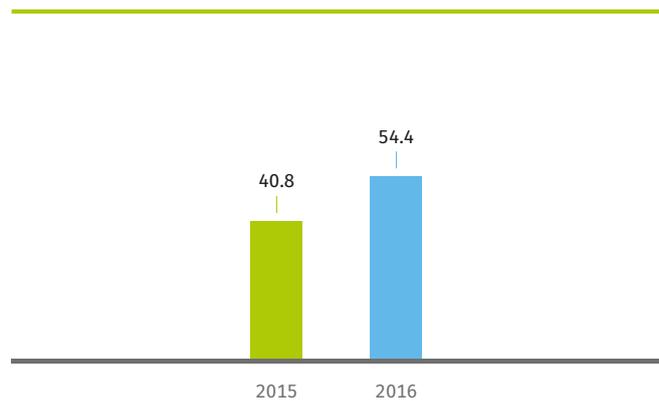
For coaches: Professional presentation in the XING environment

For the specialists themselves, XING Coaches provides the opportunity to present themselves professionally, reach a broad target group of HR departments through executives and private individuals and thus establish contacts and acquire new customers. The coach profile is tailored precisely to the

job description of the coach in question. Information about areas of focus and methods, forms of coaching offered, target groups and industries can be entered, for example, but also information about contact opportunities and training.

B2B E-RECRUITING SEGMENT

B2B E-Recruiting revenues (in € million)



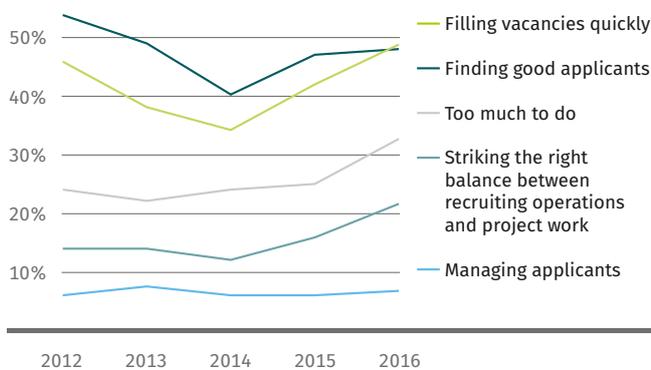
Our E-Recruiting offerings for corporate customers (B2B) have also developed at a dynamic pace over the past financial year.

This has enabled us to increase our segment revenue by 33 percent to €54.4 million compared to the previous year (2015: €40.8 million) and significantly expand the segment operating profit from €24.9 million to €35.6 million with a margin of 66 percent.

XING is active in the areas of passive recruiting (XING Jobs Marketplace), active sourcing (XING TalentManager and XING ReferralManager) and employer branding (Employer Branding Profiles, kununu).

The continuing success of our recruiting services is based on structural changes in the labor market. Digitalization, demographic trends and changes in values among the younger generation of employees pose major challenges for companies. According to a study by the Institute for Competitive Recruiting (ICR), this means that almost every other company has difficulties filling open positions or finding good candidates.

For you personally, what are the biggest challenges in recruiting today?



Source: Institute for Competitive Recruiting

Our services are designed to help companies and employers to fill their open jobs more quickly and identify better candidates with the help of digital recruiting and employer branding solutions.

To this end, we have been significantly expanding and constantly improving our products for B2B customers in recent years. In April last year, we were able to expand our E-Recruiting offering by successfully acquiring eqipia to add another important recruiting solution to our Active Sourcing subsegment.

XING acquires provider of employee referral solutions

Eqipia is the leading smart automated employee referral program in Switzerland.

Employee referrals are a significant success factor in the human resources area. In the United States, around 40 percent of all new hires come through recommendations from employees. However, only about seven percent of all applications received are based on employee referrals (source: Jobvite 2012) because companies often fail to implement professional processes or tools for integrating this important recruiting channel into their HR strategies. With the use of automated or digital solutions, there is enormous potential to significantly

increase the share of applications stemming from referrals or targeted use of the social graph in XING, to greatly boost the number of hires, and to speed up recruiting processes.

The eqipia ReferralManager digitizes and automates this process, allowing companies to identify more highly qualified candidates at a substantially lower cost in a much shorter time than via traditional channels. Employees act as ambassadors for their own company, and contact with candidates is personal, reliable and highly relevant. For this reason, the share of candidates actually hired as a result of recommendations is also particularly high.

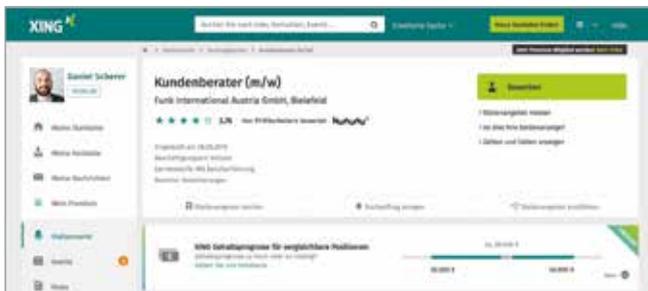
Just a few months after successfully completing the transaction and taking over the eqipia team, we unveiled our integrated solution under the name XING ReferralManager (XRM) at the "Zukunft Personal" trade fair in Cologne in October 2016. Since then, XRM has been available at <https://recruiting.xing.com/de/e-recruiting-loesungen/empfehlungsmanager/>.

By the end of 2016, we were supporting around 17,031 (2015: 17,930) corporate customers (B2B) across all four recruiting offerings in the B2B E-Recruiting segment. We recorded strong customer growth in the Active Sourcing and Employer Branding (kununu) subsegments. The total number of B2B customers fell slightly compared to the previous year; in particular, this was driven by the one-off special effect of discontinuing the old XING Company Profile business.

XING is creating salary transparency in the labor market

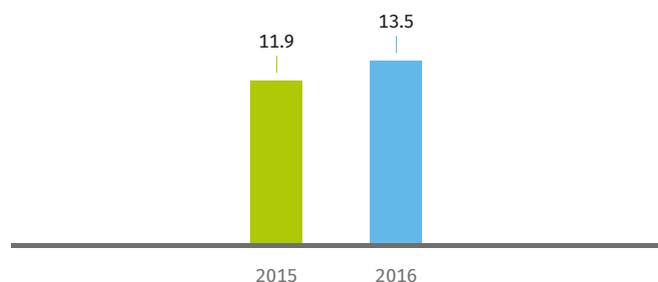
As we are constantly developing our existing products to fit our users' needs, we expanded XING Jobs in March. We show our users how much people can earn in which position, thereby devoting ourselves to one of the biggest taboo subjects in the world of work: the subject of salary transparency. Our Premium members can therefore find salary estimates for over 350,000 job advertisements on XING Jobs based on our analyses and surveys. Our aim is to help our members to rapidly get an idea of the probable salary range for the job being advertised.

How does this work? If the employer has specified a salary for the position, it is displayed for our Premium members in a new section above the advertisement. If the employer has not specified a salary, they will instead find a bar displaying the estimated conventional salary range for such positions in many job advertisements. To produce this range we evaluate a variety of sources. Among other things, we use specific salary information from other comparable job advertisements and findings from Manager Magazin's Salary Report, which we prepare annually in conjunction with the business magazine. To obtain the most realistic data possible, the employer's location, the size of the company and the industry are considered, as is the career level. This bar is not shown for job advertisements for which insufficient data is available.



B2B ADVERTISING & EVENTS SEGMENT

B2B Advertising & Events revenues (in € million)

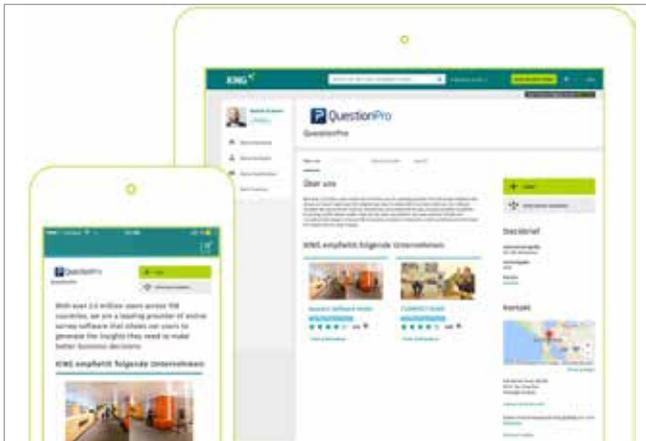


In addition to the B2C network business and our B2B E-Recruiting service, we have combined the two smaller B2B business units, Advertising and Events, in our reporting. Both business units made approximately the same contribution to revenue during the past financial year. Growth in the B2B Advertising & Events segment was predominantly driven by the advertising business. Overall, segment revenue rose by 13 percent to €13.5 million (2015: €11.9 million). Segment profit of €2.9 million (2015: €2.3 million) was also primarily driven by the Advertising subsegment. In 2016, we were able to break even at business level in the Events subsegment for the first time.

Advertising subsegment – XING business pages launched

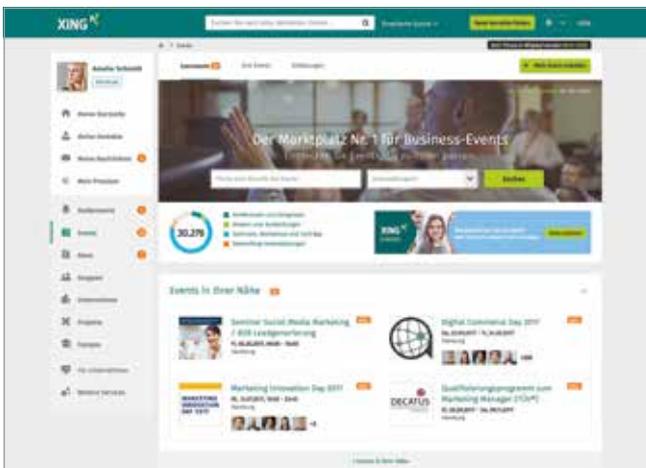
In the second quarter of 2016, we expanded our advertising services with the addition of business pages. Companies can attract attention to their products and services with a business page on XING. With just a few clicks, users can create a customized business page with the help of an editor in the company's colors and featuring images, videos or photos. Companies can then use their business pages to interact meaningfully with potential customers and always track which members are interested in their products and services.

XING AdManager significantly increases the visibility of these pages thanks to numerous targeting options for creating tailored messages for specific target groups.



Events subsegment

The Events business unit focuses on helping event organizers increase participant numbers for their events more quickly and effectively. Our Events subsegment also helps us generate additional members for the XING platform itself by enabling them to stay in touch with other participants after workshops or seminars, for example.



During the past financial year, we introduced new functions and a new pricing model for event organizers.

Basic

The Basic rate works along the lines of the “free for free” principle; in other words, when event organizers offer events with exclusively free tickets, our customers also do not pay anything for the XING Ticketing Manager. Examples of such events are networking events, webinars or corporate functions. But even private events such as get-togethers or club round tables benefit from the Basic rate.

Business

The Business rate is ideal for organizers of fee-based business events such as conferences and seminars. It provides a whole series of additional functions and services.

One of these is four-language support. In addition, event managers have the option of creating multiple ticket categories with different price brackets. This allows them to input their range of tickets directly in our system.

What is more, we provide event organizers with the secure payment processing to which they are accustomed using all common forms of payment.

Professional

The bigger and more complex an event, the more specific the requirements become. The Professional rate is therefore aimed at all event organizers of large, complex conventions and exhibitions. With this price option we provide additional functions that allow an event to be designed even more individually.

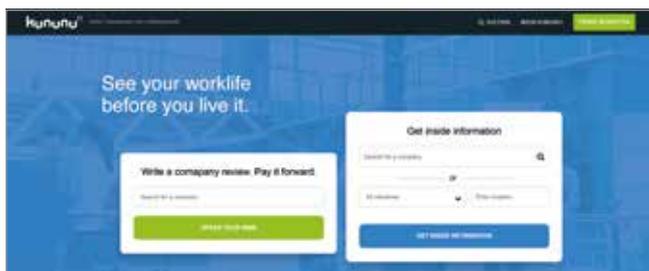
These include personal advisory and the setup of a professional ticket shop. White labeling for the ticket shop can also be booked. Individual designs can be created for registration screens, documents for attendees and badges. Event organizers also receive an individualized admission solution.

KUNUNU INTERNATIONAL SEGMENT

Alongside the systematic pursuit of the XING growth strategy in our core markets across the D-A-CH region, Austrian subsidiary kununu has also struck out along a new path. The Company agreed a joint venture with the Monster job platform in the USA to implement the model of creating transparency about the quality of employers already successfully established in the D-A-CH region outside our core markets. The joint venture was formed with its registered office in Boston and is already doing business in the US market. For the US service, kununu's expertise in the fields of employer rating and employer branding will be enhanced by the market knowledge, marketing expertise and market penetration offered by Monster. In just a short period, around 243,000 reviews of US companies have already been generated on the US kununu platform. We were also able to sign our first agreements with US companies.

XING's share of the joint venture's net profit / loss for the year is accounted for as the share of profits and losses of equity-accounted investments.

In the kununu International segment, which we report on separately here, the only revenues and expenses currently reported are those generated by XING AG from the provision of technical infrastructure and services to the joint venture between kununu and US-based Monster Worldwide, Inc. In this context, increased start-up expenses were incurred in 2016, which just prevented the segment from breaking even.



NET ASSETS

Non-current assets increased by €22.3 million from €39.2 million in the previous year to €61.5 million as of December 31, 2016. This is mainly due to recognition of new modules for the XING platform and the acquisition of BuddyBroker AG. The share of on-current assets in total assets increased from 28.0 percent to 36.1 percent year on year. As a result, current assets accounted for a lower proportion of total assets, decreasing to 63.9 percent (previous year: 72.0 percent).

On December 31, 2016, the Group had liquid funds of €86.6 million (previous year: €81.0 million), representing 50.8 percent (previous year: 57.9 percent) of the total assets of €170.5 million (previous year: €139.9 million).

Liquid funds as of December 31, 2016 included third-party cash of €3.2 million from the XING Events segment (previous year: €3.0 million). The Company has €83.4 million in cash, which accounts for 48.9 percent of total assets (previous year: €78.0 million or 55.8 percent).

The increase in receivables from services from €15.9 million in the previous year to €19.6 million as of December 31, 2016 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 decreased by €0.8 million year on year. In particular, this resulted from lower receivables from credit card companies.

Investments in purchased software amounting to €1.1 million in 2016 were lower than the amortization of €2.0 million, both before acquisitions. As is usual in the online industry, software solutions and platform extensions are mainly developed inhouse. As a consequence of the acquisition of BuddyBroker AG, the BuddyBroker AG technology is also reported under purchased software (€1.6 million). Impairment losses in 2015 were charged in the amount of €0.4 million.

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 €15.8 million (previous year: €10.6 million). Internally generated intangible assets were reduced by amortization and impairment losses of €0.7 million (previous year: €0.6 million), resulting from the overhaul and redesign of the platform.

During the year under review, the goodwill recognized relates to the acquisition of BuddyBroker AG (€4.9 million), the acquisition of Intelligence Competence Center (Deutschland) AG the previous year (€6.1 million) and kununu GmbH (€2.2 million).

At €7.5 million, the carrying amount of other equipment, operating and office equipment including prepayments and assets under construction and was significantly higher than the previous year's value of €4.6 million (+€2.9 million). This rise primarily resulted from net investments in hardware equipment.

The value of the other intangible assets was reduced by €0.6 million through amortization during the financial year. Offsetting new investments of €0.9 million led to a carrying amount of €2.2 million (previous year: €1.9 million).

FINANCIAL POSITION

Equity and liabilities

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

As of the closing date, the Company's equity ratio amounted to 41.0 percent compared with 43.2 percent in 2015. This reduction primarily resulted from the dividends paid in 2016 (regular dividend totaling €5.8 million and special dividend of €8.4 million) and the increase in deferred income (€10.7 million), which could not be fully offset by positive consolidated total comprehensive income of €23.6 million. XING thus continues to be in an excellent position for future growth.

The Company's equity still amounted to a 114.0 percent surplus over non-current assets (previous year: 154.2 percent). The decrease results from the rise in non-current assets that is mainly attributable to the additions to internally generated software and goodwill.

There is a 134.3 percent surplus of current assets (including liquid assets) over the current liabilities (previous year: 154.8 percent). The decrease is due to the strong increase in deferred income by €10.7 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 €49.9 million, up from €35.8 million in the previous year. This increase is mainly attributable to the €11.3 million increase in EBITDA and the €2.3 million improvement in net working capital compared with the previous year. The figure for the previous year includes earn-out payments of €4.0 million arising in connection with the acquisition of kununu GmbH which we show as cash flows from investing activities from a business management perspective. Excluding the earn-out payments, cash flows from operating activities in the previous year amounted to €39.8 million (an increase of 25.6 percent).

Cash flows from investing activities

In the 2016 financial year, the cash flows from investing activities included significantly higher amounts invested in platform development than in the previous year (€15.8 million compared with €10.6 million). Investments in property, plant and equipment, specifically for new servers, rose significantly to €4.9 million year on year (€2.6 million). The other drivers of cash flows from investing activities were the investment

in kununu US LLC (€2.7 million) and payments made for the acquisition of BuddyBroker AG (€2.7 million) and Intelligence Competence Center (Deutschland) AG (€0.4 million). The previous year included earn-out payments of €4.0 million arising in connection with the acquisition of kununu GmbH allocated to cash flows from operating activities, which we show as cash flows from investing activities from a business management perspective. With this earn-out payment, cash flows from investing activities for the previous year amounted to €25.1 million.

Cash flows from financing activities

During the 2016 financial year, XING distributed a regular dividend of €5.8 million (previous year: €5.1 million) and a special dividend of €8.4 million (previous year: €0.0 million).

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 €37.2 million, spending on research and product development in 2016 significantly exceeded the previous year's figure (2015: €30.9 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 development and programming of the XING platform. For this, extensive new products were created (e.g., ProCoach and XING ReferralManager), though existing mobile apps were also expanded. The total amount capitalized for the development of new products was €15.8 million (2015: €10.6 million) in the past financial year. Amortization and impairments of capitalized development costs amounted to €4.7 million in the reporting period (previous year: €3.3 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 extremely satisfied with our operating and financial results in the 2016 financial year. We have succeeded in doubling our revenue and earnings since 2012, while at the same time making targeted investments in our future. XING AG's business model, with its sustainably high margins, revenues paid mostly in advance and low capital intensity, makes this possible 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 €23.6 million and €4.19, 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, the Company has implemented the risk early warning system required in accordance with Section 91 (2) AktG and continuously develops it within the context of current market and company developments. As was the case in the previous year, the auditor of the annual financial statements again confirmed the functionality of the system.

Each individual employee is required to avert potential loss from the Company. 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 in the event of any indications of existing risks or risks which might arise. An essential requirement for such a task is knowledge of the risk management system and maximum risk awareness of each individual employee. For this reason, XING familiarizes its employees with the risk management system using information material and draws their attention to the significance of risk management.

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

The subsidiaries XING Events GmbH, kununu GmbH, XING E-Recruiting GmbH & Co. KG, XING News GmbH and XING Marketing Solutions GmbH have been integrated into the Company's risk management system. Here, potential risks are also

continually identified and analyzed and persons with risk responsibility and senior executives are also questioned with regard to the status of existing risks on a quarterly basis. This integration helps to ensure early recognition too of any risks originating from the operating subsidiaries that may have a negative long-term impact on the Company.

The risk management system covers only risks but not opportunities.

INTERNAL CONTROL SYSTEM

In accordance with Section 315 (2) no. 5 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 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 AG with regard to the financial reporting processes of the integrated companies and the Group financial reporting process:

The Executive Board of the Group bears overall responsibility for 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 Executive Board is (constantly) provided with information concerning the following measures: Definition of the risk fields which might result in developments posing a threat to the continued existence of the Company as a going concern; risk recognition and risk analysis; risk communication; allocation of responsibilities and tasks; 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 Executive 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 Executive 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 Executive Board and Supervisory Board also continually look into ways of further optimizing the risk management system processes.

RISK ASSESSMENT

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

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

We consider a risk that is very likely to occur and that is 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 €500 thousand	large damage to the Company's image, large damage for customers
medium	€100 thousand to €500 thousand	Services impacted over a long period of time
low	€50 thousand to €100 thousand	Service impacted in isolated cases

SIGNIFICANT INDIVIDUAL RISKS

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

STRATEGIC RISKS

Competition

XING AG already competes with companies that offer similar services. New competitors might enter the market in the future. Revenues would probably be negatively affected if XING AG were to lose customers to these current or future competitors. Competitors might be able to capture market share from XING AG by offering services that are superior to the services offered by XING AG or through particularly aggressive and successful marketing. In addition, as a result of strategic partnerships between foreign competitors and companies with extensive reach in the D-A-CH region, competitors might be able to penetrate XING's domestic market even more rapidly and exert additional pressure on XING AG with their prices and services. 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 AG. 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.

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 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 AG mainly counters them by constantly improving and extending its own services, and also by means of strategic partnerships. In addition, XING AG permanently monitors the development in user numbers and can take a response in plenty of time by means of prepared measures and crisis plans in the event of sudden signs of customer losses.

RISKS OF CUSTOMER SUPPORT

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

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 AG 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 generate regular cash inflows and provide the Company with adequate liquidity. In addition, XING prepares a liquidity forecast. XING AG 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 0.3 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 Advertising & Events segment, we generally see a more significant foreign exchange risk and currency risk. This risk is managed by maintaining separate bank accounts for all relevant currencies.

IT RISKS

Risks in network security, hardware and software

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

The Company's systems, 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 AG.

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

XING AG is permanently engaged in ensuring the security of its systems and its network through the ongoing development of its technology and the deployment of its own employees in the area of network security. The measures initiated to date have proven to be effective. 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 AG 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 AG and its customers.

Data protection and personal rights

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

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

If XING AG or its providers were to violate these statutory provisions on data protection, telecommunications secrecy or the protection of personal rights, it could become the subject of 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 AG 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 AG charges specific employees with the task of monitoring adherence to data protection legislation. Corresponding contractual and, if necessary, technical safety measures are taken to prevent infringements of the law by service providers.

In addition, amendments to data protection provisions are identified on an ongoing basis in conjunction with the Company's legal advisers, and measures for monitoring and complying with these provisions are reviewed and revised as necessary. New data privacy regulations in particular include the EU's General Data Protection Regulation (EU GDPR), which takes effect on May 25, 2018. The respective preparations are already under way. The Company reviews potential implications for data protection law of new functionalities of the platform before they are introduced. Such new functionalities are only released if compliance with all relevant data protection regulations is guaranteed.

MANAGEMENT'S SUMMARY REGARDING THE COMPANY'S RISK SITUATION

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

Report on expected developments and opportunities

ECONOMIC OUTLOOK

According to a forecast by the International Monetary Fund (IMF), the global economy is expected to grow by 3.4 percent in 2017 (2016: 3.1 percent). The IMF has thus confirmed its autumn forecast (WEO Update January 2017). The main growth drivers are emerging and developing countries and a now-solid upswing in the USA. However, risks have increased, leaving this upturn susceptible to disruption. These risks include persistent geopolitical flashpoints, the US interest rate turnaround and potentially strong currency fluctuations as well as the unpredictability of the new US government, increasing protectionism in many countries and, above all, the significant challenges facing Europe. In addition to the upcoming Brexit process, these challenges also include elections in key EU states, unresolved financial problems in several southern European countries and the banking crisis in Italy. In this tense environment, the euro area will continue to achieve only moderate growth despite the ECB's continued expansionary monetary policy and improved prospects for exports. Based on domestic demand, the IMF estimates that the euro area will grow by 1.6 percent in 2017 (2016: 1.7 percent).

In Germany, the Kiel Institute for the World Economy (IfW) expects the economy to continue its expansion course in 2017. After a spurt in 2016, growth is expected to reach 1.7 percent in 2017 (adjusted for the number of working days: 2 percent). The underlying momentum is intact. Capital expenditure is increasingly picking up, enabling the upswing to gain ground and continuing to drive demand for qualified professionals. In Austria, growth will stabilize in 2017. The National Bank of Austria expects economic growth of 1.5 percent, sustained once again by consumer spending as well as a rise in exports. The tax reforms will become fully effective, while a program of investment for small and medium-sized enterprises is expected to have a positive effect. In Switzerland, confidence about the economy has increased for 2017.

According to leading forecasts, economic growth will accelerate to between 1.6 percent (KOF) and 1.8 percent (SECO), with domestic demand and foreign trade providing the necessary momentum.

EXPECTED SECTOR TRENDS

Signs continue to be positive for the labor market in Germany. The IfW is forecasting a further 386,000 (0.9 percent) increase in employment for 2017, which is expected to reduce the unemployment rate to between 5.9 percent (Federal Employment Agency) and 3.7 percent (ILO). In light of these developments, the Company is facing increased competition for skilled workers, causing wages to rise. For Austria, the National Bank is also anticipating a positive underlying trend in the labor market. In 2017, the number of non-self-employed workers is expected to increase by 1.1 percent. However, the increasing supply of labor caused by the influx of refugees will also cause the unemployment rate to rise (ILO: 6.3 percent). After a successful turnaround, leading economists now expect the labor market to gradually recover in 2017. The unemployment rate will fall slightly to 4.6 percent (ILO).

In this generally positive economic and labor market environment, cross-border competition for qualified employees across the D-A-CH region is anticipated to increase further. This increases opportunities for jobseekers – even in their own country. The conditions are also favorable for targeted career development. Although there is not yet a nationwide skills shortage, the situation is noticeably coming to a head in several sectors such as IT and telecommunications. According to the latest economic survey from the Bitkom digital association (January 2017), around two-thirds of ITC companies in Germany feel compromised by the skills situation. Nevertheless, there is currently significant optimism in this area. Eighty-three percent of ITC companies are expecting revenues to rise in 2017, while 65 percent of companies are planning to hire new staff.

Under these circumstances, online recruitment portals may become even more important than they already are, particularly in light of increasing online affinity.

EXPECTED DEVELOPMENT OF XING

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

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

In our opinion, employees must tackle the changes directly affecting them at an early stage and identify areas for further development and change. In future, XING will have an even more important role to play as a reliable partner in a changing environment and to help its members make the right career decisions for them. With more than 11 million XING members in employment, we have a very good foundation on which to continue benefiting from these macro trends in the future.

Demographic trends and near-full employment in Germany represent major challenges for companies as they seek to fill open positions with suitable candidates within a reasonable time period, both now and in the future. According to a study by the Institute for Competitive Recruiting, 96 percent of all companies have experienced staffing difficulties.

Here too, our existing and well-established innovative digital recruitment solutions mean we are already excellently positioned to help companies fill jobs better and more quickly, and will remain so in future.

As a solution provider, we can benefit significantly more from these structural changes and thus expect revenues and income to continue to rise.

Revenue and earnings targets

In our financial key performance indicators, we expect revenues and earnings to continue to increase at Group level. 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 2017
Consolidated revenues	Double-digit percentage growth
EBITDA (adjusted for extraordinary items) Group	Significant increase
Revenues, B2C segment	Double-digit percentage growth
EBITDA (adjusted for extraordinary items), B2C segment	Slight increase
B2B E-Recruiting segment revenues	Double-digit percentage growth
EBITDA (adjusted for extraordinary items), B2B E-Recruiting segment	Significant increase
B2B Advertising & Events segment revenues	Double-digit percentage growth
EBITDA (adjusted for extraordinary items), B2B Advertising & Events segment	Significant increase

Dividend targets

We have been pursuing a sustainable dividend policy since 2012. In the current financial year, we again plan to propose to the Annual General Meeting to be held on May 16, 2017 that a regular dividend amounting to €1.37 per no-par value share carrying dividend rights. Furthermore, the Management Board decided to propose to the AGM payment of an additional special dividend of €1.60 per share. The liquid funds of €83.4 million as of the end of 2016 and XING's cash-generative business model enable the Company to pay dividend regularly without changing its business strategy, which is aimed at achieving growth. We intend to continue to make regular dividend payments.

Liquidity and financial targets

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

Planned capital expenditures

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

Forecast of non-financial key performance indicators

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

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

Non-financial key performance indicators	Forecast for 2017
B2C segment: Members in the D-A-CH region	Substantial member growth
B2C segment: Subscribers in the D-A-CH region	Slight growth
B2B E-Recruiting segment: Number of corporate customers (B2B)	Slight growth
B2B Advertising & Events segment: Number of corporate customers (B2B)	Substantial member growth

REPORT ON OPPORTUNITIES

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

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

Opportunities presented by macroeconomic trends

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

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

Opportunities presented by product development and innovation

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

Opportunities presented by faster penetration of important growth markets

Thanks to our digital e-recruiting solutions for companies in particular, we operate in a structural growth market in which lasting changes in the world of work (digitalization and changes in skills and values) could offer XING numerous opportunities, particularly in the future, if the products and services introduced by XING (such as XING TalentManager, XING ReferralManager or Employer Branding Profiles) 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 additional pro memberships XING is planning for special target groups can have a positive impact on the segment's revenue and earnings performance if these new offerings resonate with customers more strongly than planned.

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

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 Executive Board and the Supervisory Board as well as the presentation of shareholdings in the reporting year. The structure of the remuneration system is regularly reviewed by the Supervisory Board.

REMUNERATION OF THE EXECUTIVE BOARD

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

Responsibility for determining the remuneration of the Executive Board

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

Components of the Executive Board remuneration

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

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

The variable remuneration components comprise two parts: For one, the Executive Board is granted performance-based remuneration that is measured by the achievement of (i) specific qualitative individual targets set for each Executive Board member and (ii) quantitative corporate objectives, each relating to the current financial year, and calculated using key performance indicators reported in the consolidated financial statements, other key operating indicators or with regard to the personal targets based on other target achievement parameters. For another, shadow shares granted to the Executive Board members entitled to subscribe for shares within the scope of the Long-term Incentive Program (LTI) are a component of the variable remuneration for the Executive Board.

The following applies to the performance-based remuneration of the Executive Board: The qualitative individual targets are set by the Supervisory Board for each specific Executive Board member at the beginning of each financial year. The degree of target achievement for the qualitative, personal targets ranges from 0 to 100 percent and is set by the Supervisory Board at its own discretion at the beginning of a given financial year for the preceding financial year. The quantitative corporate objectives for performance-based Executive 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, but also on another non-financial key performance indicator (such as subscriber growth or activity on the XING

platform). 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 or by using analyses of key operating indicators on the basis of the calculation parameters specified in the relevant Executive Board contracts or the setting of targets.

The Supervisory Board may also reasonably determine a limited special remuneration for the Executive Board members for their achievements or performance during their terms of office as members of the Executive 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 beneficiaries 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 consolidated revenues (incl. other operating income) and Group EBITDA. Following a waiting period of three years from allocation, the beneficiary (Executive 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 AG shares. In addition, the beneficiary is paid dividends, if any, for three 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 Executive Board.

Executive Board remuneration in financial year 2016 pursuant to GAS 17

The total and individual remuneration of the Executive Board for the 2016 financial year is detailed in the following tables.

Remuneration of the Executive Board 2016 (presentation of benefits pursuant to GAS 17)

All figures in € thousand	Dr. Thomas Vollmoeller CEO since 10/16/2012		Ingo Chu CFO since 07/01/2009		Jens Pape CTO since 03/01/2011		Timm Richter CPO since 03/01/2013		Total	
	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016
Fixed remuneration	386	320	252	257	243	240	230	230	1,111	1,047
Incidental benefits	0	2	4	4	3	3	3	3	10	12
Total	386	322	256	261	246	243	233	233	1,121	1,059
One-year variable remuneration Bonus (cash)	151	214	104	235	88	165	95	164	438	778
Multi-year variable remuneration Long-term incentive ¹	221	208	100	102	100	102	100	102	521	514
Total	758	744	460	598	434	510	428	499	2,080	2,351

¹ The value of the virtual shares shown in the table is calculated by multiplying the contractually agreed grant amount with the target achievement for 2016. The phantom stocks for the 2016 financial year are granted after the Annual General Meeting at which the adopted consolidated financial statements for the 2016 financial year are presented.

Executive Board remuneration in financial year 2016 pursuant to the German Corporate Governance Code (GCGC)

The GCGC recommends that individual remuneration components be disclosed individually for each Executive 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 table outlines benefits granted for the 2015 and 2016 financial years, including incidental benefits, and the minimum and maximum possible remuneration earnable in financial year 2016. In contrast to GAS 17, the target figure, i.e., the amount granted to the Executive Board member at a target achievement level of 100 percent, must be presented for one-year, performance-based remuneration in line with the requirements of the GCGC.

Remuneration of the Executive Board 2016 (presentation of benefits pursuant to GCGC)

All figures in € thousand	Dr. Thomas Vollmoeller CEO since 10/16/2012				Ingo Chu CFO since 07/01/2009			
	Base value		Mini- mum	Maxi- mum	Base value		Mini- mum	Maxi- mum
	2015	2016	2016	2016	2015	2016	2016	2016
Fixed remuneration	386	320	320	320	252	257	257	257
Incidental benefits	0	2	2	2	3	4	4	4
Total	386	322	322	322	255	261	261	261
One-year variable remuneration								
Bonus (cash)	190	164	0	364	125	125	0	315
Multi-year variable remuneration								
Long-term incentive	220	204	0	612	100	100	0	300
Total	796	690	322	1,298	480	486	261	876

All figures in € thousand	Jens Pape CTO since 03/01/2011				Timm Richter CPO since 03/01/2013				Total	Total
	Base value		Mini- mum	Maxi- mum	Base value		Mini- mum	Maxi- mum	Base value	Base value
	2015	2016	2016	2016	2015	2016	2016	2016	2015	2016
Fixed remuneration	243	240	240	240	230	230	230	230	1,111	1,047
Incidental benefits	3	3	3	3	3	3	3	3	9	12
Total	246	243	243	243	233	233	233	233	1,120	1,059
One-year variable remuneration										
Bonus (cash)	100	105	0	280	115	115	0	290	530	509
Multi-year variable remuneration										
Long-term incentive	100	100	0	300	100	100	0	300	520	504
Total	446	448	243	823	448	448	233	823	2,170	2,072

Dr. Vollmoeller took a sabbatical in 2016. He therefore temporarily waived his salary.

Because the remuneration granted to members of the Executive 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 2016 in line with the corresponding GCGC recommendation. Pursuant to the GCGC recommendations, the fixed and one-year, performance-based remuneration components must be listed as an allocation for the given financial year. The total remuneration according to the GCGC accruing to the individual members of the Executive Board for the 2016 financial year broken down by components is presented in the following table:

Remuneration of the Executive Board 2016 (presentation of allocation pursuant to the GCGC)

All figures in € thousand	Dr. Thomas Vollmoeller CEO since 10/16/2012		Ingo Chu CFO since 07/01/2009		Jens Pape CTO since 03/01/2011		Timm Richter CPO since 03/01/2013		Total	Total
	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016
Fixed remuneration	386	320	252	257	243	240	230	230	1,111	1,047
Incidental benefits	0	2	4	4	3	3	3	3	10	12
Total	386	322	256	261	246	243	233	233	1,121	1,059
One-year variable remuneration Bonus (cash)	151	214	104	235	88	165	95	164	438	778
Multi-year variable remuneration LTI	0	248	0	0	0	0	0	0	0	248
Multi-year variable remuneration 2010 SOP	0	0	0	0	1,400	0	0	0	1,400	0
Total	537	784	360	496	1,734	408	328	397	2,959	2,085

Exercise of options under the stock option plan

The Company's historical stock option plans have expired. Accordingly, no beneficiary exercised stock options in the reporting year. In financial year 2015, Mr. Pape was the last beneficiary to exercise stock options.

All transactions made by persons with executive functions (directors' dealings) in accordance with Sec. 15a WpHG are published at www.dgap.de under Directors' Dealings and can also be found in the notes to the consolidated financial statements and in the Investor Relations section of XING AG's website.

Premature termination of employment as a member of the Executive Board

In the event of the death of an Executive Board member during the term of the director's contract, the Company is obligated to pay the proportionate annual 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. Otherwise, as of December 31, 2016, all Executive Board contracts contain severance cap clauses in the event of the premature termination of the contract without good cause based on the recommendations set out in item 4.2.3 of the German Corporate Governance Code.

The contract of one Executive 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 SSP or LTI), the total amount of which is subject to the severance cap as recommended by item 4.2.3 of the German Corporate Governance Code.

Other

No pension obligations were agreed for the members of the Executive Board and none of the members in office held shares of the Company as of December 31, 2016. Likewise, no loans, interest or advances were granted to members of the Executive Board and no members received or were promised benefits or similar assurances from third parties in connection with their Executive Board mandate. Furthermore, no commitments were made concerning the granting of such benefits.

XING AG has taken out Directors & Officers (D&O) insurance for the members of its Executive Board covering the personal liability risk in the event of the Executive Board being held liable for pecuniary loss within the scope of or as a result of their Executive Board mandate. The insurance policy includes a deductible for the members of the Executive Board in keeping with the 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 Executive 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. Chairman 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-based 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 2016 financial year is broken down in the following table.

Supervisory Board members serving as of December 31, 2016

In € thousand	Total remuneration 2016	Total remuneration 2015
Stefan Winners, Chairman	80	80
Dr. Johannes Meier, Vice Chairman of the Supervisory Board	46	40
Anette Weber, Chairwoman of the Audit Committee	48	45
Jean-Paul Schmetz, Chairman of the Tech Committee	48	40
Dr. Jörg Lübcke	43	40
Dr. Andreas Rittstieg (since December 15, 2016)	2	0
Members who left the Supervisory Board in 2016		
Sabine Bendiek (until December 6, 2016)	39	40
Total	306	285

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, 2016 reporting date, the Supervisory Board members held less than 1 percent of the shares in the Company. More information on reports on transactions by persons with executive functions (directors' dealings) in accordance with Sec. 15a

WpHG 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 AG's website.

Other

XING AG has taken out Directors & Officers (D&O) insurance for the members of the Supervisory Board that does not include a deductible. This covers the personal liability risk for the Supervisory Board members in the event of the Supervisory Board being held liable for pecuniary loss within the scope of or as a result of their Supervisory Board mandate. Taking out D&O insurance without a deductible constitutes a deviation from the German Corporate Governance Code and was explained by the Executive Board and the Supervisory Board in the Declaration of Conformity last updated in March 2017 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 (4) of the German Commercial Code (HGB). This information relates to company law structures and other legal relationships.

CORPORATE GOVERNANCE DECLARATION

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

REMUNERATION REPORT

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

TAKEOVER-RELATED DISCLOSURES

The following details in accordance with Section 315 (4) HGB describe the situation as of December 31, 2016. 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, 2016 (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 AG as of December 31, 2016 (previous year: none). This corresponds to 0 percent (previous year: 0 percent) of the Company's share capital.

Restrictions on voting rights or on the transfer of shares

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

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

As of December 31, 2016, the Company was aware that Burda Digital GmbH, Munich, held around 50.26 percent (previous year: 50.26 percent) of XING AG's voting rights. The Company is not in possession of any further information or notifications in accordance with Sections 21 et seq. of the German Securities Trading Act (WpHG) concerning shareholders who directly and/or indirectly hold more than 10 percent of the capital and voting rights.

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

Any appointment and dismissal of members of the Executive Board is subject to Sections 84, 85 AktG as well as item 7 of the Articles of Incorporation as amended on June 2, 2016. In accordance with item 7 (1) of the Articles of Incorporation, the Executive Board consists of one or more persons. The Supervisory Board determines the number of members of the Executive Board. The Articles of Incorporation do not include any special rules for the appointment and dismissal of individual or all members of the Executive Board. Any such appointment or dismissal is the responsibility of the Supervisory Board.

Changes to the Articles of Incorporation are made in accordance with 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 5.5 and 18 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 Executive Board to issue and repurchase shares

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

Authorized and contingent capital

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

Authorization to purchase own shares

Pursuant to the resolution of the Annual General Meeting of May 23, 2014, and in view of the cancellation of the resolution of May 27, 2010, the Executive Board was authorized to purchase treasury shares as follows:

a) Authorization to purchase treasury shares

Until May 22, 2019, the Executive 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 €5,592,137.00 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 acquisition

The Executive 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 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 (excl. ancillary purchase costs) must not differ by more than 10 percent from the price of the Company's shares in Xetra trading (or an equivalent successor system) on the Frankfurt stock exchange determined on the market trading day by the opening auction.
- 2) If the shares are 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 in each case) must not differ by more than 10 percent from the average of the closing prices of the shares of the Company in Xetra trading (or an equivalent successor system) on the Frankfurt Stock Exchange during the five market trading days prior to the day of the public announcement

of the offer or the public invitation to submit offers to sell shares. If there are considerable changes to the relevant price after the publication of a public offer or after a public invitation to submit offers to sell the shares, the offer or the invitation to submit offers to sell the shares can be adjusted. In this case, the price will be based on the average of the prices of the Company's shares determined in the closing auction in Xetra trading (or an equivalent successor system) on the Frankfurt stock exchange during the five market trading days prior to the public announcement of any adjustment. The volume of the offer or the invitation to submit offers to sell shares can be limited. In the case of a public offer to purchase or a public invitation to submit offers to sell shares, if the volume of the tendered shares exceeds the planned repurchase volume, the acquisition can be carried out in proportion to the subscribed or tendered shares in each case; the right of shareholders to tender their shares in proportion to their ownership interests is disapplied to this extent. Preferential acceptance of low numbers of up to 100 tendered shares per shareholder and commercial rounding to avoid fractions of shares can be stipulated. Any further right to tender by the shareholders is hereby excluded. The public offer or the public 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 Executive 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 treasury shares can be issued in return for a non-cash contribution, in particular for the purpose of acquiring companies, parts of companies, equity interests in companies or other assets in connection with an acquisition project or in connection with business combinations.

- 3) The treasury shares may be used by the Executive Board for serving subscription rights relating to shares of the Company which have been granted or which will be granted to members of the Executive Board of the Company, selected senior executives, other key members of staff and employees of the company, as well as members of management, selected senior executives, other key members of staff and employees of enterprises which are affiliated with the Company in accordance with Section 15 AktG:
- within the framework of the stock option plan 2008, which was authorized to be issued by the Annual General Meeting of May 21, 2008, pursuant to the resolution regarding item 7 of the agenda, most recently modified by the resolution of the Annual General Meeting of May 28, 2009, to item 10 of the agenda, or
 - within the framework of the stock option plan 2010, which was authorized to be issued by the Annual General Meeting of May 27, 2010, pursuant to the resolution regarding item 8 of the agenda, or
 - as part of the share price-based shadow share program of XING AG dated November 29, 2012, and the long-term incentive program for Executive Board members of XING AG dated January 27, 2014, as long as the Company wishes to allocate to the beneficiaries shadow shares through shares according to this program.
- 4) Treasury shares may be used for serving options or conversion rights relating to shares of the Company. If treasury shares are to be transferred to members of the XING AG Executive Board, this authorization shall apply to the Supervisory Board.
- 5) The 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 Executive 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 AG Executive Board are beneficiaries, the Supervisory Board is responsible for selecting the beneficiaries and determining the volume of shares to be granted to them.
- 6) The treasury shares may be retired without such retirement or the performance of such action requiring a further resolution of the Annual General Meeting. They may also be retired in a simplified procedure without a capital reduction by adjusting the proportionate theoretical interest of the other no-par value shares in the Company's share capital. If the shares are retired using the simplified procedure, the Executive Board is authorized to adjust the number of shares in the Articles of Incorporation.

If members of the Company's Executive Board are beneficiaries in the above cases, the Supervisory Board shall decide on whether to use treasury shares to serve subscription rights.

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

The authorizations detailed under a) to c) 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 dependent enterprises or enterprises which are majority owned by the Company or by third parties acting for their account or for the account of the Company.

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

In the event of a change in control, XING AG grants the Executive 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 SSP or LTI), the total amount of which is subject to the severance cap as recommended by item 4.2.3 of the German Corporate Governance Code.

Further disclosures

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

LEGAL FACTORS

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

AUDITOR OF THE FINANCIAL STATEMENTS

Since the audit of the 2013 consolidated and annual financial statements, XING AG has been audited by PricewaterhouseCoopers GmbH (formerly PricewaterhouseCoopers AG), Hamburg branch office. The responsible engagement leader for the 2016 audit of the consolidated and annual financial statements is Niklas Wilke. He has held this position since 2015.

Executive Board report on relations with affiliated companies

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

Report on post-balance sheet date events

No further reportable events of significance for XING AG occurred after the reporting period.

Hamburg, March 21, 2017

The Executive Board

Dr. Thomas Vollmoeller

Alastair Bruce

Ingo Chu

Jens Pape

Timm Richter

CONSOLIDATED FINANCIAL STATEMENTS

for the financial year from January 1 to December 31, 2016

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Consolidated statement of comprehensive income of XING AG

for the financial year from January 1 to December 31, 2016

Consolidated statement of comprehensive income

In € thousand	Note no.	01/01/2016 – 12/31/2016	01/01/2015 – 12/31/2015
Service revenues	7	145,904	119,947
Other operating income	7	2,600	2,957
TOTAL OPERATING INCOME		148,504	122,904
Personnel expenses	8	-54,464	-45,329
Marketing expenses	9	-14,599	-13,668
Other operating expenses	10	-31,492	-27,278
EBITDA		47,949	36,629
Depreciation, amortization and impairment losses	14	-10,657	-10,029
EBIT		37,292	26,600
Share of profits and losses of equity-accounted investments	14	-2,706	0
Finance income	11	157	29
Finance costs	11	-430	-196
EBT		34,313	26,433
Taxes on income	12	-10,745	-8,795
CONSOLIDATED NET PROFIT		23,568	17,638
Earnings per share (basic)	13	4.19 €	3.15 €
Earnings per share (diluted)	13	4.19 €	3.15 €
CONSOLIDATED NET PROFIT		23,568	17,638
Currency translation differences		6	-12
OTHER COMPREHENSIVE INCOME		6	-12
CONSOLIDATED TOTAL COMPREHENSIVE INCOME		23,574	17,626

Consolidated statement of financial position of XING AG

as of December 31, 2016

Assets

In € thousand	Note no.	12/31/2016	12/31/2015
NON-CURRENT ASSETS			
Intangible assets			
Software and licenses	14	4,453	3,784
Internally generated software	14	30,975	19,855
Goodwill	14	13,143	8,228
Other intangible assets	14	2,188	1,930
Property, plant and equipment			
Leasehold improvements	14	513	411
Other equipment, operating and office equipment	14	5,585	4,570
Advance payments made and construction in progress	14	2,709	0
Financial assets			
Equity investments	14	1	51
Other financial assets	14	79	34
Prepaid expenses	14	372	0
Deferred tax assets	12	1,477	378
		61,495	39,241
CURRENT ASSETS			
Receivables and other assets			
Receivables from services	15	19,637	15,873
Income tax receivables	15	0	237
Other assets	15	2,672	3,547
Cash and short-term deposits			
Cash	15	83,428	78,034
Third-party cash	15	3,214	2,993
		108,951	100,684
		170,446	139,925

Equity and liabilities

In € thousand	Note no.	12/31/2016	12/31/2015
EQUITY			
Subscribed capital	16	5,620	5,620
Capital reserves	16	22,622	22,622
Other reserves	16	2,438	2,432
Net retained profits	16	39,182	29,834
		69,862	60,508
NON-CURRENT LIABILITIES			
Deferred tax liabilities	12	10,766	6,992
Deferred income	17	2,152	3,244
Other provisions	17	604	333
Other financial liabilities	17	3,220	1,304
Other liabilities	17	2,493	2,495
		19,235	14,368
CURRENT LIABILITIES			
Trade accounts payable	18	3,316	3,797
Deferred income	18	54,922	44,234
Other provisions	18	625	588
Other financial liabilities	18	2,037	435
Income tax liabilities	18	1,247	154
Other liabilities	18	19,202	15,841
		81,349	65,049
		170,446	139,925

Consolidated statement of cash flows of XING AG

for the financial year from January 1 to December 31, 2016

Consolidated statement of cash flows

In € thousand	01/01/2016– 12/31/2016	01/01/2015– 12/31/2015
Earnings before taxes	34,313	26,433
Amortization and write-downs of internally generated software	4,656	3,265
Depreciation, amortization and impairment losses on other fixed assets	6,001	6,764
Personnel expenses, stock option program	0	15
Interest income	-29	-29
Interest received	30	32
Interest expense	430	196
Share of profits and losses of equity-accounted investments	2,706	0
Taxes paid	-6,953	-7,697
Profit from disposal of fixed assets	-134	0
Change in receivables and other assets	-3,306	-4,788
Change in liabilities and other equity and liabilities ¹	3,083	1,999
Non-cash changes from changes in basis of consolidation	-228	-15
Change in deferred income	9,596	9,384
Elimination of XING Events GmbH third-party obligation	-221	255
CASH FLOWS FROM OPERATING ACTIVITIES	49,944	35,814
Payment for capitalization of internally generated software	-15,776	-10,616
Payment for purchase of software	-1,023	-1,791
Payments for purchase of other intangible assets	-920	-210
Proceeds from the disposal of fixed assets	184	0
Payments for purchase of property, plant and equipment	-6,869	-2,620
Payment for acquisition of consolidated companies (less funds acquired)	-3,148	-5,820
Payments for equity-accounted investments	-2,706	0
Payments for investments in other financial assets	0	-9
CASH FLOWS FROM INVESTING ACTIVITIES	-30,258	-21,066

¹ In 2015, the earn-out payment from the kununu transaction in the amount of €3,959 thousand was included. Without this effect, the cash flow from operations is €39,773 thousand.

Consolidated statement of cash flows

In € thousand	01/01/2016 – 12/31/2016	01/01/2015 – 12/31/2015
Proceeds from the exercise of options	0	3,148
Proceeds from the sale of treasury shares	0	1,457
Payment of regular dividend	-5,789	-5,145
Payment of special dividend	-8,431	0
Interest paid	-78	-113
CASH FLOWS FROM FINANCING ACTIVITIES	-14,298	-653
Currency translation differences	6	-12
Net change in funds	5,394	14,083
Own funds at the beginning of the period	78,034	63,951
OWN FUNDS AT THE END OF THE PERIOD ¹	83,428	78,034
Third-party funds at the beginning of period	2,993	3,248
Change in third-party cash and cash equivalents	221	-255
THIRD-PARTY FUNDS AT THE END OF THE PERIOD	3,214	2,993

¹ Funds consist of liquid funds

Consolidated statement of changes in equity of XING AG

for the financial year from January 1 to December 31, 2016

Consolidated statement of changes in equity of XING AG

In € thousand	Subscribed capital	Capital reserves	Treasury shares	Other reserves	Net retained profits	Equity Total
AS OF 01/01/2015	5,592	18,479	-434	2,429	17,341	43,407
Currency translation and other income and expenses for the period recognized directly in equity	0	0	0	-12	0	-12
Consolidated net profit	0	0	0	0	17,638	17,638
Consolidated total comprehensive income	0	0	0	-12	17,638	17,626
Capital increase from share-based payment	28	3,120	0	0	0	3,148
Sale of treasury shares	0	1,023	434	0	0	1,457
Dividend for 2014	0	0	0	0	-5,145	-5,145
Personnel expenses, stock option program	0	0	0	15	0	15
AS OF 12/31/2015	5,620	22,622	0	2,432	29,834	60,508
AS OF 01/01/2016	5,620	22,622	0	2,432	29,834	60,508
Currency translation and other income and expenses for the period recognized directly in equity	0	0	0	6	0	6
Consolidated net profit	0	0	0	0	23,568	23,568
Consolidated total comprehensive income	0	0	0	6	23,568	23,574
Dividend for 2015	0	0	0	0	-14,220	-14,220
AS OF 12/31/2016	5,620	22,622	0	2,438	39,182	69,862

Notes to the consolidated financial statements

for the financial year from January 1 to December 31, 2016

(A) Principles and methods

1. Information on the Company

The registered offices of XING AG are located at Dammtorstrasse 30, 20354 Hamburg, Germany; the company is registered at the Amtsgericht (local court) Hamburg under HRB 98807. The parent company of XING AG is Burda Digital GmbH, Munich, and the ultimate parent company of XING AG since December 18, 2012 has been Hubert Burda Media Holding Kommanditgesellschaft, Offenburg, Germany. The next 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 AG for the period ending December 31, 2016 are approved for publication by the Executive Board on March 21, 2017, 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 AG (referred to hereinafter as "XING", "XING AG" or "the Company") have been prepared in accordance with the International Financial Reporting Standards (IFRSs) as published by the International Accounting Standards Board (IASB) and the additional provisions of commercial law stipulated by Section 315a (1) HGB. Due consideration has been given to all IFRSs and IFRICs which were adopted by the EU Commission as of December 31, 2016 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.

ACCOUNTING STANDARDS TO BE APPLIED FOR THE FIRST TIME IN FINANCIAL YEAR 2016

The following accounting standards had to be applied for the first time in financial year 2016:

- Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities: Application of the Exception to Consolidation
- Amendments to IAS 27: Equity Method in Separate Financial Statements
- Amendments to IAS 19: Defined Benefit Plans: Employee Contributions
- Amendments to IAS 1: Disclosure Initiative
- Annual Improvements 2010–2012 and 2012–2014
- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortization
- Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations
- Amendments to IAS 16 and IAS 41: Bearer Plants

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

STANDARDS ISSUED BUT NOT YET EFFECTIVE:

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

IFRS 9 Financial Instruments

IFRS 9, which was issued in July 2014 and adopted by the EU on November 22, 2016, replaces the existing guidelines in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 contains revised guidance on the classification and measurement of financial instruments, including a new expected-loss impairment model for financial assets as well as new general hedge accounting guidelines. It also carries over the IAS 39 requirements for recognizing and derecognizing financial instruments. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, although early application is permitted. The Group is currently reviewing which effects this has on the Company's consolidated financial statements. Reliable quantitative information is not yet available. Earlier application is not planned.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 sets up a comprehensive framework for determining whether, when, and in what amount revenue should be recognized. This standard also provides specified guidance on accounting for contract costs. It replaces existing guidelines for recognizing revenue, including IAS 18 Revenue, IAS 11 Construction Contracts, and IFRIC 13 Customer Loyalty Programmes. IFRS 15 was adopted by the EU Commission on November 22, 2016, and is effective as of the first reporting period in a financial year beginning on or after January 1, 2018, although early application is permitted. Currently, the Group expects changes in the statement of financial position (for example, a separate item for contract assets) and additional quantitative and qualitative notes disclosures. Other effects on the consolidated financial statements are being reviewed at this time. Based on current knowledge, we expect the application of IFRS 15 to affect revenues and earnings, as it revises the requirements regarding the recognition of revenue and sales commissions. Reliable quantitative information is not yet available. Earlier application is not planned.

IFRS 16 Leases

IFRS 16 governs the accounting for leases and the related contractual rights and obligations. In the future, lessees will no longer make a distinction between finance and operating leases as they have been required to do thus far under IAS 17. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, although early application is permitted if IFRS 15 is also applied. EU endorsement is still pending. IFRS 16 will increase total assets because the Group as a lessee will be required to recognize assets for lease agreements and lease liabilities, primarily rental agreements. The recognition of rights of use and lease liabilities results in additional depreciation and interest expense while reducing operating expenses, since lease expenses will be reported in depreciation, amortization and impairment losses and interest expense. Currently, the Group is assessing the effects on the consolidated financial statements of applying IFRS 16. Reliable quantitative information is not yet available.

The Group does not anticipate any material impact from the future application of other amendments not yet endorsed by the EU to a number of standards (Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealized Losses; Amendments to IAS 7: Disclosure Initiative; Clarifications to IFRS 15: Revenue from Contracts with Customers; Amendments to IFRS 2: Clarifications of Classification and Measurement of Share Based Payment Transactions; Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture).

3. Basis of consolidation and business combinations

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

No. Entity	Equity interest 12/31/2016 %	Equity interest 12/31/2015 %	Held by	Initial consolidation
1 XING AG (parent), Hamburg				
2 XING International Holding GmbH, Hamburg	100	100	1	2007
3 XING Networking Spain S.L., Barcelona, Spain	100	100	2	2007
4 XING Switzerland GmbH, Zurich, Switzerland (formerly: Sarnen, Switzerland)	100	100	2	2008
5 XING E-Recruiting Switzerland AG (formerly: BuddyBroker AG), Zurich, Switzerland	100	—	2	2016
6 Eqipia GmbH, Zug, Switzerland	100	—	5	2016
7 XING E-Recruiting GmbH & Co. KG, Hamburg ¹	100	100	1	2015
8 XING E-Recruiting GmbH, Vienna, Austria	100	100	7	2015
9 kununu GmbH, Vienna, Austria	100	100	1	2013
10 XING S.à r.l, Luxembourg, Luxembourg	100	100	1	2014
11 Grupo Galenicom Tecnologías de la Información, S.L., Barcelona, Spain	100	100	1	2007
12 XING Marketing Solutions GmbH (formerly: XING Purple GmbH), Hamburg ²	100	—	1	2016
13 XING News GmbH, Hamburg	100	—	1	2016
14 XING Events GmbH, Hamburg ²	100	100	1	2011
15 amianto UK Ltd., Birmingham, United Kingdom	100	100	14	2011
16 XING Students Consulting GmbH, Hamburg	100	—	14	2016
17 kununu US LLC, Boston, USA ³	50	—	9	2016

¹ XING AG 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 The entity is a joint venture as defined by IFRS 11 and is accounted for using the equity method in accordance with IAS 28.

ACQUISITION OF BUDDYBROKER AG, ZURICH / SWITZERLAND

On April 14, 2016, XING AG acquired all of the shares of BuddyBroker AG, Zurich / Switzerland, and Eqipia GmbH, Zug / Switzerland (hereafter: BuddyBroker). Among others, BuddyBroker operates eqipia, the leading program for employee referrals in Switzerland. This product enables us to offer a referral manager to all of our customers in the D-A-CH region, which makes us the first professional network to offer such a product. In accordance with IFRSs, the

purchase comprises cash price in the equivalent of €2.7 million for 100 percent of the shares, which becomes due immediately, and an earn-out component (up to CHF 4.8 million), which is based on certain assurances and revenue figures. The fair value of this contingent purchase price component is estimated at €3.7 million. Most of the contingent purchase price will become due in 2019. The Austrian company was consolidated for the first time on the date on which ownership of the interests was transferred, i.e. April 14, 2016.

In connection with the business combination, transaction costs amounting to €225 thousand were incurred and reported in the income statement under other operating expenses and in cash flows from operating activities in the statement of cash flows.

The acquired assets and liabilities have the following fair values as of the date of initial consolidation:

Acquisition of BuddyBroker AG

In € thousand	04/14/2016
Purchased software	1,940
Property, plant and equipment	9
Deferred income tax assets	145
Non-current assets	2,094
Trade accounts receivable	40
Other assets	17
Current assets	57
Deferred income tax liabilities	358
Non-current liabilities and provisions	358
Trade accounts payable	24
Deferred income	76
Other liabilities	187
Current liabilities and provisions	287
Net assets	1,506
Purchase price pursuant to IFRS 3	6,420
Goodwill	4,914

The purchase price allocation results in goodwill of €4,914 thousand, which was allocated to the B2B E-Recruiting segment. Since its initial consolidation, BuddyBroker has contributed €78 thousand to revenues and €-534 thousand to EBITDA. Had BuddyBroker been included fully in the consolidated financial statements as of January 1, 2016, it would have contributed €120 thousand to revenues and €-787 thousand to EBITDA. The goodwill results primarily from synergies based on the integration of the technology into the XING platform. The reported goodwill is not tax-deductible.

JOINT VENTURE WITH MONSTER WORLDWIDE INC.

kununu GmbH, Vienna / Austria, which is wholly owned by XING AG, formed the joint venture kununu US LLC, Boston / USA, with Monster Worldwide Inc., Weston / USA, a leading job platform, to expand the employer branding business. The aim is to bring increased employer transparency to the US labor market. For the US service, kununu's expertise in the fields of employer rating and employer branding will be enhanced by the market knowledge, marketing expertise and market penetration offered by Monster.

The joint venture was included in the consolidated financial statements according to the equity method for the first time in the financial year. Please refer to the "Financial assets" section for additional information.

4. Material judgments and estimates

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

Material estimates and assumptions were made particularly in connection with the following accounting policies: impairment of goodwill, capitalization of development costs for software and with regard to the settlement value for conditional purchase price obligations. 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.

5. 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.

6. Significant accounting policies

STATEMENT OF COMPREHENSIVE INCOME

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

Revenue is measured at the fair value of the consideration received or receivable. In the case of barter transactions, revenue is measured by reference to a similar transaction that meets the criteria set out in SIC-31.

Other comprehensive income comprises only items that can be reclassified to profit or loss in subsequent reporting periods.

STATEMENT OF FINANCIAL POSITION

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.

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. 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 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.

FINANCIAL ASSETS AND LIABILITIES

XING's financial assets principally comprise cash and cash equivalents as well as trade accounts receivable. 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.

Equity investments and financial instruments in the categories "Loans and receivables" and "Other liabilities" are measured at amortized cost (taking into account the effective interest method, if applicable). Impairments are recognized in profit or loss. Trade accounts receivable are recognized with the original invoice amount less allowances for amounts that are irrecoverable or no longer completely recoverable. Allowances are recognized if there are objective indications that a receivable is no longer recoverable or completely recoverable.

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.

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 were cash-settled in the reporting year. 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.

LEASES

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

(B) Segment reporting

REPORTABLE SEGMENTS

Since January 2016, we have reported on four segments (B2C, B2B E-Recruiting, B2B Advertising & Events, (kununu) International).

Overview of business units / reporting segments

Business unit	Platform / Content	Premium Network	Pro Work	kununu D-A-CH	New B2C	E-Recruiting	Advertising	Events	kununu International
Reporting segment	B2C					B2B E-Recruiting	B2B Advertising & Events		kununu International

The B2C reporting segment includes the Platform / Content, Premium Network, Pro Work, kununu DACH and New B2C business units. They serve XING members who use XING.com, XING Jobs (formerly E-Recruiting) and kununu.com (formerly E-Recruiting) 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). New B2C activities are also included here (e.g. Pro Coach).

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 Advertising & Events segment comprises the Advertising (formerly Network / Premium) and Events business units. They serve advertising and events clients. This service is monetized via advertising income and ticketing.

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 segments.

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 figures for the prior-year period have been reconciled with the new structure applicable to the reporting period. The segment revenues and results for the period under review are shown in the following tables:

Revenues by geographical region are distributed as follows:

In € thousand	01/01/2016 – 12/31/2016	01/01/2015 – 12/31/2015
D-A-CH	138,931	114,651
International	6,973	5,296
	145,904	119,947

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.

In € thousand	B2C		B2B E-Recruiting		B2B Advertising & Events		(kununu) International		Consolidation of intersegment revenues / expenses		Total segments	
	01/01/– 12/31/ 2016	01/01/– 12/31/ 2015	01/01/– 12/31/ 2016	01/01/– 12/31/ 2015	01/01/– 12/31/ 2016	01/01/– 12/31/ 2015	01/01/– 12/31/ 2016	01/01/– 12/31/ 2015	01/01/– 12/31/ 2016	01/01/– 12/31/ 2015	01/01/– 12/31/ 2016	01/01/– 12/31/ 2015
Revenues (from third parties)	77,230	67,939	54,413	40,784	12,909	11,237	1,352	0	0	0	145,904	119,947
Intragroup revenues	0	–	–	0	541	649	–	–	–541	–649	0	0
Total revenues	77,230	67,939	54,413	40,784	13,450	11,886	1,352	0	–541	–649	145,904	119,947
Intragroup segment expenses	–541	–649	0	0	0	0	0	0	541	649	0	0
Other segment expenses	–36,799	–28,922	–18,778	–15,856	–10,544	–9,534	–1,486	0	0	0	–67,607	–54,312
Segment operating result	39,890	38,368	35,635	24,927	2,906	2,352	–134	0	0	0	78,297	65,647
Other operating income / expenses											–30,348	–29,018
EBITDA											47,949	36,629

(C) Consolidated statement of comprehensive income disclosures

7. Total operating income

In financial year 2016, total operating income was €148,504 thousand (previous year: €122,904 thousand).

In financial year 2016, revenues amounted to €145,904 thousand (previous year: €119,947 thousand). The breakdown of revenues and the corresponding development according to business units and regions are shown in segment reporting. Revenues include €754 thousand (previous year: €1,544 thousand) in revenue from barter deals.

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

In € thousand	01/01/2016– 12/31/2016	01/01/2015– 12/31/2015
Income from non-cash benefits	690	554
Earnings from returned bank transfers and dunning fees	451	355
Income from receivables written off	402	57
Income from deferred investment grants	176	169
Income from currency translation	92	939
Prior-period income	67	358
Other	722	525
	2,600	2,957

Prior-period income mainly includes benefit entitlements expired through lapse of time.

8. Personnel expenses

The following table breaks down the personnel expenses:

In € thousand	01/01/2016– 12/31/2016	01/01/2015– 12/31/2015
Salaries and other types of remuneration	44,315	37,254
Social security contributions (employer portion)	8,790	6,933
Pension costs (defined-contribution plan)	511	451
Termination benefits	354	410
Provisions for vacation	179	5
Stock option plan (carried out using equity instruments)	0	15
Other	315	261
	54,464	45,329

Personnel expenses rose from €45,329 thousand by €9,135 thousand to €54,464 thousand (+ 20 percent). The increase in expenses is due mainly to the higher number of people employed by the Group.

9. Marketing expenses

Marketing expenses are broken down as follows:

In € thousand	01/01/2016 – 12/31/2016	01/01/2015 – 12/31/2015
Marketing costs	13,413	11,967
Events	728	616
Sales commission	459	1,085
	14,599	13,668

Marketing costs include, in particular, costs of online advertising, traditional display advertising, TV advertising as well as costs of customer acquisition.

10. Other operating expenses

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

In € thousand	01/01/2016 – 12/31/2016	01/01/2015 – 12/31/2015
IT and business administration services	10,608	8,870
Occupancy expenses	5,296	4,369
Server hosting, administration and traffic	2,685	2,247
Travel, entertainment and other business expenses	2,481	2,088
Payment transaction costs	1,970	2,054
Other personnel expenses	1,894	1,571
Legal consulting fees	1,099	782
Bad debts	1,046	1,288
Training costs	967	751
Accounting fees	552	464
Telephone / cell phone / postage / courier	550	486
Financial statements preparation and auditing costs	380	382
Rents / leases	355	290
Supervisory Board remuneration	306	285
Office supplies	296	330
Currency translation expenses	73	148
Other	934	873
	31,492	27,278

The other expenses mainly comprise expenses attributable to prior periods, costs of contributions, other charges and insurance costs.

11. Finance income and finance costs

The financial result can be broken down as follows:

In € thousand	01/01/2016– 12/31/2016	01/01/2015– 12/31/2015
Finance income	157	29
Finance costs	-430	-196
	-273	-167

The non-cash unwinding of discounts on provisions and liabilities triggered finance costs of €352 thousand (previous year: €83 thousand).

12. Income taxes

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

In € thousand	01/01/2016– 12/31/2016	01/01/2015– 12/31/2015
Corporation tax (including solidarity surcharge)	4,935	3,778
Trade tax	3,347	2,786
Deferred taxes	2,463	2,231
	10,745	8,795

An amount of €1,796 thousand (previous year: €1,165 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	01/01/2016– 12/31/2016	01/01/2015– 12/31/2015
Deferral of rental expenses and investment grants	39	85
Recognition / amortization of internally developed software	3,590	2,350
Correction of figure for internally developed software shown for tax purposes		
Amortization of the brand / domain	0	-65
Correction of figure for brand / domain shown for tax purposes		
Amortization of customer relations	-72	-152
Correction of figure shown for tax purposes Customer relations		
Amortization of acquired technology	-145	0
Correction of figure for goodwill shown for tax purposes		
Recognition of tax losses carried forward	-987	0
Temporary differences in fixed assets	87	87
Correction of figure for fixed assets shown for tax purposes		
Other	-49	-74
	2,463	2,231

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

In € thousand	01/01/2016– 12/31/2016	01/01/2015– 12/31/2015
Earnings before taxes (EBT)	34,313	26,433
Expected tax result	11,076	8,533
Tax effects attributable to		
different foreign tax rates	-494	-339
Tax-free income from the sale of equity investments	-41	0
Effects from tax losses carried forward	-183	0
Taxes, previous years	0	127
Expenses not deductible for tax purposes	387	474
ACTUAL TAX RESULT	10,745	8,795

The theoretical tax rate is determined as follows:

In %	12/31/2016	12/31/2015
Corporation tax including solidarity surcharge (effective)	15.83	15.83
Trade tax rate	16.45	16.45
AVERAGE TAX RATE	32.28	32.28

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

In € thousand	12/31/2016	12/31/2015
Intangible assets		
Software and licenses	-453	-145
Internally developed software	-9,999	-6,409
Brands / domain	0	-53
Customer relations	-216	-453
Deferred rental expenses and investment grants	127	142
Loss carryforwards	1,194	0
Temporary differences in fixed assets	94	179
Other	-36	125
	-9,289	-6,614

The purchase price allocation in connection with the acquisition of BuddyBroker AG, Zurich / Switzerland, took into account deferred tax assets of €145 thousand and deferred tax liabilities of €358 thousand.

The deferred tax assets (€1,477 thousand, previous year: €378 thousand) and deferred tax liabilities (€10,766 thousand, previous year: €6,992 thousand) were not offset because the criteria in IAS 12.71 were not satisfied.

13. Earnings per share

Earnings per share are broken down as follows:

	12/31/2016	12/31/2015
Consolidated profit or loss attributable to the shareholders of XING AG in € thousand	23,568	17,638
Weighted average number of issued shares (basic and diluted)	5,620,435	5,604,441
Consolidated earnings per share attributable to the shareholders of XING AG		
Basic	€4.19	€3.15
Diluted	€4.19	€3.15

(D) Consolidated statement of financial position disclosures

14. 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 €15,776 thousand (previous year: €10,489 thousand) was capitalized as internally generated intangible assets in financial year 2016 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 content products (XING News, XING Klartext), XING Jobs and other new products. Amortization and impairments of internally generated software include impairment losses of €680 thousand (previous year: €555 thousand). As was the case in the previous year, no reversals of impairment losses charged on internally generated software were recognized. Amortization and impairments of software and licenses in the previous year included impairment losses of €417 thousand.

No impairment losses had to be recognized on other intangible assets in the reporting year (previous year: €104 thousand).

At the beginning of financial year 2016, the useful life of the XING platform was fixed at a further five years until December 31, 2020. As of the previous year's reporting date, the useful life was assumed to run until December 31, 2019. As a result, amortizations in the 2016 financial year were €933 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, 2016. Modules that are no longer active are written down for impairment by regularly reviewing the platform modules that have been activated.

The development costs recognized in profit or loss amounted to €36,148 thousand (previous year: €22,695 thousand); of this figure, personnel expenses accounted for €33,899 thousand (previous year: €21,936 thousand).

Mandatory annual impairment testing was performed as of the end of the 2016 financial year.

Goodwill from the acquisition of kununu GmbH in the amount of €2.2 million and from the acquisition of 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 BuddyBroker AG totaling €4.9 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 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	12/31/2016	12/31/2015
Discount rate	7.9%	8.8%
Sustainable growth rate	2.0%	2.0%

The discount rate is an after-tax figure and 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 the E-Recruiting cash-generating unit, the Executive 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.

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.

FINANCIAL ASSETS

In the year under review, kununu US LLC, Boston, USA, a joint venture, was included in the consolidated financial statements for the first time and accounted for using the equity method. XING contributed €2,706 thousand (US\$3,000 thousand) to the joint venture, which corresponds to the acquisition cost of the equity investment. The equity interest in kununu USA is the only material 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	2016
Share	50%
Formation of the joint venture	Feb. 02, 2016
Cost	2,706
Share of earnings in the reporting year	-2,706
CARRYING AMOUNT AS OF 12/31/2016	0

The unrecognized losses of the joint venture amount to €318 thousand for the reporting period and cumulatively.

The following table shows the combined financial information as of the reporting date:

kununu US, LLC, Boston, USA

Summarized financial information	
In € thousand ¹	12/31/2016
Revenues	33
Earnings	-6,049
Other comprehensive income	—
TOTAL COMPREHENSIVE INCOME (100 PERCENT)	-6,049
Non-current assets	54
Current assets	3,275
Non-current liabilities	—
Current liabilities	4,004
EQUITY (100 PERCENT)	-675

¹ Statement of financial position translated at closing rate, earnings translated at average exchange rate

As of the reporting date, the other financial assets include the equity interest in altruja GmbH (€1 thousand; previous year: €1 thousand). The equity interest in Win Local (previous year: €50 thousand) was sold in the financial year. Moreover, rent deposits of €56 thousand are also included in other financial assets.

As was the case last year, the non-current assets (excluding deferred tax assets) of €60,018 thousand (previous year: €38,863 thousand) are attributable exclusively to the D-A-CH region.

PREPAID EXPENSES

Prepaid expenses mainly include prepayments for software maintenance and licenses.

The following table (figures in € thousand) shows the changes in fixed assets:

Consolidated statement of changes in fixed assets

as of December 31, 2016

Consolidated statement of changes in fixed assets

In € thousand	Cost				12/31/2016
	01/01/2016	Additions	Change triggered by acquisitions	Disposals	
1. INTANGIBLE ASSETS					
1. Software and licenses	18,084	1,023	1,940	-1	21,046
2. Internally generated software	40,852	15,776	0	0	56,628
3. Goodwill	23,064	0	4,914	0	27,978
4. Other intangible assets	13,369	921	0	0	14,290
	95,369	17,720	6,854	-1	119,942
2. PROPERTY, PLANT AND EQUIPMENT					
1. Leasehold improvements	1,407	544	0	0	1,951
2. Other equipment, operating and office equipment	18,460	3,627	9	-155	21,941
3. Advance payments made and construction in progress	0	2,709	0	0	2,709
	19,867	6,880	9	-155	26,601
3. FINANCIAL ASSETS					
1. Equity investments	251	0	0	-50	201
2. Other financial assets	34	45	0	0	79
	285	45	0	-50	280
TOTAL	115,521	24,645	6,863	-206	146,823

Consolidated statement of changes in fixed assets

In € thousand	Cost				12/31/2015
	01/01/2015	Additions	Change triggered by acquisitions	Disposals	
1. INTANGIBLE ASSETS					
1. Software and licenses	15,367	2,103	1,128	-514	18,084
2. Internally generated software	30,363	10,489	0	0	40,852
3. Goodwill	17,005	0	6,059	0	23,064
4. Other intangible assets	12,497	210	662	0	13,369
	75,232	12,802	7,849	-514	95,369
2. PROPERTY, PLANT AND EQUIPMENT					
1. Leasehold improvements	1,331	76	0	0	1,407
2. Other equipment, operating and office equipment	16,565	2,559	13	-677	18,460
	17,896	2,635	13	-677	19,867
3. FINANCIAL ASSETS					
1. Equity investments	251	0	0	0	251
2. Other financial assets	25	9	0	0	34
	276	9	0	0	285
TOTAL	93,404	15,446	7,862	-1,191	115,521

Depreciation, amortization and impairment losses			Carrying amounts		
01/01/2016	Additions	Disposals	12/31/2016	12/31/2016	12/31/2015
-14,300	-2,294	1	-16,593	4,453	3,784
-20,997	-4,656	0	-25,653	30,975	19,855
-14,836	0	1	-14,835	13,143	8,228
-11,439	-663	0	-12,102	2,188	1,930
-61,572	-7,613	2	-69,183	50,759	33,797
-996	-442	0	-1,438	513	411
-13,890	-2,602	136	-16,356	5,585	4,570
0	0	0	0	2,709	0
-14,886	-3,044	136	-17,794	8,807	4,981
-200	0	0	-200	1	51
0	0	0	0	79	34
-200	0	0	-200	80	85
-76,658	-10,657	138	-87,177	59,646	38,863

Depreciation, amortization and impairment losses			Carrying amounts		
01/01/2015	Additions	Disposals	12/31/2015	12/31/2015	12/31/2014
-11,722	-2,878	300	-14,300	3,784	3,645
-17,732	-3,265	0	-20,997	19,855	12,631
-14,836	0	0	-14,836	8,228	2,169
-10,329	-1,110	0	-11,439	1,930	2,168
-54,619	-7,253	300	-61,572	33,797	20,613
-889	-107	0	-996	411	442
-11,878	-2,669	657	-13,890	4,570	4,687
-12,767	-2,776	657	-14,886	4,981	5,129
-200	0	0	-200	51	51
0	0	0	0	34	25
-200	0	0	-200	85	76
-67,586	-10,029	957	-76,658	38,863	25,818

15. Current assets

As was the case in the previous year, receivables arising from XING services recognized as of December 31, 2016, were due within one year.

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

In € thousand	12/31/2016	12/31/2015
Total amount of receivables from services	20,955	16,935
Allowances on receivables	-1,318	-1,062
RECEIVABLES FROM SERVICES	19,637	15,873

Receivables from services of €1,827 thousand are more than 60 days past due as of December 31, 2016. Impairments of €256 thousand were added in financial year 2016 (previous year: €599 thousand). Income from derecognized receivables of €407 thousand (previous year: €57 thousand) was generated.

The following table shows the composition of other assets:

In € thousand	12/31/2016	12/31/2015
Deferred cost	1,099	1,446
Receivables due from credit card companies	825	1,062
Advances paid	147	49
Receivables due from personnel	5	13
Deferred interest	0	3
Other assets	596	974
	2,672	3,547

Cash and short-term deposits as of the reporting date consisted of bank balances of €86,626 thousand (previous year: €81,018 thousand) and cash-in-hand of €16 thousand (previous year: €9 thousand). Bank balances include a figure of €3,214 thousand (previous year: €2,993 thousand) relating to third-party cash held by XING Events GmbH.

16. Equity

SUBSCRIBED CAPITAL

The share capital amounted to €5,620,435 as of December 31, 2016 (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.

AUTHORIZED CAPITAL 2011

The Contingent Capital 2011 resolved by the Annual General Meeting on May 26, 2011 was revoked by the Annual General Meeting on June 3, 2015.

AUTHORIZED CAPITAL 2015

Pursuant to the resolution of the Annual General Meeting of June 3, 2015, the Executive Board has been authorized, with the approval of the Supervisory Board, to increase the share capital of the Company by up to €2,796,068.00 by June 2, 2020, 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 2015). 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 Executive Board on condition that they are offered to the shareholders (indirect pre-emptive right). The Executive 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. The number of shares issued in this way with the exclusion of subscription rights 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.
- 4) 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 with the exclusion of subscription 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 proportionate amount of the share capital accounted for by shares which based on this authorization are issued dis-applying the pre-emptive rights of shareholders in return for cash or non-cash contributions must not exceed 20 percent of the share capital of the Company which existed at the time at which the authorization becomes effective.

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

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

CONTINGENT CAPITAL I 2006, CONTINGENT CAPITAL 2008, CONTINGENT CAPITAL 2009, CONTINGENT CAPITAL 2010 AND CONTINGENT CAPITAL 2012

The Contingent Capital I 2006 resolved by the Annual General Meeting on November 3, 2006, the Contingent Capital 2009 resolved on May 28, 2009, and the Contingent Capital 2012 resolved on June 14, 2012 were revoked by the Annual General Meeting on May 23, 2014.

The Contingent Capital 2008 resolved by the Annual General Meeting on May 21, 2008 and the Contingent Capital 2010 resolved on May 27, 2010 were revoked by the Annual General Meeting on June 2, 2016.

CONTINGENT CAPITAL 2014

The share capital of the Company has been increased by up to €1,118,427.00 out of contingent capital by issuing up to 1,118,427 new no-par-value registered shares (Contingent Capital 2014). The contingent capital increase serves to issue shares to the holders of convertible bonds and/or option bonds issued under the authorization adopted by the Annual General Meeting of May 23, 2014. 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 new shares will be issued at the conversion and option price to be determined in accordance with the above authorization. The contingent capital increase will only be carried out to the extent that conversion or option rights under bonds are exercised or conversion or option obligations arising from such bonds are fulfilled and if no other forms of fulfillment are used for serving purposes. The Executive Board is authorized, with the approval of the Supervisory Board, to fix the further details for carrying out the contingent capital increase. As of December 31, 2015, no shares have been issued out of Contingent Capital 2015.

As of December 31, 2016, 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 carried out in previous years minus the ancillary costs of procuring equity and the premium from the issue of new shares in connection with employee stock option plans and from the sale of treasury shares.

Other reserves

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

Other

Under German stock corporation law, the dividend eligible for distribution to shareholders is based on the net retained profits which XING AG disclosed in its annual financial statements prepared in accordance with the regulations of the German Commercial Code. In financial year 2016, XING AG distributed a total amount of €14,220 thousand (€2.53 per share), consisting of a base dividend of €5,789 thousand (€1.03 per share) and a special dividend of €8,431 thousand (€1.50 per share). The remaining net retained profits of €471 thousand were carried forward to new account. In the previous year, a dividend of €5,144 thousand (€0.92 per share) out of the net retained profits of the previous year was distributed to the shareholders.

The Executive Board and the Supervisory Board propose that a dividend of €1.37 is to be paid out of the net retained profits of XING AG for financial year 2016. This corresponds to an anticipated total payment of approx. €7.7 million. In addition, a special dividend of €1.60 per share is to be paid. This will involve payment of an additional €9.0 million, which results in an expected total dividend payout of €16.9 million (€2.97 per share). The liquid funds of €83.4 million as of the end of 2016 and XING's cash-generative business model enable the Company to pay dividend regularly without changing its business strategy, which is aimed at achieving growth.

Payment of this dividend depends on the approval of the Annual General Meeting on May 16, 2017.

17. Non-current liabilities

The main portion of the non-current deferred income relates to member subscriptions for future periods in our B2C business and products in the E-Recruiting segment with a remaining term of more than one year at the reporting date in the amount of €2,152 thousand (previous year: €3,244 thousand). The Company also recognized other non-current financial liabilities of €3,220 thousand (previous year: €1,304 thousand) that represent contingent purchase price payments.

Non-current provisions mainly concern provisions for amortization and impairments of software and licenses include restoration obligations of €591 thousand (previous year: €320 thousand). The change results in particular from space newly rented in the reporting year.

Other non-current liabilities of €2,493 thousand (previous year: €2,495 thousand) mainly include obligations arising from employee remuneration and accrued rental expenses.

18. Current liabilities

Corporation tax liabilities and trade tax liabilities of €1,247 thousand (previous year: €154 thousand) were reported as of December 31, 2016.

As was the case in the previous year, all trade accounts payable recognized as of the reference date December 31, 2016 were due within one year (€3,316 thousand; previous year: €3,797 thousand). The trade accounts payable are not interest-bearing, and are generally due within 10 to 30 days.

At €54,922 thousand (previous year: €44,234 thousand), the main portion of deferred income relates to membership subscriptions in our B2C business and products of the E-Recruiting segment for future periods with a remaining term of less than twelve months.

Financial liabilities of €2,037 thousand (previous year: €435 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	12/31/2016	12/31/2015
Liabilities from personnel expenses	6,820	4,146
Liabilities of XING Events due to event organizers	3,989	4,010
VAT liabilities	1,753	2,445
Liabilities for Supervisory Board remuneration	306	285
Miscellaneous liabilities	6,334	4,955
OTHER CURRENT LIABILITIES	19,202	15,841

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.

The other current provisions are broken down as follows:

In € thousand	12/31/2015	Use	Reversal	Addition	12/31/2016
Personnel expenses	250	250	0	178	178
Financial statements preparation and auditing costs	236	203	0	252	285
Legal and consulting costs	102	75	27	162	162
	588	528	27	592	625

(E) Other disclosures

ADDITIONAL INFORMATION ON THE CONSOLIDATED STATEMENT OF CASH FLOWS

As of December 31, 2016, funds consist exclusively liquid funds of €86,642 thousand (previous year: €81,027 thousand), and comprise own funds of €83,428 thousand (previous year: €78,034 thousand) and third-party cash of €3,214 thousand (prior year: €2,993 thousand). Third-party cash funds comprise cash in connection with obligations from the Events segment. Funds consist mainly of bank balances.

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 and staff apartments. The agreements have an average term of between three and five years, and there is an option for them to be extended.

Future minimum lease payments existing as of December 31, 2016, in accordance with the operating leases which cannot be terminated, are shown in the following table:

In € thousand	12/31/2016	12/31/2015
In the following year	3,788	3,422
Within two to five years	11,290	6,154
More than five years	0	176
	15,078	9,752

The Group recognized lease payments of €4,995 thousand (previous year: €3,516 thousand) in profit or loss.

PRINCIPLES OF FINANCIAL RISK MANAGEMENT

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

CAPITAL RISK MANAGEMENT AND NET DEBT

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

As of December 31, 2016, equity amounted to €60,508 thousand (previous year: €60,508 thousand) and is comprised as follows:

In € thousand	12/31/2016	12/31/2015
Subscribed capital	5,620	5,620
Capital reserves	22,622	22,622
Other reserves	2,438	2,432
Net retained profits	39,182	29,834
	69,862	60,508

The equity ratio is 41.0 percent (previous year: 43.2 percent). The following table shows that as of the reporting date the cash and short-term deposits of the Group were slightly lower (previous year: higher) than liabilities:

In € thousand	12/31/2016	12/31/2015
Non-current liabilities	-19,235	-14,368
Current liabilities	-81,349	-65,049
Cash and short-term deposits	86,642	81,027
CASH DEFICIT (PREVIOUS YEAR: SURPLUS)	-13,942	1,610

Current and non-current liabilities include deferred income or deferred grants totaling €57,074 thousand (previous year: €47,478 thousand) that do not directly lead to an outflow of cash.

CLASSES OF FINANCIAL INSTRUMENTS

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

In € thousand	12/31/2016	12/31/2015
FINANCIAL ASSETS		
Non-current receivables	79	85
Current receivables from services	19,637	15,873
Cash and short-term deposits	86,642	81,027
FINANCIAL LIABILITIES		
Current trade accounts payable	3,316	3,797
Other non-current liabilities	3,220	1,304
Other current liabilities	2,037	435

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

Other financial liabilities result from earn-out obligations in connection with acquisitions. These relate mainly to the purchase of BuddyBroker AG in the amount of €3,953 thousand. Miscellaneous other current liabilities relate to the acquisition of Intelligence Competence Center (Deutschland) AG. All of the earn-out obligations are class 3 financial instruments.

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 not exposed to significant exchange rate movements in the reporting period. In the previous year, this affected liquid funds in Swiss francs in particular. Income from exchange rate effects amounted to €92 thousand (previous year: €939 thousand). Expenses from exchange rate effects had an offsetting effect of €73 thousand (previous year: €148 thousand). Revenues are generated mainly in euros. There are no interest-bearing liabilities.

Bank balances earn an average of 0.00 percent interest (previous year: 0.04 percent).

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

With regard to consolidated earnings before tax, a change in interest rates will have an impact on interest income (as a result of the impact of variable-income financial assets). If interest rates had increased by 100 basis points during the reporting period, interest income would have changed by €807 thousand (previous year: €741 thousand) on the basis of an average investment volume of €80,731 thousand (previous year: €74,113 thousand).

COUNTERPARTY CREDIT RISK MANAGEMENT

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

As was the case in the previous year, material financial assets only existed as of the reporting date in the form of subscription claims against users of the XING platform (receivables from services 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 virtually all these receivables was less than one year. The maximum counterparty credit risk of €19,637 thousand is equal to the carrying amount of the receivables (previous year: €15,873 thousand).

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

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

There are no material risk concentrations.

LIQUIDITY RISK MANAGEMENT

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

As a result of the current bank balances, there are no major liquidity risks. 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

Contingent Capital I 2006, 2009 and 2012 were revoked by the Annual General Meeting on May 23, 2014. The Contingent Capital 2008 resolved by the Annual General Meeting on May 21, 2008 and the Contingent Capital 2010 resolved on May 27, 2010 were revoked by the Annual General Meeting on June 2, 2016.

All option rights issued under the stock option plans that have been resolved (implementation using equity instruments) were exercised by the end of the reporting period or have lapsed.

Through the granting of shadow shares as part of a long-term incentive program for the Executive 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 Executive Board. The shadow shares are a virtual replication of shares to be allocated to the beneficiaries 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 consolidated revenues and Group EBITDA. Following a waiting period of three years from allocation, the beneficiary (Executive 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 AG shares. In addition, the beneficiary is paid dividends, if any, for three 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.

As remuneration for the current financial year, the fair value for the virtual options granted in this year is shown on the basis of a target achievement level of 101.8 percent. Overall, personnel expenses of €513 thousand (previous year: €521 thousand) for cash-settled share-based payment were recognized in the income statement for the 2016 financial year. Provisions of €2,379 thousand (previous year: €2,010 thousand) were recognized as of December 31, 2016 for entitlements arising from the long-term incentive programs, taking into account the share price performance.

RELATIONS WITH RELATED PARTIES

The members of the Executive Board and the Supervisory Board of XING AG are deemed to be related parties for the purposes of IAS 24. In the year under review, with the exception of their executive body activities, there were no business relations between the Executive Board, the Supervisory Board and the companies included in the consolidated financial statements. The Executive Board and the Supervisory Board received total remuneration of €2,351 thousand and €306 thousand (previous year: €4,060 thousand and €285 thousand) for their work in the financial year ended. Of this amount, benefits payable in the short term amounted to €1,837 thousand (previous year: €956 thousand), while benefits payable in the long term totaled €514 thousand (previous year: €1,765 thousand). To reflect the change in value in claims to date to cash-settled share-based payment, an amount of €94 thousand was recognized in the financial year (previous year: €495 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 AG. XING AG is accordingly a dependent company in accordance with Section 312 (1) Clause 1 in conjunction with Section 17 (2) AktG. Because a control agreement does not exist between XING AG and Hubert Burda Media Holding Kommanditgesellschaft, Offenburg, the Executive Board of XING AG prepares a report regarding relations with affiliated companies in accordance with Section 312 (1) Clause 1 AktG. In the 2016 financial year, XING AG 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 €7,147 thousand (previous year: €2,599 thousand) in dividend payments. As in the prior year, other transactions with Burda Digital GmbH totaled less than €1 thousand.

Services in the amount of €3,314 thousand (previous year: €3,720 thousand) were provided to affiliated companies of Burda Media Holding Kommanditgesellschaft, Offenburg, Germany. Services purchased from affiliated companies totaled €496 thousand (previous year: €571 thousand). The receivables from services show net amounts of €1,378 thousand (previous year: €1,578 thousand) due from affiliated companies, and the trade accounts payable show net amounts of €42 thousand (previous year: €82 thousand) due to affiliated companies.

NUMBER OF EMPLOYEES

XING employed an average of 908 persons (previous year: 730) as well as 4 members of the Executive Board (previous year: 4) during financial year 2016. As of December 31, 2016, a total of 957 persons (previous year: 788) as well as 4 Executive Board members (previous year: 4) were employed by the Group.

NOTIFICATIONS RECEIVED IN ACCORDANCE WITH SECTION 21 WPHG

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

MEMBERS OF THE SUPERVISORY BOARD

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

Stefan Winners,

Board Member National Digital Brands at Hubert Burda Media Group, Munich, Germany (Chairman of the Supervisory Board)

Further Supervisory Board posts / memberships in control bodies:

- Chairman of the Supervisory Board of HolidayCheck Group AG (formerly Tomorrow Focus AG), Munich, Germany
- Chairman of the Advisory Board of BurdaForward GmbH, Hamburg, Germany
- Member of the Supervisory Board of zooplus AG, Munich, Germany (until May 31, 2016)
- Member of the Advisory Board of Cyberport GmbH, Dresden, Germany
- Member of the Supervisory Board and the Advisory Board of Giesecke & Devrient GmbH, Munich, Germany

Dr. Johannes Meier,

Managing Director of the European Climate Foundation, The Hague, Netherlands (Deputy Chairman)

Further Supervisory Board posts / memberships in control bodies: none

Dr. Jörg Lübcke,

Managing Director, Barcare GmbH, Munich, Germany

Further Supervisory Board posts / memberships in control bodies:

- Member of the Advisory Board of Cyberport GmbH, Dresden, Germany

Jean-Paul Schmetz,

Chief Scientist, Hubert Burda Media Holding KG, Munich, Germany

Further 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,

Global Lead Development Transformation, Novartis Pharma AG, Basel, Switzerland

Further Supervisory Board posts / memberships in control bodies: none

Sabine Bendiek (until December 06, 2016)

Chief Executive Officer of Microsoft Deutschland GmbH Frankfurt am Main, Germany

Further Supervisory Board posts / memberships in control bodies: none

Dr. Andreas Rittstieg (since December 15, 2016)

Board Member Legal and Compliance at Hubert Burda Media Group, Munich, Germany

Further Supervisory Board posts / memberships in control bodies:

- Member of the Supervisory Board of Brenntag AG, Mülheim a. d. R., Germany
- Chairman of the Supervisory Board of HolidayCheck Group AG (formerly Tomorrow Focus AG), Munich, Germany (until December 31, 2016)
- Member of the Administrative Board of Kühne Holding AG, Schindellegi, Germany
- Member of the Advisory Board of Huesker Holding GmbH, Gescher, Germany

MEMBERS OF THE EXECUTIVE BOARD

In the 2016 financial year, the following persons were appointed to the Executive 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

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

Supervisory Board posts / memberships in control bodies:
none

FEES AND SERVICES OF THE AUDITOR

In financial year 2015, costs of €160 thousand (previous year: €160 thousand) were recognized for the auditing services for the period ending December 31, 2016. Other assurance services used in the reporting year totaled €32 thousand (previous year: €0 thousand); in the previous year, only other services in the amount of €20 thousand were used. As was the case in the previous year, tax consultancy services were not utilized.

DIRECTORS' DEALINGS

In accordance with Article 9 of the Market Abuse Regulation (MAR), members of the Executive Board and Supervisory Board are subject to a legal requirement for disclosing the acquisition or disposal of shares of XING AG or related financial instruments if the value of the transactions carried out within a calendar year by the member and the member's related parties is equal to or exceeds the figure of €5,000. The transactions reported to XING AG had been properly disclosed, and can be downloaded from the Company's web site <http://corporate.xing.com/deutsch/investor-relations/corporate-governance/directors-dealings>.

STATEMENT CONCERNING THE CORPORATE GOVERNANCE CODE

In March 2017, the Executive Board and the Supervisory Board of XING AG published the statement specified in accordance with Section 161 AktG and made it available by publishing it on the Company's web site (<https://corporate.xing.com/en/investor-relations/corporate-governance>).

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

No further reportable events of significance for XING AG occurred after the reporting period.

Responsibility statement of the Executive Board

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

Hamburg, March 21, 2017

The Executive Board

Dr. Thomas Vollmoeller

Alastair Bruce

Ingo Chu

Jens Pape

Timm Richter

Auditors' report

We have audited the consolidated financial statements prepared by the Xing AG, Hamburg, comprising the statement of financial position, the statement of comprehensive income, statement of changes in equity, cash flow statement and the notes to the consolidated financial statements, together with the Group management report for the business year from January 1 to December 31, 2016. The preparation of the consolidated financial statements and the Group management report in accordance with the IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315a (1) HGB ("Handelsgesetzbuch": German Commercial Code) is the responsibility of the parent Company's Executive Board. Our responsibility is to express an opinion on the consolidated financial statements and on the Group management report based on our audit.

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

Our audit has not led to any reservations.

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

Hamburg, March 21, 2017

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Niklas Wilke
Wirtschaftsprüfer
[German Public Auditor]

ppa. Jana Zemmrich
Wirtschaftsprüferin
[German Public Auditor]

Financial calendar

Publication of the 2016 annual financial report	March 22, 2017
Publication of the 2017 quarterly financial report (Q1 reporting date)	May 3, 2017
2017 Annual General Meeting	May 16, 2017
Publication of the 2017 half-year financial report	August 7, 2017
Publication of the 2017 quarterly financial report (Q3 reporting date)	November 6, 2017

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This Annual Report is available in both German and English.

In the event of diversity in interpretation, the German version shall prevail. Both versions and further press information are available for download at www.xing.com.

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