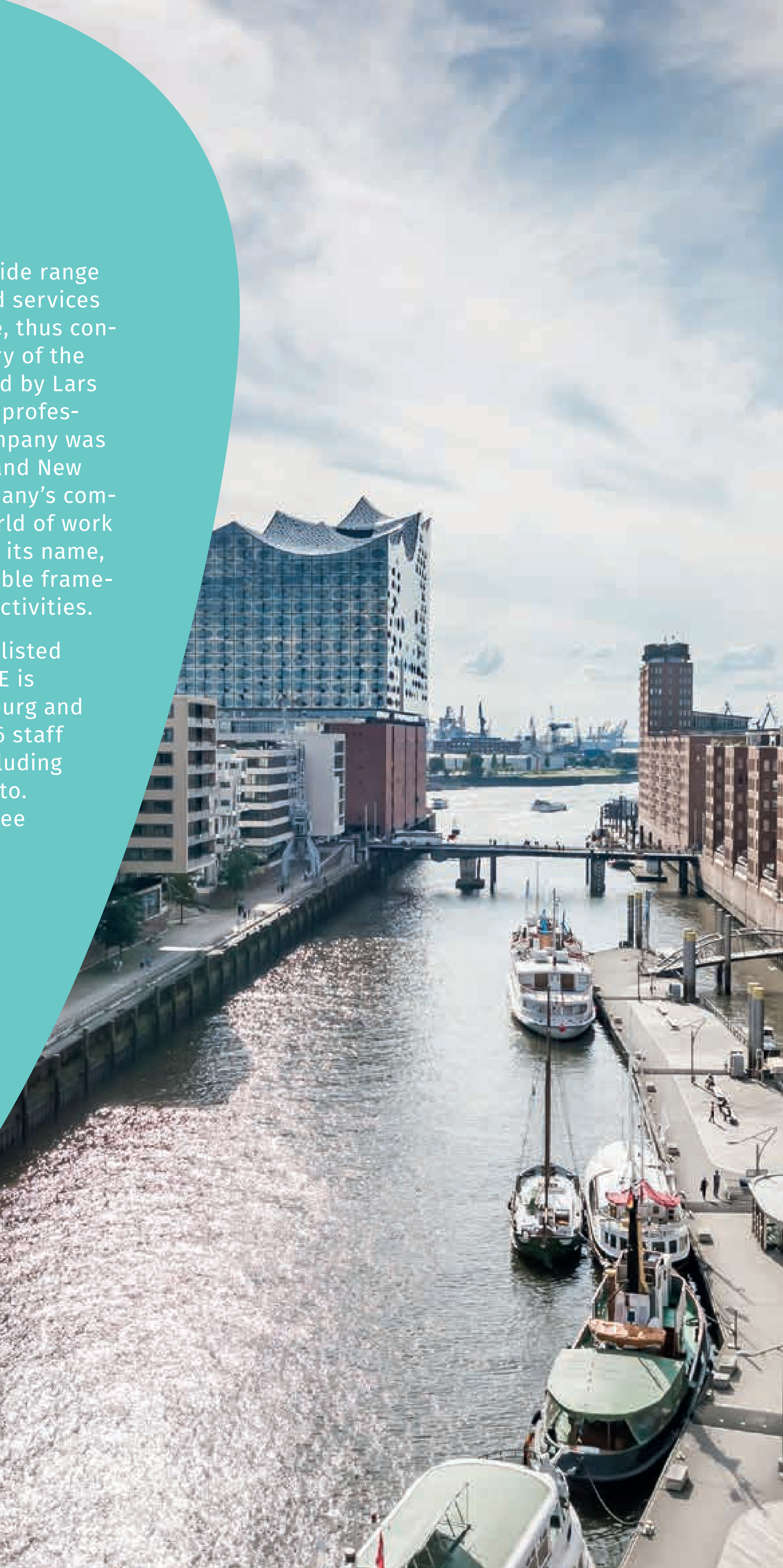
Q2
2020

Half-year report

for the period from January 1
to June 30, 2020

New Work SE offers a wide range of brands, products and services for a better working life, thus continuing the success story of the former XING SE. Founded by Lars Hinrichs as the openBC professional network, the Company was renamed XING in 2006 and New Work in 2019. The Company's commitment to a better world of work is now also reflected in its name, which serves as the visible framework for all corporate activities.

The Company has been listed since 2006. New Work SE is headquartered in Hamburg and employs a total of 1,936 staff at several locations including Munich, Vienna and Porto.
For more information, see
→ **new-work.se** and
→ **nwx.new-work.se**



Consolidated key figures

	Einheit	H1 2020	H1 2019	Q2 2020	Q2 2019	Q1 2020
Revenues	€ million	136.4	128.2	67.5	65.5	68.9
B2C segment	€ million	51.3	51.0	25.3	25.6	26.0
B2B E-Recruiting segment	€ million	76.3	65.3	37.9	34.2	38.4
B2B Marketing Solutions & Events segment	€ million	8.9	11.9	4.3	5.8	4.6
kununu International segment	€ million	0.1	0.3	0.0	0.1	0.0
EBITDA	€ million	38.3	39.7	22.3	22.0	15.9
EBITDA margin	in %	28	31	33	34	23
Pro forma EBITDA	€ million	41.1	38.8	22.3	22.0	18.8
Pro forma EBITDA margin	in %	30	30	33	34	28
Net profit/loss for the period	€ million	19.3	19.2[1]	12.1	9.9	7.2
Pro forma consolidated net profit/loss for the period	€ million	18.4	17.0	9.4	10.0	9.0
Earnings per share (diluted)	in €	3.43	3.41[1]	2.15	1.77[1]	1.28
Pro forma earnings per share (diluted)	in €	3.28	3.03	1.68	1.79	1.60
Cash flow from operations	€ million	44.0	45.2	11.6	16.4	32.4
XING users Germany, Austria, Switzerland (D-A-CH), total	million	19.5	17.5	19.5	17.5	19.1
thereof platform members	million	18.1	16.3	18.1	16.3	17.7
InterNations members	million	3.8	3.5	3.8	3.5	3.8
kununu Workplace Insights	million	4.1	2.8	4.1	2.8	3.9
B2B E-Recruiting (subscription) – customers (D-A-CH)	thsd.	13.2	12.3	13.2	12.3	13.4
Employees	number	1,963	1,790	1,963	1,790	1,984

[1] *Retrospectively restated due to changes in presenting the remeasurement of financial assets*

Contents

TO OUR SHAREHOLDERS

Management Board letter

Dear Shareholders,

I am delighted to write to you here for the first time since succeeding Thomas Vollmoeller as CEO of New Work SE.

As I'm sure you can understand, I never imagined taking the helm of the Company in the middle of a pandemic.

Across the world, the economy is under the spell of coronavirus. There seems to be no end to the bad news being generated by the pandemic. Yet New Work SE continues to navigate a steady course through these choppy waters. We benefit from the fact that more than 80 percent of our revenues come from subscriptions paid in advance – in both our B2C and B2B business units. This gives us significant stability.

As a result, we were able to increase revenues (including the Honeypot acquisition) by 6 percent year on year to €136.4 million in the first half of this year. Pro forma EBITDA was 6 percent above the prior-year figure at €41.1 million. The corresponding pro forma consolidated net profit rose by 8 percent to €18.4 million.

Revenue in the B2C segment also increased slightly compared to the previous year to €51.3 million. Despite a marked and continuing reluctance among companies to do new business as a result of the upheaval triggered by the coronavirus pandemic, the B2B E-Recruiting business unit grew its pro forma segment revenue by 16 percent to €75.7 million in the first six months of this year. The B2B Marketing Solutions & Events segment was still adversely impacted by the coronavirus pandemic, as advertising customers reduced their expenses and events could not take place due to governmental restrictions. As a result, revenue in this segment fell by 26 percent to €8.9 million as expected.

Beyond the financial figures, non-financial key performance indicators are important for us in monitoring the health of the Company. We continue to see highly encouraging developments in this area. At XING, the leading professional network in German-speaking countries, we have welcomed around 900,000 new members since December 2019. We currently have 18.1 million members who are benefiting from information, inspiration and new opportunities in what are challenging times. Our subsidiary kununu also has good news to report. Europe's leading employer review platform recorded a significant increase in “workplace insights” (consisting of company reviews as well as corporate culture and salary information) to pass the four-million mark. As a result, the number of insights has risen by more than 500,000 to 4.1 million since the start of the year.

Ladies and gentlemen, the numbers show that although the pandemic will not pass without leaving its mark, our business model is characterized by tremendous stability. In addition, our exceptional positioning – our core issue is “New Work”, “the Future of Work” – has become even more topical during the pandemic than it already was before.

This is one of the reasons why we are looking to the future with confidence. The long-term trends on which our business rests – particularly digitalization and demographic change – remain intact. I can therefore confirm our revenue guidance in a range between €275 and €285 million for 2020. We also continue to target an EBITDA margin of 30 percent.

Thank you for placing your trust in us! We hope you will continue to give us your support – and above all, stay safe and healthy!

Hamburg, August 6, 2020

Sincerely,
Petra von Strombeck
Chief Executive Officer (CEO)

Petra von Strombeck
Chief Executive Officer (CEO)

The New Work SE share

Basic data about the share

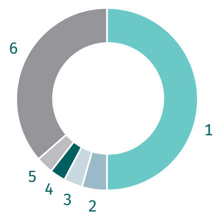
Number of shares	5,620,435
Share capital in €	5,620,435
Share type	Registered shares
IPO	12/07/2006
Ticker	NWO
WKN	NWRK01
ISIN	DE000NWRK013
Transparency level	Prime Standard
Index	SDAX/TecDAX
Sector	Software

Key data on the share at a glance

	H1 2020	H1 2019
XETRA closing price at the end of the period	€272.00	€375.50
High	€312.00	€375.50
Low	€164.00	€229.00
Market capitalization at the end of the period	€1.7 billion	€2.1 billion
Average trading volume per day (XETRA)	6,423	4,424
TecDAX ranking		
based on free-float market capitalization	25	23
based on trading volume	31	31
SDAX ranking		
based on free-float market capitalization	114	107
based on trading volume	135	137
Earnings per share (diluted)	€3.43	€3.41 [1]
Pro forma earnings per share (diluted)	€3.28	€3.03

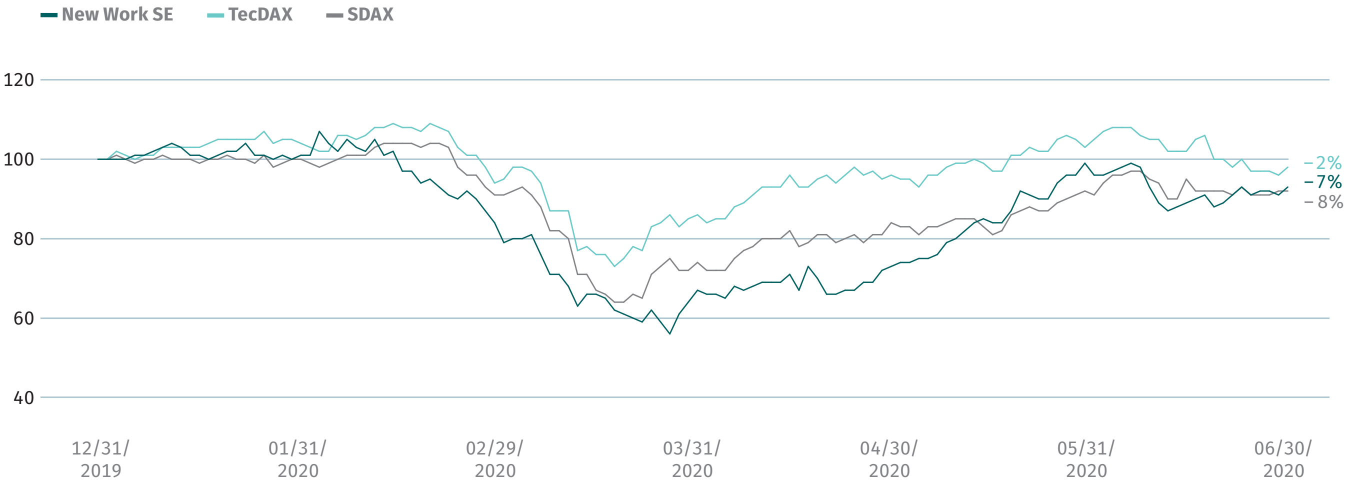
[1] *Retrospectively restated due to changes in presenting the remeasurement of financial assets*

Shareholder structure in August 2020



1 — Burda Digital SE (DE) 50.0%
2 — Invesco Ltd. (US) 4.7%
3 — DWS Investments (DE) 3.1%
4 — Mawer Investments (CAN) 3.0%
5 — Allianz Global Investors (DE) 3.0%
6 — Others 36.2%

Share price performance vs. indices in the first half of 2020



Analyst recommendations in August 2020

Broker	Analyst	Recommendation	Price target
Berenberg Bank	Sarah Simon	Hold	€225
Commerzbank	Heike Pauls	Hold	€180
Deutsche Bank	Nizla Naizer	Hold	€276
Hauck & Aufhäuser	Simon Bentlage	Hold	€305
Pareto Securities	Mark Josefson	Hold	€285
Warburg Research	Marius Fuhrberg	Hold	€215

INTERIM GROUP MANAGEMENT REPORT

for the period from January 1 to June 30, 2020

Course of business

Macroeconomic environment

The coronavirus pandemic has paralyzed the global economy since March 2020 as a result of the steps taken to contain the spread of the disease. A steep decline in gross national product and rapidly deteriorating labor market conditions were predicted in the eurozone for the first half of the year. The German economy was also hurled into a deep recession by the coronavirus crisis, suffering its most severe economic slump since the mid-20th century. The lockdown measures imposed since March 2020 to tackle the pandemic led to a massive drop in economic output by more than 15 percent, particularly in the second quarter of 2020. Numerous economic indicators recorded historic declines, with the hospitality, travel and leisure and culture sectors experiencing the most dramatic losses.

Although the crisis passed its lowest point in April, its future progress is unclear. The first signs of economic stabilization became apparent with the gradual relaxation of restrictions and, in particular, the stimulus package adopted by the German government in June. However, this stabilization depended upon the further development of the pandemic both in Germany and worldwide.

The same trend was also evident in Austria. The drop in economic output was particularly dramatic in the second quarter due to loss of income and revenue as well as a sharp rise in unemployment. An increasing relaxation of lockdown measures and a short-time work program on an unprecedented scale was initially unable to change this situation.

Switzerland also experienced a “supply shock” of historic proportions, with around 18 percent of all workplaces forced to stop or severely limit their activities. At the same time, the fall in consumer spending and the loss of orders from abroad as a result of the pandemic resulted in a “demand shock”. Only the chemicals and pharmaceuticals industry was spared from this development due to its unique position in Switzerland.

Sector-specific environment

The recession was also reflected in the German labor market during the first half of the year. Although the number of people in gainful employment grew year-on-year to 45.0 million people, the unemployment rate calculated in accordance with the International Labour Organisation (ILO)’s concept rose from 3.0 to 3.9 percent as a result of the crisis. The number of unemployed people also increased, and companies have also made use of the option to adopt short-time work. As a result, short-time work applications for one-third of all employees liable for social security contributions had already been recorded by the end of May 2020. This corresponds to a figure of almost 7 million people. The unemployment rate as defined by the Federal Employment Agency (BfA) rose to 6.2 percent in June. The BfA estimates that the “coronavirus effect” is responsible for 1.4 percentage points of this increase.

The coronavirus crisis had an even more pronounced effect on the Austrian labor market, where the ILO unemployment rate climbed from 4.5 percent to 6.8 percent year-on-year. This increase was curbed by the fiscal stabilization measures introduced by the government.

Switzerland was also forced to accept a major deterioration in its labor market situation, with the unemployment rate rising from 4.4 percent to 5.1 percent compared to the previous year. This meant the highest rate since 2010 and a place in the European unemployment statistics behind Germany.

Markets in the D-A-CH region (Germany, Austria, Switzerland) generally demonstrated remarkably stable performance amid the global pandemic and stood out compared to developments in the European Union, where the unemployment rate rose to 7.1 percent overall.

Implications of the coronavirus crisis for our net assets, financial position, results of operations and cash flows

The forecast issued in the 2019 Annual Report already factored in the initial effects of the coronavirus crisis on the future performance of our operating segments. During the current quarter, the strongest impact is felt in our B2B Marketing Solutions & Events reporting segment, which accounts for a revenue share of around 10 percent. The B2B E-Recruiting segment – particularly its new business – is also being adversely affected by the coronavirus crisis, which had a corresponding negative impact on revenue growth.

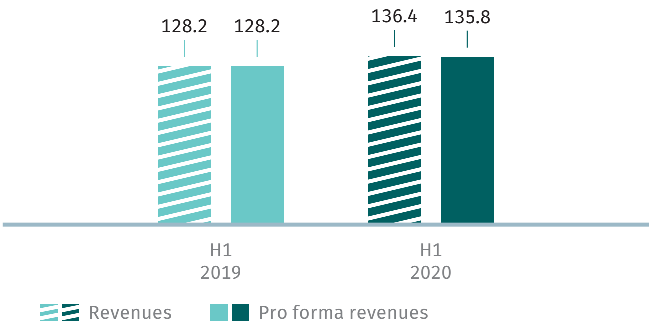
Our business is fundamentally characterized by structural resilience as:

- around 80 percent of our revenues are generated from recurring subscriptions,
- our customer structure in the B2B E-Recruiting segment is highly diversified, and
- we have sufficient liquid funds and current available-for-sale financial assets (>€70 million).

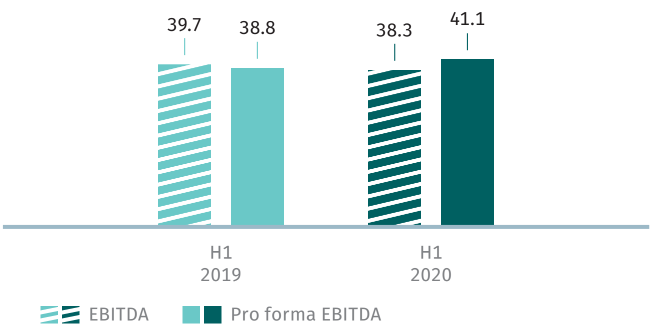
Irrespective of the coronavirus crisis, we are confident that our long-term outlook remains positive. Several million employees will leave the job market over the next ten years after reaching retirement age. This demographic trend will further reduce the labor supply, and we are convinced that this is precisely when our employer branding and digital recruitment offerings will benefit employers as they reach out to, search for, and select suitable candidates. We are adjusting the forecast from the 2019 Annual Report on schedule in this Half-year Report. The adjustment is consistent with the updated revenue forecast of €275–285 million and target EBITDA margin of around 30 percent published in the Q1 2020 quarterly report. We remain committed to these targets. Additional changes to the forecast provided in the 2019 Annual Report are presented and explained in the Report on expected developments and opportunities.

Results of operations in the Group

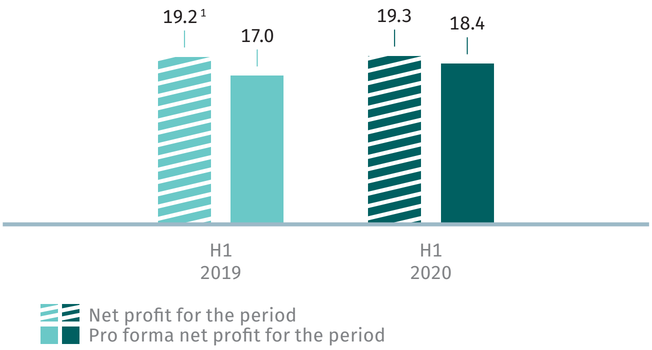
Revenues and pro forma revenues in € million



EBITDA and pro forma EBITDA in € million

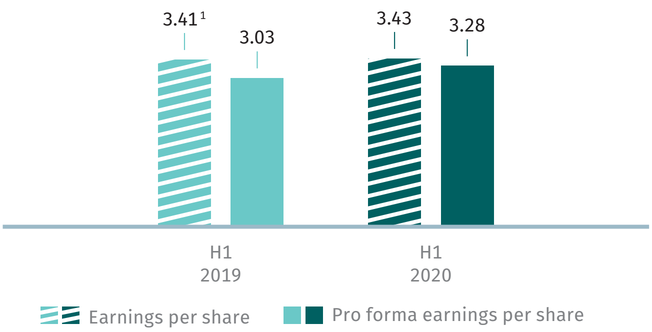


Net profit for the period and pro forma net profit for the period in € million



[1] *Retrospectively restated due to changes in presenting the remeasurement of financial assets*

Earnings per share and pro forma earnings per share in €



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REVENUES

Despite the negative effects on new business in our B2B segments, consolidated revenues rose by 6 percent from €128.2 million to €136.4 million in the first six months of 2020.

OTHER OPERATING INCOME

Other operating income fell sharply by 81 percent year-on-year to €1.0 million. It should be noted in this context that a non-recurring positive effect in connection with renting office space in the amount of €3.8 million was generated in the first quarter of 2019.

OWN WORK CAPITALIZED

Own work capitalized amounted to €13.8 million in the reporting period (H1 2019: €12.1 million) and is composed of personnel expenses, freelancer costs and ancillary costs.

PERSONNEL EXPENSES

At the end of June 2020, we had 1,963 employees (June 2019: 1,790), an increase of 173 employees (+10 percent). As a result, personnel expenses increased from €61.2 million in the first half of 2019 to €73.8 million in the first six months of the current financial year. This includes non-recurring expense of €1.2 million in connection with the termination of the Management Board contract of Alastair Bruce. As a result of the coronavirus crisis and the associated decline in new business in our B2B segments, we registered staff primarily from Sales for short-time work between March and June 2020 and claimed around €0.5 million in short-time work compensation during this period.

MARKETING EXPENSES

At €15.0 million and an expense ratio of 11 percent, marketing expenses were slightly down on the prior-year figures of €16.3 million and 13 percent.

OTHER OPERATING EXPENSES

Other operating expenses saw a considerable drop in the reporting period by 19 percent year-on-year to €22.3 million. It should be noted here that non-recurring expenses of around €2.9 million were recognized in connection with the renting of a new office building in the first quarter of 2019. Other significant expense items here include IT services and management services of €6.5 million (H1 2019: €11.0 million), other personnel expenses of €4.3 million (H1 2019: €2.6 million) and server hosting, administration and traffic expenses at €3.8 million (H1 2019: €3.0 million). The notes to the financial statements include a detailed table of all items reported under other operating expenses.

IMPAIRMENT OF FINANCIAL ASSETS

In the first half of the year, impairment losses amounted to €1.8 million compared with €1.2 million in the first half of 2019.

EBITDA

In the reporting period, we were able to post an operating result (EBITDA) of €38.3 million that is comparable with the prior-year figure (H1 2019: €39.7 million), despite the slowdown in revenue growth caused by the coronavirus crisis.

Due to a series of non-recurring effects, the reported operating results (EBITDA) for the first quarters of 2019 and 2020 do not show actual financial performance. We accordingly adjusted the figures for the periods in question to account for non-recurring effects and made them comparable, and calculated pro forma EBITDA for these periods. In the first quarter of 2019, for example, EBITDA was adjusted to account for a non-recurring positive net effect from renting new office space in the amount of €0.9 million, In the current reporting period, we adjusted pro forma EBITDA by non-recurring effects, such as the termination of the Management Board contract with Alastair Bruce in the amount of €1.2 million and the start-up losses incurred by Honeypot in the first quarter of 2020 (not consolidated until April in the previous year), amounting to €1.7 million. Based on the pro forma presentation, EBITDA rose from €38.8 million in the first half 2019 to €41.1 million in the first half 2020, an increase of 6 percent.

DEPRECIATION, AMORTIZATION AND IMPAIRMENT LOSSES

Depreciation, amortization and impairment losses rose by 63 percent, from €12.6 million in the previous year to €20.6 million. This figure includes €2.0 million (H1 2019: €1.7 million) for the write-down of assets arising from purchase price allocation (PPA) of past acquisitions. Amortization of internally generated software amounted to €5.7 million (H1 2019: €4.7 million). Due to the coronavirus pandemic, we also tested goodwill for impairment in the reporting period and recalculated the recoverable amount of the cash-generating units (CGUs). This has resulted in the recognition of a non-recurring, non-cash impairment loss of €5.8 million.

FINANCING INCOME AND EXPENSE

At €8.3 million, the net financing income in the reporting period was significantly improved on the previous year's figure of €1.1 million. Here, two non-recurring factors must be highlighted:

1. Non-recurring income of €9.3 million from the reassessment of the earn-out in connection with M&A transactions
2. A non-recurring negative effect from the remeasurements of financial assets in the amount of €– 0.4 million due to a correction in the presentation of available-for-sale assets, which are no longer shown in other comprehensive income but since January 1, 2020 have been reported in the financing income and expense.

In the prior-year period, the non-recurring, non-operating income of €1.3 million from the acquisition of all shares in the US joint venture between Monster and New Work SE had lifted the net financing income.

TAXES

Current taxes are determined by the Group companies based on the tax laws applicable in their country of domicile. Tax expense amounted to €6.8 million in the reporting period, down from €9.1 million in the prior-year period. This includes non-recurring positive effects of €1.3 million.

CONSOLIDATED NET PROFIT AND EARNINGS PER SHARE

Consolidated net profit in the first half of 2020 amounted to €19.3 million, compared with €19.2 million in the prior-year period. This gives rise to earnings per share of €3.43, compared with €3.41 in the prior-year period. The pro forma profit for the first half of 2020 adjusted for the non-recurring effects outlined is €18.4 million, compared with a pro forma profit for the first half of 2019 of €17.0 million. Pro forma earnings per share rose accordingly from €3.03 (H1 2019) to €3.28 in the first half of 2020.

Net assets in the Group

Non-current assets increased slightly by €2.0 million from €214.1 million as of December 31, 2019 to €216.1 million as of June 30, 2020. This is mainly due to the recognition of new modules for the platforms (€8.1 million), with the impairment losses recognized on goodwill having an offsetting effect (€5.8 million). The share of non-current assets in total assets increased by 1 percentage point year-on-year.

On June 30, 2020, the Group had cash and cash equivalents of €42.3 million (previous year: €35.2 million) and available-for-sale securities amounting to €29.2 million, which means that 23 percent of total assets are available short term.

Internally generated intangible assets include those parts of the platforms and the mobile applications that qualify for capitalization. Investments in internally generated and purchased software totaled €14.9 million (previous year: €14.5 million).

Financial position in the Group

EQUITY AND LIABILITIES

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

As of the closing date, the Group's equity ratio remained stable at 34 percent. The Group thus continues to be in an excellent position for future growth. The ratio of equity and non-current liabilities to non-current assets was 68 percent (previous year: 70 percent).

CASH FLOWS FROM OPERATING ACTIVITIES

The cash flows from operating activities for the reporting year amounted to €44.0 million, down from €45.2 million in the previous year. This decline primarily resulted from the increase in finance income (€– 9.3 million) and an offsetting, effect from the increase in deferred income (€+ 8.2 million).

CASH FLOWS FROM INVESTING ACTIVITIES

The increase in cash flows from investing activities by €22.8 million to €– 19.3 million is mainly due to the lower payments made for the acquisition of subsidiaries (€0.6 million vs. €25.0 million in the prior-year period).

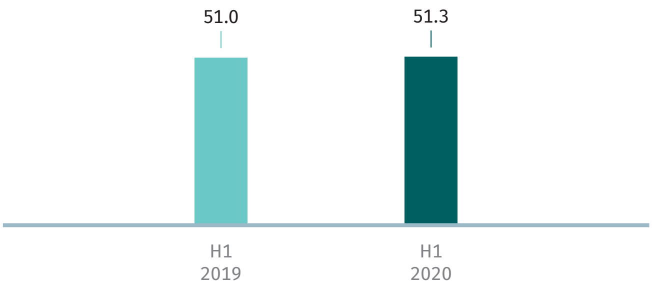
CASH FLOWS FROM FINANCING ACTIVITIES

During the 2020 financial year, the Group distributed a regular dividend of €14.6 million (previous year: €12.0 million). In the previous year, the Company also distributed a special dividend of €20.0 million.

Segment performance

B2C SEGMENT

B2C segment revenues in € million



Segment revenues up slightly by 1 percent

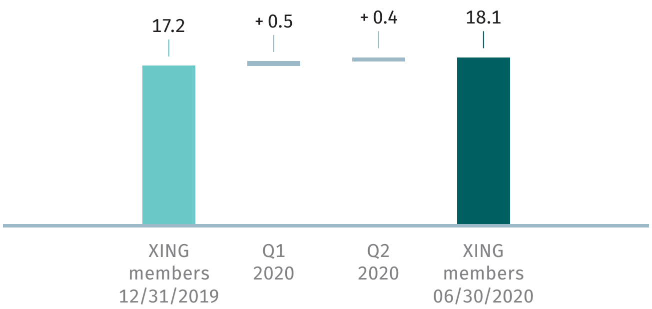
In the **B2C** segment, revenues grew by 1 percent in the reporting period to €51.3 million (previous year: €51.0 million). This revenue growth is primarily attributable to the slight addition of new subscribers to the XING platform in the D-A-CH region since the end of June 2019. The slight decline in revenue at InterNations due to the coronavirus crisis had a dilutive effect.

Segment profitability with EBITDA of €15.8 million was up 5 percent year-on-year (H1 2019: €15.0 million).

Membership base continues to expand to 18.1 million

In the first six months of 2020, the strong growth of the XING platform operated by New Work SE continued, albeit at a slightly slower pace due to the coronavirus crisis. The membership base rose by 1.8 million to 18.1 million since June 2019. We counted 478 thousand new members to the platform in the first quarter of 2020 and 401 thousand new members in the second quarter.

Member growth (D-A-CH) in million



XING launches new Premium offerings and provides selected Premium features free of charge to all members during the coronavirus crisis

A successful career is largely dependent on knowing about yourself and your skill set. The **digital self-assessment** service offered for XING Premium members with the new personal strengths test combines scientific expertise with digital zeitgeist. The assessment analyses strengths, highlights areas to be developed, and uncovers untapped potential based on the recognized “Big 5” personality traits model. The tool was developed in collaboration with LINC, a spin-off from the Leuphana University of Lüneburg.

A new **e-learning section** offers Premium members a wide range of content to develop themselves on a personal and professional level, with partners including Udemy, Bürgerakademie, Lecturio and Masterplan. The content ranges from professional networking courses to time management sessions and on to digital skills for new technologies. Members can choose the training and e-learning courses they want to take and then get started anytime at home.

Especially in challenging times like these, where many people work from home and ponder their future, self-assessment tools and digital learning offerings are helpful.

The **coronavirus crisis** has led to troubled times for many XING members now faced with considerable changes to their working life. XING would like to support its members throughout the current situation and make their working life easier by enabling them to stay in touch with colleagues, customers and other contacts via the XING platform. To this end, XING unlocked a number of key Premium features free of charge for all members until the end of April. As a result, all members were able to send messages to non-contacts, add personal messages to contact requests and view all pending contact requests to grow their network more effectively.

XING content offering adapted to coronavirus crisis

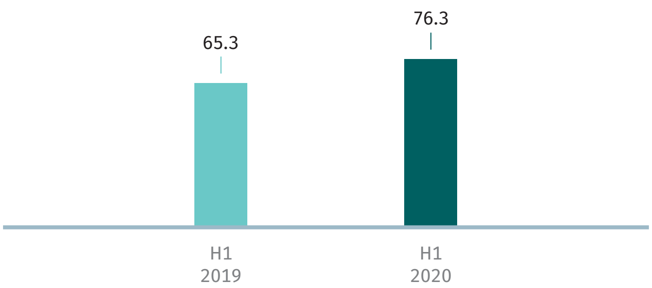
As the “new normal” began to take shape, we launched the “Zukunft machen” editorial newsletter, where our editorial staff and insiders publish articles and opinion pieces. The mixture of subjects covers the close links between life and work, in particular.

We also launched the weekly “work smart” podcast, in which our editor Stefan Mauer discusses a current issue with an insider. The podcast is an addition to our editorial portfolio that allows us to highlight new points of view, particularly in the “Zukunft machen” newsletter.

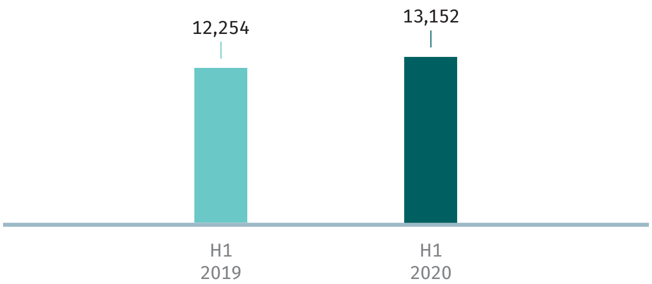
In addition, our 800 news pages already have more than nine million followers, once again illustrating the extensive reach of our content offering.

B2B E-RECRUITING SEGMENT

B2B E-Recruiting segment revenues in € million



B2B E-Recruiting (subscription) customers



The **B2B E-Recruiting** segment recorded double-digit growth of 17 percent (16 percent excluding M&A effects) to €76.3 million in the first six months of the current financial year compared to the prior-year period (H1 2019: €65.3 million) despite the negative impact of the coronavirus crisis on company recruitment activities. This is mainly due to the significant 24 percent growth recorded in the first quarter. The adverse effects of the pandemic were clearly noticeable in the second quarter, when revenue grew by just 11 percent year-on-year, with a deterioration in new business in particular as a result of the coronavirus crisis.

This revenue growth trend is largely attributable to the 7 percent increase in the B2B subscription customer base to 13,152 (previous year: 12,254).

Despite start-up investments in the expansion of the Honeypot offering and the negative impact of coronavirus on new business, we lifted segment EBITDA from €44.3 million in the first half of 2019 to €51.4 million, an increase of 16 percent. The pro-forma segment EBITDA for the first half of the year adjusted for the start-up losses incurred by Honeypot in the first quarter of 2020 amounted to €53.1 million, 20 percent above the previous year's figure.

Recruiting in the "new normal"

The coronavirus crisis has had a tremendous impact on everyday life for companies. XING E-Recruiting aims to support these companies as effectively as possible by providing useful services and offerings. The following website provides an overview of the key activities: landing-recruiting.xing.com/coronahilfe/

XING E-Recruiting used various communication initiatives to draw attention to its solidarity offerings. Many companies have already taken advantage of this opportunity by moving job advertisements for systemically important medical roles to XING Jobs free of charge, for example. Another offering that has been very well received during the coronavirus crisis is the opportunity to use XING TalentpoolManager free of charge to prepare for life after the pandemic. The offer of 30 days' free use of XING TalentManager also met with a positive response.

In addition, XING E-Recruiting employers are providing helpful information and tips to complement these free products. In relevant articles published in connection with this topic in the XING E-Recruiting corporate blog recruiting.xing.com/blog and on the Recruiting Trends pages www.xing.com/pages/recruiting-trends on XING, employers can find useful information and tips about recruiting staff during the Covid-19 crisis.

Response of our customers to the initiatives has been very positive and the customer satisfaction we have recorded has risen accordingly.

Product improvements increase speed and transparency

XING E-Recruiting announced additional product improvements in the second quarter of this year. To meet rising demand for KPI-driven recruitment, XING TalentManager and TalentpoolManager users can now access a redesigned key performance indicator area for projects and pools that are significantly more interactive and informative.

There is also a new enhancement for XING TalentManager that allows users to copy and paste job advertisements or previous project content with just one click in order to create projects with complete data even more quickly.

There is also a new feature in XING JobManager, the cockpit for XING job advertisements. Recruiters can now see at a glance not only which users have viewed job advertisements but also those who have clicked the “Apply” button. This allows them to reach out to these potential candidates directly without any additional steps.

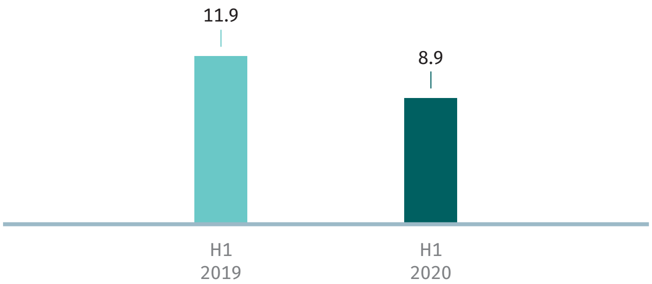
kununu creating transparency amid the crisis

In March of this year, employer review platform kununu called on both employers and employees to share their experiences of how companies are dealing with the coronavirus crisis. kununu then published these best practices on a central platform so that companies and staff can learn from one another and implement successful models at their own workplaces.

In an analysis in April, kununu announced that the majority of German employees are satisfied with how their employers are dealing with the current coronavirus situation. This was the result of an evaluation of more than 5,700 reviews. According to this evaluation, 59 percent of employees said that they are very satisfied with their employer’s approach to the crisis, while another 15 percent are satisfied. By contrast, only 13 percent said that they were not at all satisfied with their employer’s response.

B2B MARKETING SOLUTIONS & EVENTS SEGMENT

Segment revenues B2B Marketing Solutions & Events
in € million



In the **B2B Marketing Solutions & Events** segment we saw revenues fall 26 percent to €8.9 million in the reporting period. This decline can be attributed to the coronavirus crisis, the related lockdown, and the resulting effects on the offline events business. Our Marketing Solutions subsegment is also affected by the general restraint of advertising customers.

Segment EBITDA subsequently fell by as much as 66 percent year-on-year to €1.3 million (H1 2019: €3.8 million).

In the Marketing Solutions subsegment, we continued to focus on advertising customer segments that have benefited from the coronavirus crisis and have not reduced their advertising budgets. This enabled us to stabilize demand towards the end of the first half of the year.

The impact of the coronavirus crisis was most apparent in the Events subsegment as a result of lockdown and the associated bans and restrictions on gatherings.

It is positive to note that many customers are adjusting their business models and triggering an upturn in online events, intensifying demand for our products and services. However, the current volume of online events can only partially compensate for the decline in offline events. The number of online events that have already taken place and are set to take place on our platform between March and December 2020 has risen sixfold compared to the previous year.

Report on expected developments and opportunities

Economic outlook

The global economy is currently experiencing a crisis. The IMF anticipates a 4.9 percent decline in global growth for 2020 and concedes that the coronavirus pandemic has had a more negative impact on economic development than originally assumed. Original predictions of a relatively rapid recovery also had to be corrected to a more gradual recovery. Growth of 5.4 percent is expected for 2021 compared to the current year. The effects of this trend are casting a shadow over the progress made so far in the worldwide fight against poverty.

In Germany, the Deutsche Bundesbank's forecast addresses further economic development amid the coronavirus crisis by setting out graduated macroeconomic scenarios. In the most probable scenario, the baseline scenario, the recovery continues. The constant threat of a relapse into a "second wave" as well as the interruption to national and international supply chains due to new precautionary measures imposed by governments are threatening the recovery. This period of uncertainty can only be brought to an end with the deployment of a successfully developed vaccine. This is not expected to happen before the middle of next year. Under these circumstances, real gross national product (GNP) would shrink by around 7 percent year-on-year. Germany would return to pre-crisis levels by the end of 2022, i.e. within two years.

The stimulus package adopted by the German federal government in June 2020 is expected to have a significant support effect and mitigate the acute economic and social consequences of the coronavirus pandemic to such an extent that a swift transition to "normal" economic development is possible. However, the program means the debt ceiling of 60 percent of GNP will be exceeded, while public budgets are under significant funding pressure. Assuming that economic life settles down again during the course of the year, the Institute of the German Economy (IW) expects this excess to be reversed within a decade based on the experiences of the global financial and banking crisis in 2008.

Expected sector-specific environment

Despite the use of short-time work as a tool, Germany experienced a significant decline in employment in the first half of 2020. This trend will continue in the second half of the year. Although the number of individuals in short-time work is expected to fall by at least half from a peak of around six million employees, it should be noted that their working hours are falling to around 50 percent on average. The reduction in overtime and regular weekly working hours will also contribute to the decline in working hours. Despite this, the pressure on the labor market will persist and adversely affect the 2020 unemployment rate. An increase in employment and a decline in unemployment in Germany can only be expected in the event of an economic upturn over the coming year. In its various macroeconomic scenarios, the Deutsche Bundesbank anticipates an unemployment rate for 2020 of between 5.4 percent in a more favorable scenario and 7.1 percent in the event of unfavorable developments. These figures are likely to change by a relatively small amount by 2022 (4.9 percent vs. 7.4 percent).

In Austria, the Austrian National Bank expects the unemployment rate to rise to 6.8 percent in 2020 as a result of the pandemic. It is estimated that this figure will improve to 5.0 percent by the end of 2022 due to consolidation in the labor market. Short-time work is also playing a key role in Austria as a temporary measure to preserve jobs.

The labor market situation in Switzerland is also severely strained. The Swiss National Bank (SNB) predicts that unemployment will not peak until early 2021 and that the unemployment rate will thus rise further to 4.1 percent, while employment will only grow slightly.

All of these forecasts are subject to extreme uncertainty as the further progress of the coronavirus pandemic and its impact on medical, economic and social issues is unpredictable.

Despite the negative impact of the coronavirus crisis on national labor markets, we assume that e-recruiting will continue to become ever more important in the medium and long term due to demographic change, among other things. Companies in the information technology sector in particular are relying heavily on e-recruiting to attract new employees. ICT companies use tools such as employer branding, active sourcing, their own career webpages or online job portals and social media platforms for recruitment. Opportunities for jobseekers are improving in almost every sector and career, as are the conditions for individual career development. Under these circumstances in the labor market, and in light of digitalization and the population's increasing online affinity, online recruitment portals may become even more important than they already are.

Expected development of New Work SE

We believe that New Work SE will continue its growth during the 2020 financial year despite the deterioration in economic conditions, supported by the ongoing structural changes within the world of work and the challenges these pose for employees (B2C) and companies (B2B).

In our opinion, employees must tackle the changes directly affecting them (digitalization, automation, etc.) and identify areas for further development and change. Here, we have a more important role to play as a reliable partner in a changing environment and to help our members make the right career decisions for them. With more than 18 million registered members on the XING platform, we have a very good foundation on which to continue benefiting from these macrotrends in the future, notwithstanding the possible short-term deterioration in the economic situation in Germany, Austria and Switzerland. Today, we already offer employers modern e-recruiting solutions that enable companies to rapidly identify and hire suitable talent via active sourcing on XING, for example. Positioning your employer branding is also increasingly important in times when labor markets are structurally limited. In this respect, we have established the leading destination for professional employer branding in kununu.

ADJUSTED (PRO-FORMA) KEY PERFORMANCE INDICATORS

The key performance indicators reported in accordance with IFRS in the consolidated statement of comprehensive income contain non-recurring effects. As a result, these reported key performance indicators are adjusted for effects such as impairments of goodwill arising from M&A activities, remeasurement of non-operating financial instruments, restructuring and other non-recurring transactions unrelated to operating performance.

Reconciliation pro forma income statement and key performance indicators

In € million	P&L 2020, not adjusted	Changes in the basis of consolidation (M&A)	Impairment of goodwill	Changes in earn-out liabilities	Remeasurement of non-operating financial instru-ments	Restructuring expenses/other non-recurring effects	**P&L, pro forma, H1 2020**	P&L, pro forma, H1 2019	Change in %	Change, absolute
Revenues	**136.4**	**– 0.6**					**135.8**	**128.2**	**6%**	**7.6**
Other operating income	1.0						1.0	1.6	– 38%	– 0.6
Other own work capitalized	13.8						13.8	12.1	14%	1.6
Personnel expenses	– 73.8	1.6				1.2	– 71.1	– 61.2	16%	– 9.9
Marketing expenses	– 15.0	0.3					– 14.7	– 16.3	– 10%	1.6
Other operating expenses	– 22.3	0.4					– 21.9	– 24.5	– 11%	2.6
Impairment losses on financial assets and contract assets	– 1.8						– 1.8	– 1.2	51%	– 0.6
EBITDA	**38.3**	**1.7**				**1.2**	**41.1**	**38.8**	**6%**	**2.3**
Depreciation, amortization and impairment losses	– 20.6	0.4	5.8				– 14.3	– 12.6	14%	– 1.8
EBIT	**17.7**	**2.1**	**5.8**			**1.2**	**26.8**	**26.2**	**2%**	**0.6**
Net financing income	8.3	0.2		– 9.3	0.4		– 0.3	– 0.6	– 46%	0.3
EBT	**26.0**	**2.3**	**5.8**	**– 9.3**	**0.4**	**1.2**	**26.5**	**25.6**	**3%**	**0.9**
Taxes	– 6.8	– 0.8			– 0.1	– 0.4	– 8.0	– 8.6	– 6%	0.5
Consolidated net profit/loss	**19.3**	**1.6**	**5.8**	**– 9.3**	**0.3**	**0.8**	**18.4**	**17.0**	**8%**	**1.4**
Earnings per share	**3.43**	**0.28**	**1.03**	**– 1.65**	**0.05**	**0.14**	**3.28**	**3.03**	**8%**	**0.2**

Reconciliation pro forma income statement and key performance indicators (continuation)

In € million	P&L 2019, not adjusted	Changes in the basis of consolidation (M&A)	Impairment of goodwill	Changes in earn-out liabilities	Remeasurement of non-operating financial instruments	Restructuring expenses / other non-recurring effects	P&L, pro forma, H1 2019
Revenues	**128.2**						**128.2**
Other operating income	5.4					– 3.8	1.6
Other own work capitalized	12.1						12.1
Personnel expenses	– 61.2						– 61.2
Marketing expenses	– 16.3						– 16.3
Other operating expenses	– 27.4					2.9	– 24.5
Impairment losses on financial assets and contract assets	– 1.2						– 1.2
EBITDA	**39.7**					**– 0.9**	**38.8**
Depreciation, amortization and impairment losses	– 12.6						– 12.6
EBIT	**27.1**					**– 0.9**	**26.2**
Net financing income	1.1	– 1.3		0.2	– 0.6		– 0.6
EBT	**28.2**	**– 1.3**		**0.2**	**– 0.6**	**– 0.9**	**25.6**
Taxes	– 9.1				0.2	0.3	– 8.6
Consolidated net profit/loss	**19.2**	**– 1.3**		**0.2**	**– 0.4**	**– 0.6**	**17.0**
Earnings per share	**3.41**	**– 0.23**		**0.04**	**– 0.08**	**– 0.10**	**3.03**

REVENUE AND EARNINGS TARGETS

The forecast set out in the 2019 Annual Report already included the initial effects of the coronavirus crisis on the future performance of our operating segments. At that point, we had already indicated that the full extent of the coronavirus crisis could still have a significant negative impact on some areas of the forecast. The latest developments confirm this assessment. We observed a further deterioration in business performance during the second quarter, particularly in the B2B Marketing Solutions & Events and B2B E-Recruiting segments. In particular, new customer growth has decreased even further compared to previous quarters. As a result, we have now updated our forecast for our financial key performance indicators once again:

Financial key performance indicators

Financial key performance indicators	Forecast for 2020	Progress H1 2020	New forecast
Pro forma consolidated revenues	Double-digit percentage growth	+ 6%	Single-digit percentage growth (in a range between €275 and €285 million)
Pro forma consolidated EBITDA	Double-digit percentage growth	– 4%	At prior-year level (EBITDA margin of around 30%)
Pro forma revenues, B2C segment	Single-digit percentage growth	+ 1%	At prior-year level
Pro forma EBITDA, B2C segment	Double-digit percentage growth	+ 5%	Double-digit percentage growth
Pro forma revenues, B2B E-Recruiting segment	Double-digit percentage growth	+ 16%	Single-digit percentage growth
Pro forma EBITDA, B2B E-Recruiting segment	Double-digit percentage growth	+ 20%	Single-digit percentage growth
Pro forma revenues, B2B Marketing Solutions & Events segment	Single-digit percentage growth	– 26%	Double-digit percentage decline
Pro forma EBITDA, B2B Marketing Solutions & Events segment	At prior-year level	– 66%	Double-digit percentage decline

The impact of coronavirus on our operating segments in the first half of the year and the updated planning derived from this have been taken into account in the updated forecast.

The strongest impact is felt in our smallest reporting segment, B2B Marketing Solutions & Events, which accounts for a revenue share of around 10 percent. Our initial projections indicate that our B2C and B2B E-Recruiting segments will be less seriously affected. Any further deterioration in the economic environment due to the coronavirus crisis could have a considerably negative impact on the forecasts presented here. Given the ongoing uncertainty about the expected economic recovery, the updated forecasts in this report could still deteriorate over the rest of the year.

Due to the worldwide spread of the coronavirus crisis and its effects on the economy, we carried out numerous scenario calculations to prepare ourselves as best as possible for the new economic environment and to be able to continue to invest in existing and new products and services. Based on the information and market forecasts available at the time of publication of this quarterly report, we expect the Group to generate annual revenues of €275 – 285 million with an EBITDA margin of around 30 percent.

DIVIDEND TARGETS

We have been pursuing a sustainable dividend policy since 2012. In the current financial year, we made the dividend payment proposed at the beginning of the year and distributed the regular dividend of €2.59 per eligible no-par-value at the Annual General Meeting on 29 May 2020. Own cash and available-for-sale securities totaling €71.5 million as of the end of the first half of 2020 and New Work's cash-generative business model enable the Company to pay dividends on a regular basis without changing its business strategy, which is aimed at achieving growth. We intend to continue to make regular dividend payments, despite the negative coronavirus impact on our business.

LIQUIDITY AND FINANCIAL TARGETS

We anticipate cash funds in the 2020 financial year excluding extraordinary items such as acquisitions or special dividends to increase. Compared with the end of December 2019, the level of liquid funds and available-for-sale securities has already risen by €6.6 million.

PLANNED CAPITAL EXPENDITURES

Following an investment volume (CAPEX) of €35.4 million in the 2019 financial year, we anticipate an increase in CAPEX for the 2020 financial year. This includes around €9 million in non-recurring investments for the move to a new office building. Without this effect, the planned operating investment volume in 2020 would be at the previous year's level.

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.

The forecast of non-financial key performance indicators set out in the 2019 Annual Report already included the initial effects of the coronavirus crisis on the future performance of our operating segments. At that point, we had already indicated that the full extent of the coronavirus crisis could still have a significant negative impact on some areas of the forecast. The latest developments confirm this assessment. With this in mind, we have adjusted the forecast for the development of our B2B E-Recruiting subscription customers accordingly due to significantly weaker new business resulting from the coronavirus crisis. However, we continue to assume a significant increase in XING member growth. Given the ongoing uncertainty about the expected economic recovery, the updated forecasts in this report could still deteriorate over the rest of the year.

Non-financial key performance indicators

Non-financial key performance indicators	Forecast for 2020	Progress H1 2020	New forecast
B2C segment: Members in the D-A-CH region	Significant increase	+ 11%	Significant increase
B2B E-Recruiting segment: Number of subscription-based corporate customers (B2B)	Significant increase	+ 7%	At prior-year level

Report on opportunities

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

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

OPPORTUNITIES PRESENTED BY MARCROECONOMIC TRENDS

The economic conditions also affect the development of our business to varying degrees. As our assessment of the future development of the results of operations is based on the assumptions about economic developments described in the management report, a substantial improvement in the economic conditions could have an extremely positive influence on our business activities. Our e-recruiting offerings in particular could become more attractive, and as a result our existing forecast could be surpassed, if the lack of skilled workers becomes even worse and baby boomers leave the workplace at a faster pace, while the economy remains on a stable footing. Even if the macroeconomic environment and economic conditions in the D-A-CH region were to deteriorate significantly, management believes that this will have only a slightly negative impact on the B2B E-Recruiting segment. The B2C segment could possibly even outperform forecasts because positioning and active presentation of professional CVs through ProJobs membership, for example, will become more important.

OPPORTUNITIES PRESENTED BY PRODUCT DEVELOPMENT AND INNOVATION

New Work SE is a company focused on growth. Our business success therefore depends to a large extent on our speed of innovation and ability to implement ideas when developing and refining products and services for our members and corporate customers in all of our lines of business. Continuous process improvements and the efficient use of our development resources as well as identification of important trends might provide further opportunities for improving growth rates. If we make progress in this area faster than expected and establish relevant offerings for our customers even faster, this would have additional positive effects on New Work SE'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 (demographics and a shortage of skilled workers) could offer us numerous opportunities, particularly in the future, if the B2B E-Recruiting products and services introduced by New Work SE 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 revised Premium offering 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 New Work SE, especially given the low level of penetration in the respective markets up to now. Further opportunities could be provided by the establishment of new sources of revenues or business models, which have not yet been budgeted for.

Risk report

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

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

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

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

In 2019, the subsidiaries Honeypot GmbH, XING GmbH & Co KG and HalloFreelancer GmbH were added to the Group.

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

Taking into account the countermeasures taken, no further going concern risks were identified in addition to the risks presented in the 2019 Annual Report.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

for the period from January 1 to June 30, 2020

Consolidated statement of comprehensive income

of New Work SE
for the period from January 1 to June 30, 2020

Consolidated statement of comprehensive income

In € thousand	Note	01/01/– 06/30/2020	01/01/– 06/30/2019	04/01/– 06/30/2020	04/01/– 06/30/2019
Service revenues	4	136,391	128,188	67,506	65,546
Other operating income	6	1,022	5,386	417	555
Other own work capitalized		13,785	12,140	7,217	6,495
Personnel expenses		– 73,842	– 61,175	– 36,937	– 31,180
Marketing expenses		– 15,041	– 16,313	– 5,860	– 7,068
Other operating expenses	7	– 22,261	– 27,374	– 9,178	– 11,829
Impairment loss on financial assets and contract assets	8	– 1,787	– 1,183	– 834	– 557
EBITDA		**38,267**	**39,668**	**22,329**	**21,961**
Depreciation, amortization and impairment losses	9	– 20,560	– 12,592	– 8,238	– 6,666
EBIT		**17,707**	**27,077**	**14,091**	**15,294**
Finance income	10	9,319	1,970	1,925	169
Finance costs	10	– 990	– 834	828	– 543
EBT		**26,036**	**28,213**	**16,844**	**14,921**
Taxes on income		– 6,769	– 9,054	– 4,777	– 4,973
CONSOLIDATED NET PROFIT		**19,267**	**19,158**	**12,067**	**9,948**
Earnings per share (basic)		€3.43	€3.41	€2.15	€1.77
Earnings per share (diluted)		€3.43	€3.41	€2.15	€1.77
CONSOLIDATED NET PROFIT		**19,267**	**19,158**	**12,067**	**9,948**
Currency translation differences		– 7	85	– 49	– 41
OTHER COMPREHENSIVE INCOME		**– 7**	**85**	**– 49**	**– 41**
CONSOLIDATED TOTAL COMPREHENSIVE INCOME		**19,261**	**19,243**	**12,018**	**9,907**

Consolidated statement of financial position

of New Work SE
to June 30, 2020

Assets

In € thousand	06/30/2020	12/31/2019[1]
Intangible assets		
Purchased software	8,524	9,185
Internally generated software	75,963	67,852
Goodwill	67,786	73,583
Other intangible assets	5,749	6,875
Property, plant and equipment		
Leasehold improvements	2,203	1,788
Other equipment, operating and office equipment	9,422	9,631
Construction in progress	1,786	663
Lease assets	12,464	12,415
Financial assets		
Financial assets at amortized cost	631	680
Financial assets at fair value	29,173	29,585
Other non-financial assets	677	681
Deferred tax assets	1,710	1,112
NON-CURRENT ASSETS	**216,087**	**214,050**
Receivables and other assets		
Receivables from services	32,049	38,020
Contract assets	3,726	4,115
Other assets	13,433	13,426
Cash and short-term deposits		
Own cash	42,287	35,231
Third-party cash	2,591	4,813
CURRENT ASSETS	**94,086**	**95,605**
	310,173	**309,655**

[1] *restated*

Equity and liabilities

In € thousand	06/30/2020	12/31/2019[1]
Subscribed capital	5,620	5,620
Capital reserves	22,644	22,644
Other reserves	206	213
Retained earnings	77,768	73,057
EQUITY	**106,238**	**101,534**
Deferred tax liabilities	26,634	24,600
Contract liabilities	994	489
Other provisions	637	637
Financial liabilities at fair value (through profit or loss)	587	11,465
Lease liabilities	8,204	7,585
Other liabilities	3,274	4,379
NON-CURRENT LIABILITIES	**40,330**	**49,155**
Trade accounts payable	2,052	8,536
Lease liabilities	5,917	5,968
Contract liabilities	113,405	105,692
Other provisions	2,429	1,393
Financial liabilities at fair value (through profit or loss)	1,997	622
Income tax liabilities	5,494	5,878
Other liabilities	32,311	30,878
CURRENT LIABILITIES	**163,604**	**158,966**
	310,173	**309,655**

[1] *restated*

Consolidated statement of cash flows

of New Work SE
for the period from January 1 to June 30, 2020

Consolidated statement of cash flows

In € thousand	**01/01/– 06/30/2020**	01/01/– 06/30/2019 [1]	**04/01/– 06/30/2020**	04/01/– 06/30/2019 [1]
Earnings before taxes	26,036	28,213	16,844	14,921
Amortization and write-downs of internally generated software	5,673	4,674	3,464	2,528
Depreciation, amortization and impairment losses on other fixed assets	14,887	7,918	4,775	4,139
Finance income	– 9,319	– 1,970	– 1,925	– 169
Finance costs	990	834	– 828	543
EBITDA	**38,267**	**39,668**	**22,329**	**21,961**
Interest received	27	22	0	20
Taxes paid	– 5,718	– 4,747	– 3,702	– 2,502
Profit from disposal of fixed assets	– 21	– 29	– 4	– 15
Change in receivables and other assets	6,357	– 3,374	5,864	2,210
Change in liabilities and other equity and liabilities	– 5,336	5,651	– 5,070	– 2,945
Non-cash changes from changes in basis of consolidation	0	– 5,165	0	– 1,372
Change in contract liabilities	8,218	14,902	– 9,303	– 2,005
Elimination of XING Events third-party obligation	2,222	– 1,769	1,523	1,015
CASH FLOWS FROM OPERATING ACTIVITIES	**44,016**	**45,160**	**11,638**	**16,367**
Payment for capitalization of internally generated software	– 13,785	– 12,139	– 7,217	– 6,495
Payment for purchase of software	– 1,135	– 1,483	– 785	– 932
Payments for purchase of other intangible assets	– 2	– 544	3	– 544
Proceeds from the disposal of fixed assets	51	54	18	29
Payments for purchase of property, plant and equipment	– 3,745	– 2,991	– 1,475	– 1,187
Payments for acquisition of consolidated companies (less funds acquired)	– 673	– 25,030	– 673	– 22,530
CASH FLOWS FROM INVESTING ACTIVITIES	**– 19,289**	**– 42,133**	**– 10,129**	**– 31,659**

[1] *restated*

Consolidated statement of cash flows (continuation)

In € thousand	01/01/ – 06/30/2020	01/01/ – 06/30/2019 [1]	04/01/ – 06/30/2020	04/01/ – 06/30/2019 [1]
Payment of regular dividend	– 14,557	– 12,027	– 14,557	– 12,027
Payment of special dividend	0	– 20,009	0	– 20,009
Interest paid	– 88	– 121	– 43	– 60
Payment for leases	– 2,976	– 2,511	– 1,482	– 1,269
CASH FLOWS FROM FINANCING ACTIVITIES	**– 17,621**	**– 34,667**	**– 16,082**	**– 33,364**
Currency translation differences	– 51	86	– 113	5
Change in cash and cash equivalents	7,056	– 31,554	– 14,685	– 48,652
Own funds at the beginning of the period	35,231	53,831	56,972	70,929
OWN FUNDS AT THE END OF THE PERIOD [2]	**42,287**	**22,277**	**42,287**	**22,277**
Third-party funds at the beginning of the period	4,813	4,050	4,115	6,834
Change in third-party funds	– 2,222	1,769	– 1,523	– 1,015
THIRD-PARTY FUNDS AT THE END OF THE PERIOD	**2,591**	**5,819**	**2,591**	**5,819**

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

Consolidated statement of changes in equity

of New Work SE
for the period from January 1 to June 30, 2020

Consolidated statement of changes in equity

In € thousand	Subscribed capital	Capital reserves	Currency translations reserve	Retained earnings	**Total equity**
AS OF 01/01/2019 [1]	**5,620**	**22,644**	**– 24**	**70,071**	**98,311**
Consolidated net profit/loss	0	0	0	19,158	19,158
Other comprehensive income	0	0	85	0	85
Consolidated total comprehensive income	**0**	**0**	**85**	**19,158**	**19,244**
Regular 2018 dividend	0	0	0	– 12,027	– 12,027
Special dividend	0	0	0	– 20,009	– 20,009
AS OF 06/30/2019	**5,620**	**22,644**	**61**	**57,193**	**85,519**
AS OF 01/01/2020	**5,620**	**22,644**	**213**	**73,057**	**101,534**
Consolidated net profit/loss	0	0	0	19,267	19,267
Other comprehensive income	0	0	– 7	0	– 7
Consolidated total comprehensive income	**0**	**0**	**– 7**	**19,267**	**19,261**
Regular 2019 dividend	0	0	0	– 14,557	– 14,557
Special dividend	0	0	0	0	0
AS OF 06/30/2020	**5,620**	**22,644**	**206**	**77,768**	**106,238**

[1] *restated*

Notes to the interim consolidated financial statements

for the period from January 1 to June 30, 2020

1. Information on the Company and the Group

The registered office of New Work SE (hereafter also referred to as “the Company” or “the Group”) is located at Dammtorstrasse 30, 20354 Hamburg, Germany; the Company is registered at the Amtsgericht (local court) Hamburg under HRB 148078. The Company’s parent is Burda Digital SE, Munich, Germany, and the ultimate parent company of XING SE since December 18, 2012 has been Hubert Burda Media Holding Kommanditgesellschaft, Offenburg, Germany. Hubert Burda Media Holding Kommanditgesellschaft is controlled by Prof. Dr. Hubert Burda, Offenburg, Germany. The next higher-level parent company that prepares consolidated financial statements is Burda Gesellschaft mit beschränkter Haftung, Offenburg, Germany.

Operating the leading social network for business professionals in the German-speaking market www.xing.de, among others, the Group gives advice and support to its members during the upheavals in the world of work. In an environment marked by a shortage of skilled workers, digitalization, and changes in values, XING helps its more than 18 million members achieve as harmonious a work/life balance as possible. The Group also operates the leading employer review platform www.kununu.com in the German-speaking world and numerous digitalized e-recruiting services (job advertisements, active recruiting solutions, applicant tracking system and a platform for placing software developers). The Group generates its revenues primarily from fee-based products for end customers and businesses. It is a model in which our customers pay for most of the services provided in advance.

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

These condensed interim consolidated financial statements for the period ending on June 30, 2020, have been prepared in accordance with the International Financial Reporting Standard for interim financial reporting (IAS 34) as adopted by the EU. The condensed interim consolidated financial statements do not contain all of the information required for full annual consolidated financial statements, and should therefore be read in conjunction with the consolidated financial statements as of December 31, 2019.

The reporting period began on January 1, 2020, and ended on June 30, 2020. The corresponding prior-year period began on January 1, 2019, and ended on June 30, 2019. The interim consolidated financial statements and the interim group management report of the Company were approved for publication on August 6, 2020, by the Management Board.

The accounting policies applied in principle to these condensed interim consolidated financial statements are consistent with those used for the consolidated financial statements as of December 31, 2019, with the exception of the matters presented under item 3. These interim financial statements have not been audited by the auditor, nor have they been subjected to a review.

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

The amortization period, the residual values and the amortization method used for finite-lived intangible assets are reviewed regularly. The review of the remaining useful lives in the reporting period revealed that the useful life of the XING platform had been extended by a further twelve months to December 31, 2024.

Unless indicated otherwise, all amounts are rounded to the nearest thousand euros (€ thousand). Rounding differences may occur in the tables due to mathematical reasons.

3. Change in financial reporting policies

New Work corrects the remeasurement of available-for-sale assets and, in contrast to the previous year, in the quarterly financial statements as of June 30, 2020 no longer reports this in other comprehensive income but under finance income/finance costs, since the fund assets shown in the statement of financial position do not meet the requirements for equity instruments.

In previous years, the remeasurement of available-for-sale assets was recognized in other comprehensive income and disclosed separately in the notes to the consolidated financial statements.

The following table shows the effect on the consolidated statement of comprehensive income for the second quarter of 2019:

In € thousand	01/01/–06/30/2019 as reported	Restatement	**01/01/–06/30/2019 restated**
Finance income	1,336	634	1,970
Finance costs	–834	0	–834
EBT	**27,580**	**634**	**28,213**
Income taxes	–8,850	–205	–9,054
CONSOLIDATED NET PROFIT	**18,730**	**429**	**19,158**
Earnings per share (basic)	€3.33	€0.08	€3.41
Earnings per share (diluted)	€3.33	€0.08	€3.41
Consolidated net profit	**18,730**	**429**	**19,158**
Remeasurement of available-for-sale assets	429	–429	0
Other comprehensive income	**513**	**–429**	**85**
CONSOLIDATED TOTAL COMPREHENSIVE INCOME	**19,243**	**0**	**19,243**

The following table shows the effect on the statement of cash flows for the second quarter of 2019:

In € thousand	01/01/–06/30/2019 as reported	Restatement	**01/01/–06/30/2019 restated**
Earnings before taxes	**27,580**	**634**	**28,213**
Finance income	–1,336	–634	–1,970
CASH FLOWS FROM OPERATING ACTIVITIES	**45,160**	**0**	**45,160**

The effects on the statement of changes in equity and statement of cash flows are merely technical in nature. The totals of the respective components of the financial statements did not change.

4. Segment information

In € thousand	B2C		B2B E-Recruiting		B2B Marketing Solutions & Events		kununu International		Consolidation of intersegment revenues/expenses		Total segments	
	01/01/–06/30/2020	01/01/–06/30/2019 [1]	**01/01/–06/30/2020**	01/01/–06/30/2019	**01/01/–06/30/2020**	01/01/–06/30/2019	**01/01/–06/30/2020**	01/01/–06/30/2019	**01/01/–06/30/2020**	01/01/–06/30/2019	**01/01/–06/30/2020**	01/01/–06/30/2019 [1]
Revenues (from third parties)	51,288	51,019	76,319	65,260	8,730	11,651	54	257	0	0	136,391	128,188
Intragroup revenues	0	0	0	0	151	284	0	0	–151	–284	0	0
Total revenues	51,288	51,019	76,319	65,260	8,881	11,935	54	257	–151	–284	136,391	128,188
Intragroup segment expenses	–151	–284	0	0	0	0	0	0	151	284	0	0
Other segment expenses	–35,314	–35,721	–24,963	–20,943	–7,583	–8,100	–380	–930	0	0	–68,240	–65,695
Segment operating result	15,822	15,014	51,357	44,317	1,297	3,835	–325	–673	0	0	68,151	62,493
Other operating income/expenses											–29,884	–22,824
EBITDA											38,267	39,669

[1] *Restated due to internal reorganization during 2019/2020*

Revenues by region

In € thousand	**01/01/–06/30/2020**	01/01/–06/30/2019
D-A-CH	126,119	119,773
International	10,272	8,415
	136,391	**128,188**

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

As was the case as of December 31, 2019, the non-current assets (excl. deferred tax assets and other financial assets) of €181,778 thousand (December 31, 2019: €180,200 thousand) are attributable to the D-A-CH region.

5. Equity

As of June 30, 2020, the Group had share capital of €5,620,435 (December 31, 2019: €5,620,435). As previously, the Company does not hold any treasury shares.

Based on a resolution adopted by the Annual General Meeting on May 29, 2020, a dividend of €2.59 per share was paid for the 2019 financial year (2018: €2.14 per share). In the previous year, a special dividend of €3.56 per share was also paid out. With 5,620,435 shares carrying dividend rights, this corresponds to a total payout of €14.6 million (previous year: €32.0 million incl. special dividend).

Own cash and available-for-sale securities of liquid own funds of €71.5 million as of June 30, 2020, and the Group's cash-generative business model enable the Company to pay dividends on a regular basis without changing its business strategy, which is aimed at achieving growth.

6. Other operating income

Other operating income includes income of €220 thousand (previous year: €400 thousand) from currency translation and income from the disposal of equipment in the amount of €45 thousand (previous year: €46 thousand). The previous year's figure included non-recurring income of €3,750 thousand in connection with renting a new office building.

7. Other operating expenses

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

In € thousand	**01/01/–06/30/2020**	01/01/–06/30/2019[1]
IT services, management services	6,465	11,041
Other personnel expenses	4,317	2,620
Server hosting, administration and traffic	3,769	2,974
Occupancy expenses	1,654	1,536
Payment transaction costs	1,210	1,423
Travel, entertainment and other business expenses	980	2,392
Training costs	787	745
Accounting fees	582	351
Telephone/cell phone/postage/courier	394	282
Expenses attributable to prior periods	392	258
Legal consulting fees	368	590
Insurance and contributions	312	272
Exchange rate losses	255	417
Financial statements preparation and auditing costs	233	249
Supervisory Board remuneration	162	162
Rents/leases	160	219
Office supplies	147	174
Other	74	1,669
TOTAL	**22,261**	**27,374**

[1] *restated*

Other personnel expenses include costs for the New Work Group's annual kick-off event. Other expenses in the previous year also included non-recurring, non-operating in connection with renting a new office building.

8. Impairment losses on financial assets and contract assets

Impairment losses (including reversals) on financial assets and contract assets include expenses for bad debts of €1,700 thousand (previous year: €1,130 thousand) as well as income from reversals of €63 thousand.

Receivables from services are impaired as follows:

06/30/2020 In € thousand	Not yet due	Past due < 30 days	Past due < 90 days	Past due > 90 days	Total
Impairment ratio	0.6%	1.9%	10.8%	26.6%	4.7%
Gross carrying amount	19,833	7,269	2,880	3,788	33,770
Impairment	– 114	– 136	– 311	– 1,009	– 1,571

12/31/2019 In € thousand	Not yet due	Past due < 30 days	Past due < 90 days	Past due > 90 days	Total
Impairment ratio	1.0%	3.4%	9.7%	23.8%	4.9%
Gross carrying amount	23,328	8,267	3,825	4,565	39,985
Impairment	– 226	– 278	– 372	– 1,089	– 1,965

The impairment figure includes both specific valuation allowances and anticipated defaults of the total receivables from services.

9. Depreciation, amortization and impairment losses

Effective at the start of the 2020 financial year, the useful life of internally generated software was extended by a further twelve months to December 31, 2024. This led to the recognition of lower amortization of €1,696 thousand than as stipulated in the previous amortization schedule, which will be recognized in later periods.

Due to the coronavirus crisis, we tested goodwill for impairment during the reporting period and recalculated the recoverable amount of the cash-generating units (CGUs),

The recoverable amount of the **E-Recruiting** CGU has been determined on the basis of the calculation of the value in use. The recoverable amount of the **InterNations** and **Honeypot** CGUs has been determined on the basis of the calculation of the fair value less costs to sell. For details of the calculation methods, please see note 19 of the New Work consolidated financial statements as of December 31, 2019.

The impairment test of the **E-Recruiting** and **InterNations** CGUs did not reveal any indication of impairment. Within the scope of a sensitivity analysis for these CGUs, to which significant goodwill has been allocated, a one percentage point increase in the discounting rates (after tax) or a one percentage point decrease in the long-term growth rate has been assumed. On this basis, New Work has determined that an impairment loss would not result for any of the two CGUs.

The recoverable amount of the **Honeypot** CGU at the time of the impairment test amounted to €26,396 thousand, which means that it was lower than its carrying amount of €32,194 thousand. An impairment loss of €5,797 thousand was therefore recognized for this CGU in the reporting period, reducing the carrying amount of goodwill for this CGU to €18,008 thousand. The cash flow forecasts contained specified estimates for the next few years, we corrected the assumption of short-term revenues by around – 30 percent and significantly changed the EBITDA assumption for the next three years from the original plan. However, a recovery is expected over the entire period covered by the assumption, with revenues and EBITDA at comparable levels.

The value in use is mainly determined by the present value of the terminal value, which is particularly sensitive to changes in the assumptions about the long-term growth rate and the discount rate.

	E-Recruiting		InterNations		Honeypot	
In %	**06/30/ 2020**	12/31/ 2019	**06/30/ 2020**	12/31/ 2019	**06/30/ 2020**	12/31/ 2019
Discount rate (before taxes)	10.3	9.4	9.4	10.5	9.8	9.2
Sustainable growth rate	2.0	2.0	2.0	2.0	2.0	2.0

10. Financing income and expense

Finance income includes €6,719 thousand from reassessing the earn-out from the acquisition of Honeypot GmbH and €1,945 thousand from reassessing the earn-out from the acquisition of Prescreen GmbH, which became necessary due to the adjusted revenue and EBITDA planning.

The remeasurement of available-for-sale assets resulted in finance expenses of €412 thousand (previous year: finance income of €429 thousand). The individual quarterly figures merely represent the difference between the figures for the reporting period minus the figure of the respective quarter.

11. Related parties

An expense of €1,581 thousand was recognized for leave of absence for members of the Management Board who left in the reporting period. Please refer to the consolidated financial statements as of December 31, 2019, for further information about related parties. From the perspective of the Group, no significant changes with respect to the Burda Group occurred until June 30, 2020.

There were no claims against members of the Management Board and the Supervisory Board as of June 30, 2020.

12. Financial instruments

The Group acquired various securities in financial year 2017 for the purpose of investing excess liquidity. The fair values of these instruments, all of which are assigned to Level 1, correspond to their notional values multiplied with the prices quoted as of June 30, 2020.

The financial liabilities assigned to Level 3 include obligations from contingent purchase prices (earn-out obligations).

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

In € thousand	Measurement category[1]	06/30/2020	12/31/2019
Non-current financial assets at amortized cost	Amortized cost	631	680
Non-current financial assets at fair value	FVtPL	29,173	29,585
Current receivables from services	Amortized cost	32,199	38,020
Current other assets	Amortized cost	13,433	13,426
Cash	Amortized cost	44,878	40,044
Non-current financial liabilities at fair value	FVtPL	328	11,465
Current trade accounts payable	Amortized cost	2,052	8,536
Current financial liabilities at fair value	FVtPL	2,257	622
Current other liabilities	Amortized cost	3,262	5,897

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

13. Significant events after the interim reporting period

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

Hamburg, August 6, 2020

The Management Board

Petra von Strombeck	Dr. Patrick Alberts
Ingo Chu	Jens Pape

Responsibility statement

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

Hamburg, August 6, 2020

The Management Board

Financial calendar

Interim Report Q3 2020	November 5, 2020

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Our social media channels
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nwx.new-work.se/
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Twitter: New_Work_SE_IR
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Twitter: NewWork_SE
(Topics and news related to the Company in general – German only)

Consulting, Concept & Design
Silvester Group
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Rounding differences are possible

*This interim financial report is available in both German and English.
In the event of diversity in interpretation, the German version shall prevail. Both versions and further press information are available for download at www.new-work.se/de/investor-relations*

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InterNations connecting global minds

Hallo Freelancer Ein Service von XING

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PRESCREEN

Honeypot

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