Q3 2019

Interim Report

for the period from January 1 to September 30, 2019

NEW WORK SE

Consolidated key figures

	Unit	9M 2019	9M 2018	Q3 2019	Q3 2018	Q2 2019
Revenues	in € million	196.4	167.3	68.2	58.5	65.5
B2C segment	in € million	76.9	74.3	25.9	25.2	25.6
B2B E-Recruiting segment	in € million	101.8	77.9	36.5	28.2	34.2
B2B Marketing Solutions & Events segment [1]	in € million	17.8	14.3	5.9	4.7	5.8
kununu International segment	in € million	0.3	1.1	0.1	0.5	0.9
EBITDA	in € million	63.9	53.3	24.2	19.9	22.0
EBITDA margin	in %	33	31	36	34	34
Net result for the period	in € million	22.7	24.5	4.0	9.1	9.8
Adjusted net result for the period [2]	in € million	31.1	24.5	12.4	9.1	9.8
Earnings per share (diluted)	in €	4.04	4.36	0.70	1.62	1.75
Adjusted earnings per share (diluted) [2]	in €	5.54	4.36	2.20	1.62	1.75
Cash flow from operations	in € million	63.4	59.1	18.3	17.3	16.4
XING users Germany, Austria, Switzerland (D-A-CH), total	in million	18.0	15.8	18.0	15.8	17.5
thereof platform members	in million	16.8	14.8	16.8	14.8	16.3
thereof paying members	in thsd.	1,053 [3]	1,017	1,053 [3]	1,017	1,046
InterNations members	in million	3.6	3.2	3.6	3.2	3.5
thereof paying members	in thsd.	137	133	137	133	138
B2B E-Recruiting customers, D-A-CH	in thsd.	22.7	21.5	22.7	21.5	22.4
thereof B2B E-Recruiting (subscription)	in thsd.	12.9	10.3	12.9	10.3	12.3
B2B Marketing Solutions & Events customers (D-A-CH)	in thsd.	8.8	8.7	8.8	8.7	8.6
Employees	number	1,868	1,512	1,868	1,512	1,790

1 *Incl. intercompany revenues*
2 *Adjusted for a non-recurring impairment loss of €8.4 million on the employer branding business in the USA*
3 *Due to the changeover to a new methodology for analyzing subscriber relationships, the subscriber base in the D-A-CH region increased by around 8,300 as of January 1, 2019, compared with December 31, 2018.*

Contents

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 around 1,900 staff at several locations including Munich, Vienna and Porto. For more information, see

new-work.se and
nwx.xing.com

TO OUR SHAREHOLDERS

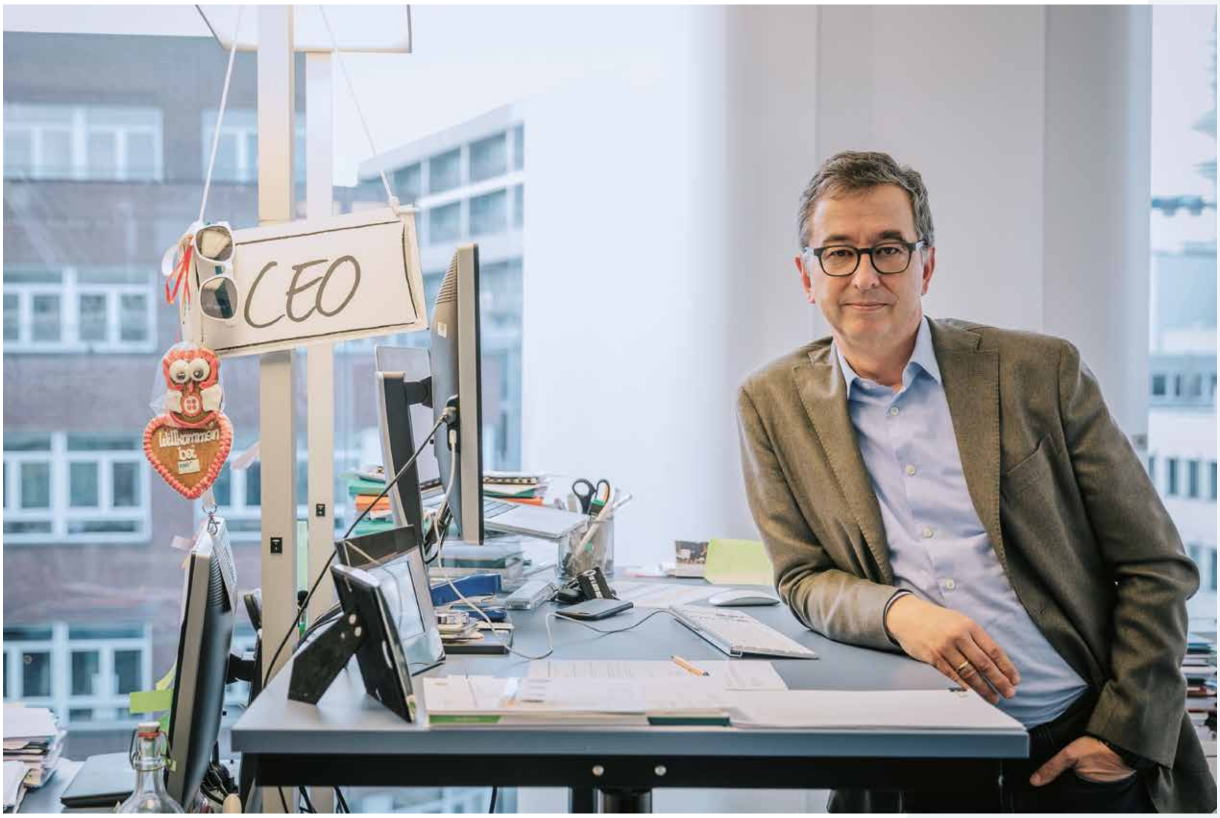
Management Board letter

Dear Shareholders,

We continued on our growth trajectory in the first nine months of this year. Despite an increasingly difficult economic environment, we lifted our revenues by 17 percent to €196.4 million (revenues rose by 16 percent when adjusted for the Honeypot acquisition).

Our B2C business grew by 4 percent to €76.9 million. The primary growth driver for the first nine months of 2019 was once again the B2B E-Recruiting segment. Revenues in this segment rose by 31 percent to €101.8 million (this growth amounted to 26 percent when adjusted for the Honeypot acquisition). The B2B Marketing Solutions & Events unit increased its revenues by 24 percent to €17.8 million. EBITDA grew by 20 percent to €63.9 million (previous year: €53.3 million).

Dr. Thomas Vollmoeller,
Chief Executive Officer



This positive performance shows that the shortage of skilled workers remains a pressing problem despite the deterioration in the economic climate. Our solutions help companies to succeed in the “war for talent” and find the candidates who are not only the best qualified but are also the best cultural fit for their business. After all, a candidate may boast an extremely impressive resume, but if they do not fit with the company’s culture, the bottom line is that their working relationship will not be successful. Experience and numerous studies have shown this to be true. In view of this, it is astounding to see how rarely companies consider the issue of culture when developing their own employer branding.

With this in mind, we have significantly expanded our range of products and services in the spirit of our new company name NEW WORK SE to offer our customers a completely new, multidimensional employer branding solution. This solution is based on a cultural analysis to answer the question: “What makes my company unique?” Our subsidiary kununu has also developed a Cultural Compass that enables authentic analysis of corporate culture for the first time. In addition, the new XING Brand Studio develops integrated campaigns to help employers find candidates who fit with their culture. The new XING Brand Manager also offers companies the opportunity to reach out to and attract candidates in suitable target groups.

Incidentally, it is not just companies but candidates who will help to make cultural issues a much higher priority in the future. Topics such as working atmosphere, management behavior and flexibility have surpassed supposedly ‘fixed’ aspects such as salary, title and benefits. More and more people are thinking less about maximizing their salary as quickly as possible and are instead asking themselves how they can do work that is more worthwhile and suits them better. We recognized this trend at an early stage and provided our users and members with relevant products and services. It is therefore particularly gratifying that member growth at XING is continuing unabated and that our other B2C platforms such as kununu and InterNations are still enjoying rapidly increasing popularity.

As a result, the number of XING members has risen to 17 million. Including users of other services such as XING Events, the Company had more than 18 million users as of the end of the third quarter. In recent months, XING has extensively redesigned the homepage, personal profile and “My Network” area of the XING App to improve its clarity, visibility and readability for members. These new features will also be rolled out to the desktop version in the coming weeks.

kununu, the leading employer review platform in the German-speaking market, has broadened the scope of its rating criteria and bundled them into what are known as “workplace insights”. These insights still include the well-known employer reviews as well as additional information on corporate culture and salary – providing ever-greater transparency for jobseekers. Since the start of the year, the number of insights has risen from 2.3 to 3.2 million.

As you can see, NEW WORK SE is still fully focused on growth and well positioned for the future. Speaking of the future, I announced in the past year that I would like to hand over my position as CEO to a successor next year. At the age of 60, I do not believe I should be leading a company with an average staff age of around 30. I am delighted to be able to present to you an exceptional successor in Petra von Strombeck. She will join the Management Board of New Work SE effective January 1, 2020 and will become CEO after the Annual General Meeting on May 29, 2020.

We hope you will continue to give us your support.

Hamburg, November 7, 2019

Kind regards,

Dr. Thomas Vollmoeller,
Chief Executive Officer

The New Work SE share

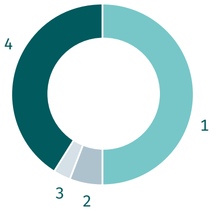
Basic data about the share

Number of shares	5,620,435
Share capital in €	5,620,435
Share type	Registered shares
IPO	12/07/2006
Ticker	NWO (formerly O1BC)
WKN	NWRK01 (formerly XNG888)
ISIN	DE000NWRK013 (formerly DE000XNG8888)
Transparency level	Prime Standard
Index	SDAX / TecDAX
Sector	Software

Key data on the share at a glance

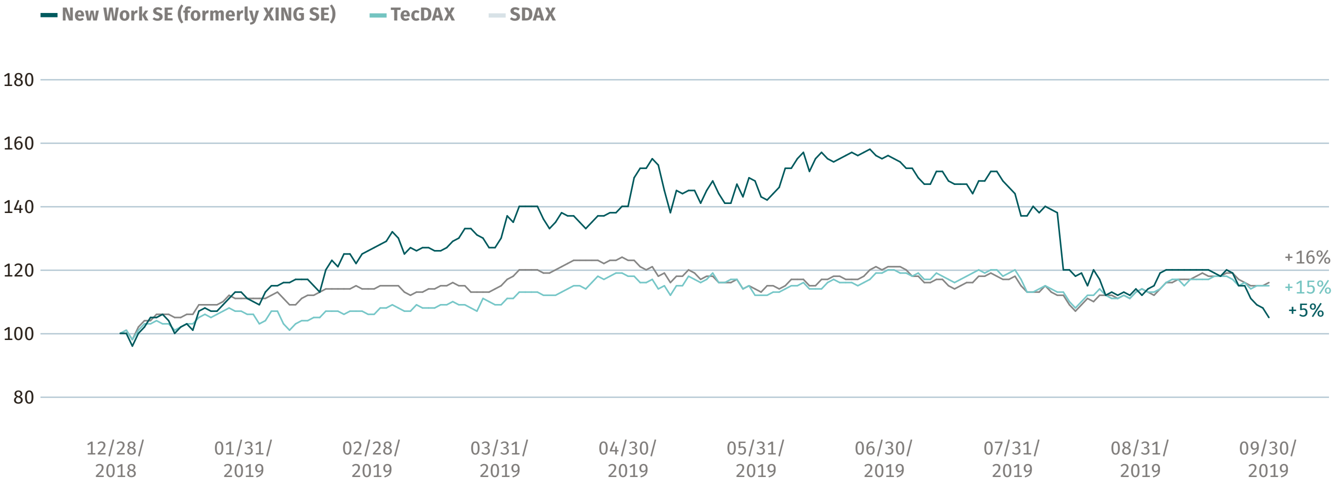
	9M 2019	9M 2018
XETRA closing price at the end of the period	€250.00	€294.50
High	€375.50	€326.00
Low	€229.00	€277.00
Market capitalization at the end of the period	€1,405.1 million	€1,655.2 million
Average trading volume per day (XETRA)	4,856	4,093
TecDAX ranking		
based on free-float market capitalization	27	25
based on trading volume	32	34
SDAX ranking		
based on free-float market capitalization	116	114
based on trading volume	135	144
Earnings per share (diluted)	€4.04	€4.36

Shareholder structure in November 2019



1 — Burda Digital SE	50.0%
2 — Invesco Ltd.	5.9%
3 — DWS Investments	3.1%
4 — Others	41.0%

Share price performance vs. indices in the first nine months of 2019



Analyst recommendations in November 2019

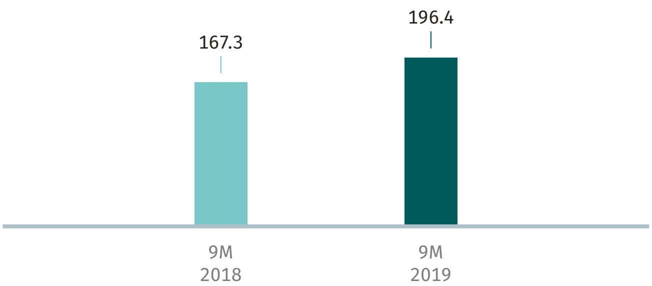
Broker	Analyst	Recommendation	Price target
Berenberg Bank	Sarah Simon	Hold	€300
Commerzbank	Heike Pauls	Buy	€410
Deutsche Bank	Nizla Naizer	Hold	€335
Pareto Securities	Mark Josefson	Hold	€285
Warburg Research	Patrick Schmidt	Hold	€280

INTERIM GROUP MANAGEMENT REPORT

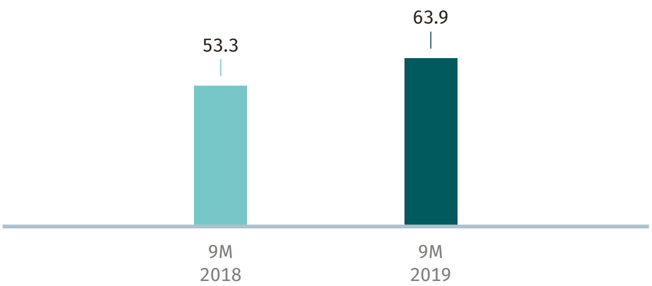
for the period from January 1 to September 30, 2019

Results of operations in the Group

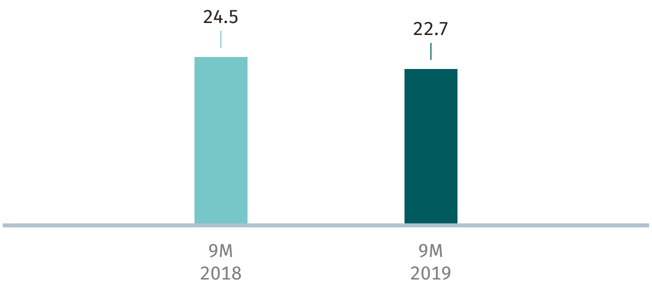
Revenues in € million



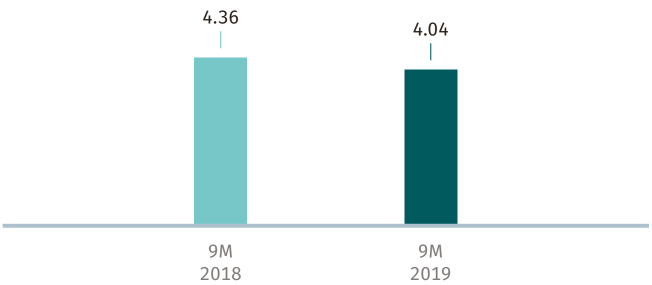
EBITDA in € million



Net profit for the period in € million



Earnings per share in €



REVENUES

Consolidated revenues rose from €167.3 million by 17 percent to €196.4 million. Adjusted for the acquisition of Honeypot GmbH, revenue growth was 16 percent.

OTHER OPERATING INCOME

Other operating income increased from €2.0 million to €6.0 million due to a positive non-recurring effect in connection with the renting of new office space (€3.8 million).

OWN WORK CAPITALIZED

Own work capitalized amounted to €19.3 million in the reporting period (9M 2018: €19.4 million) and is composed of personnel expenses, freelancer costs and ancillary costs.

PERSONNEL EXPENSES

At the end of September 2019, we had 1,868 employees (September 2018: 1,512), which represents an increase of 356 employees (+ 24 percent). The non-recurring effect from the acquisition of Honeypot GmbH lifted the employee figure by 45 in the second quarter of 2019. As a result, personnel expenses increased from €77.1 million in the first nine months of 2018 to €94.0 million in the reporting period.

MARKETING EXPENSES

Marketing expenses rose by 16 percent to €23.7 million. Accordingly, the marketing expenses ratio was 12 percent in the reporting period (9M 2018: 12 percent).

OTHER OPERATING EXPENSES

Other operating expenses rose by 6 percent in the reporting period, from €37.8 million to €40.1 million, which was considerably less than the increase in revenues. It should be noted here that non-recurring expenses of around €3.0 million were recognized in connection with the renting of a new office building. Other significant operating expense items here include IT and management services at €15.3 million (previous year: €17.5 million), server hosting, administration and traffic at €4.8 million (previous year: €3.3 million), and travel, entertainment and other business expenses at €3.6 million (previous year: €3.9 million). The notes to the financial statements include a detailed table of all items reported under other operating expenses.

EBITDA

We significantly improved our consolidated operating result (EBITDA) in the reporting period and are thus fully on track for meeting our full-year targets. The Group's EBITDA increased by 20 percent to €63.9 million (previous year: €53.3 million).

DEPRECIATION, AMORTIZATION AND IMPAIRMENT LOSSES

Depreciation, amortization and impairment losses rose by 55 percent, from €16.3 million in the previous year to €25.2 million. The reason for this sharp increase in depreciation, amortization and impairment losses compared to the previous year is a non-recurring, non-cash impairment of the employer branding business in the USA. The basic situation in the American business changed after New Work SE acquired all of the shares of the former partner. As a result, we decided to adjust the enterprise value (€5.6 million) based on updated planning. This impairment is non-recurring, non-cash and has no impact on our core business in the D-A-CH region or our revenue and EBITDA targets for the Group.

Depreciation, amortization and impairments also include €2.8 million (9M 2018: €2.0 million) for the amortization of assets from purchase price allocation (PPA) related to previous acquisitions. Amortization of internally generated software amounted to €7.5 million (previous year: €5.2 million).

FINANCIAL RESULT

At €0.2 million, the financial result in the reporting period was significantly improved on the previous year's figure of €– 0.8 million. In this context it should be noted that due the acquisition of all shares in the US joint venture of Monster and XING, the entity is no longer accounted for using the equity method but instead is included in the basis of consolidation. As a result of this change, the start-up losses are no longer reported in the financial result, but have been reported in the corresponding income and expense items such as revenues and personnel, marketing and other operating expenses since January 30, 2019. In connection with the acquisition of a controlling majority in kununu US, previously held equity interests were remeasured at fair value. This fair value measurement resulted in non-recurring, non-operating income of €1.3 million. In the same period of the previous year, the financial result was lifted by non-recurring, non-operating income of €1.0 million due to the agreement reached with the sellers of Buddybroker AG.

TAXES

Current taxes are determined by the Group companies based on the tax laws applicable in their country of domicile. Tax expense amounted to €16.1 million in the reporting period, up from €11.7 million in the prior-year period. It should be noted here that in connection with the non-recurring, non-cash impairment of the employer branding business in the USA the tax loss carryforwards of €2.9 million were also written off.

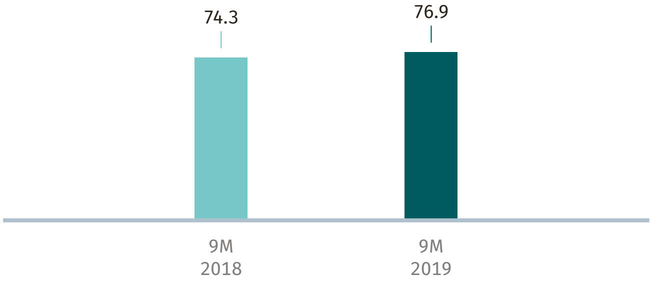
CONSOLIDATED NET PROFIT AND EARNINGS PER SHARE

Consolidated net profit in the first nine months of 2019 amounted to €22.7 million, compared with €24.5 million in the prior-year period. This gives rise to earnings per share of €4.04, compared with €4.36 in the prior-year period. The year-on-year decline is exclusively due to the non-cash impairment loss recognized on the US business (€8.4 million). Not including this effect adjusted consolidated net profit amounted to €31.1 million (2018: €24.5 million) and adjusted earnings per share to €5.54 (2018: €4.36).

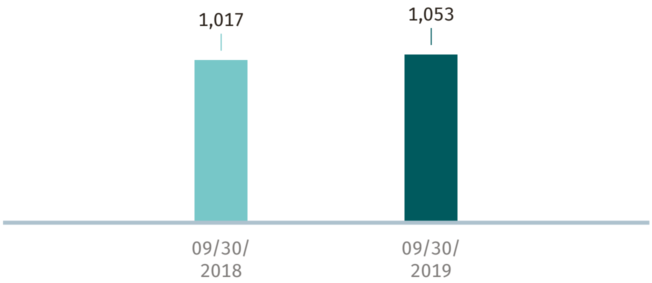
Segment performance

B2C SEGMENT

B2C segment revenues in € million



XING platform subscribers in thsd.



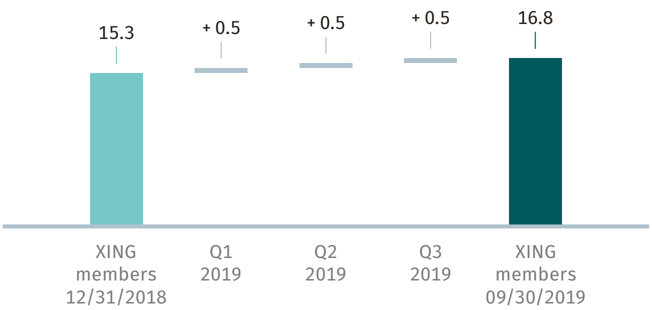
Segment revenues up 4 percent
In the **B2C** segment, revenues grew by 4 percent in the reporting period to €76.9 million (previous year: €74.3 million). This revenue growth is primarily attributable to the addition of new subscribers to the XING platform in the D-A-CH region since the end of September 2018 and the subscribers to our www.internations.org expat platform). The number of subscribers in the D-A-CH region on www.xing.com was 1,053 thousand at the end of September 2019 (previous year: 1,017 thousand). As a result of the changeover to a new methodology for analyzing subscriber relationships, the subscriber base in the D-A-CH region increased by around 8,300 as of January 1, 2019, compared with December 31, 2018. The organic year on year net growth in paying members in the D-A-CH region amounted to 28.0 thousand. At InterNations, the number of so-called Ambassador members has increased by a further 4,476 year on year to 137,000 fee-paying members worldwide.

Due to increased investment (primarily concerning personnel) for measures aimed at boosting member and job seeker activity and the reach of our news products, segment EBITDA at €23.7 million was below the prior-year-figure of €30.5 million. This meant that the segment EBITDA margin was 31 percent compared with 41 percent in the prior-year period.

Membership base expands to 16.8 million

In the first nine months of 2019, the growth of the XING platform operated by New Work SE continued unabated, with the membership base rising by 1,458 thousand to 16.8 million since the end of 2018. Including XING Events users, total XING users thus came to 18.0 million at the end of September 2019 (September 30, 2018: 15.8 million).

Member growth (D-A-CH) in million



Increased visibility for XING Job Market

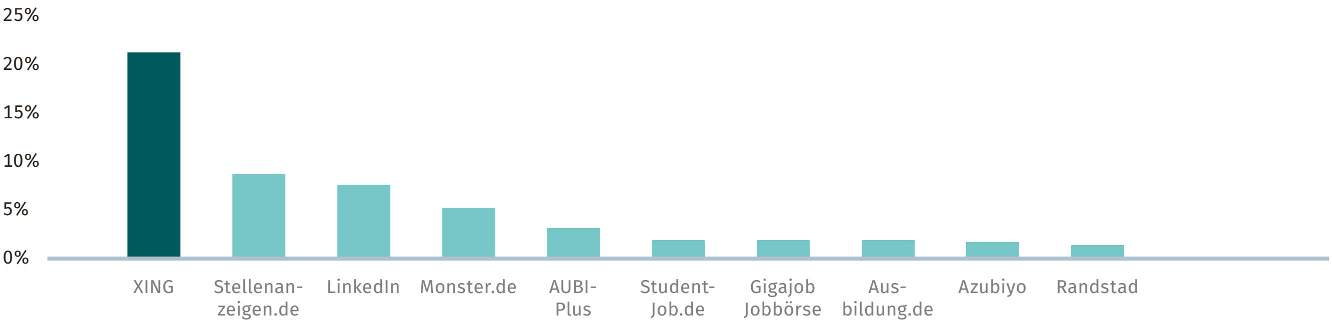
The launch of Google 4 Jobs at the start of the year marked a major step towards broadening the reach of our job market service, including outside of the XING platform. Since then, XING job advertisements have been displayed in a separate, eyecatching search box on the first page of Google. This box of job advertisements is called up by typical job search queries such as “industrial engineer jobs Hamburg”.

A recent analysis of the online job market in Germany conducted by Searchmetrics put XING in first place.

When asked which company’s jobs were most “visible” in Google searches, XING came out on top (21 percent), followed by Stellenanzeigen.de (9 percent) and LinkedIn (7 percent). This makes XING Jobs the strongest job marketplace on Google according to current assessments.

The new job search by Google is now being gradually introduced in Switzerland.

Which job exchange dominates Google Jobs? Share in top 3 rankings in Google Jobs



Source: https://onlinemarketing.de/news/studie-online-stellenmaerkte-buessen-wegen-google-jobs-ein

InterNations publishes "Expat Insider"

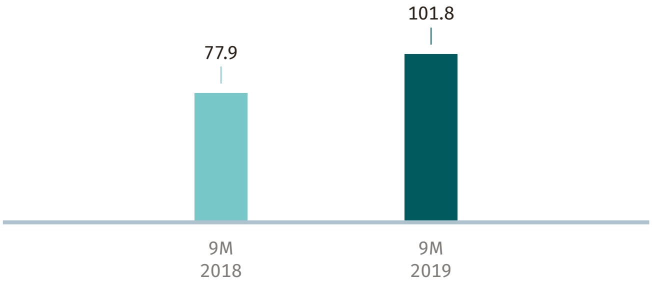
In September, InterNations published the sixth successive edition of "Expat Insider", one of the world's most comprehensive studies on living and working abroad, with a record number of 20,259 participants. The study arose from both high demand from members for information about living abroad as well as InterNations' desire to position itself more strongly as a trusted network for expats. Thanks to the opportunity to draw on the experience of expats around the world, "Expat Insider" is the ideal way to meet the demand for information and also provides subject matter and data for several international PR campaigns.

The new InterNations Business Solutions and InterNations GO! Business units also use the data for sales discussions as well as user and market research. InterNations Business Solutions also published the "Expat Insider Business Edition", which focuses on international specialists and their partners.

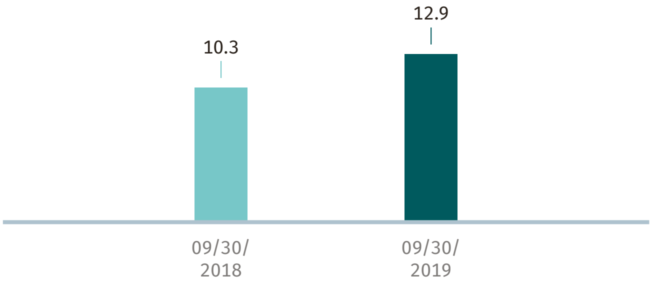
Just three weeks after the study was published, more than 1,000 media outlets had reported on Expat Insider, including top international publications such as Bloomberg, The Telegraph and BBC Brasil. This global attention was also reflected by almost 300,000 page views on the Expat Insider microsite.

B2B E-RECRUITING SEGMENT

B2B E-Recruiting segment revenues in € million



B2B E-Recruiting (subscription) – customers in thsd.



The **B2B E-Recruiting** segment continues to be the growth driver of the New Work SE Group, with segment revenues increasing by 31 percent in the reporting period to €101.8 million, compared with €77.9 million in the previous year. Honeypot GmbH, which was acquired in April, contributed 3 percentage points to growth.

The strong growth was due mainly to the dynamic expansion of our customer base for modern e-recruiting solutions. Our B2B E-Recruiting subscriber base excluding Honeypot grew from 10.3 thousand to 12.9 thousand over the past twelve months – an increase of 25 percent.

On the back of the dynamic revenue growth, operating profit in the segment (EBITDA) increased by 37 percent. Segment EBITDA thus came to €44.3 million (previous year: €32.3 million). The segment's EBITDA margin was 68 percent in the reporting period (previous year: 65 percent).

Various innovations for integrated employer branding with XING

The demands on modern recruiting and human resources management have risen considerably in recent years, not least because of the demographic shift observed in German-speaking countries. As a result, it is becoming increasingly important for companies to differentiate themselves from the competition. However, many employers – including major corporations – often have a very similar public image.

A one-stop shop for employer branding

In view of these mounting challenges, it is essential for companies to position their employer brand clearly and communicate it in a purposeful way.

In September this year, we rolled out a wide range of new possibilities for employer branding. Companies can now carry out comprehensive employer branding with us – from developing a brand and analyzing key figures to implementing and regularly reviewing their employer branding activities.

Presenting new possibilities at DMEXCO and Zukunft Personal Europe

At the DMEXCO digital trade fair held each year in Cologne, we unveiled part of our new product range to the public with the XING Brand Studio. This in-house agency combines strategic advice, professional storytelling and content production with the reach, visibility and user insights of the XING platform to help purposefully position an employer brand.

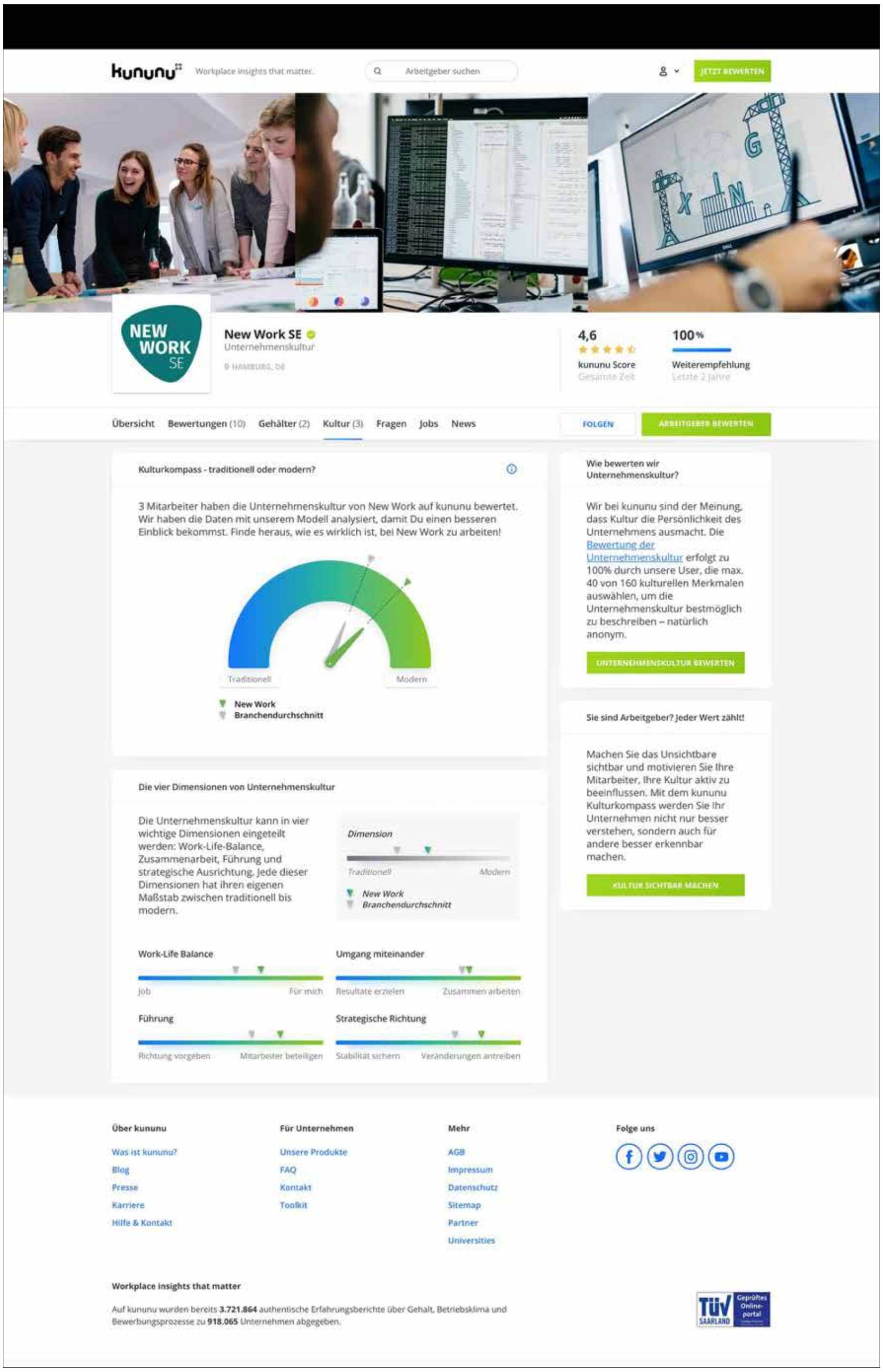
Employer branding made measurable

Just a week later, we presented our entire employer branding services at the Zukunft Personal Europe expo. The presentation centered around the new XING BrandManager, which acts as the nerve center of any employer branding profile. For the first time, employers can access detailed figures to leverage their corporate presence and display the latest company news to their preferred target groups on the XING platform via AdManager. The success of these advertising measures can also be viewed. The key figure analysis shows how well content is being received by target groups, enabling employers to adjust their initiatives accordingly.

Enhancing the status quo with the kununu Cultural Compass

kununu also unveiled its latest innovation in employer branding at the Zukunft Personal trade fair – the kununu Cultural Compass. Even corporate culture can be a differentiating factor, as jobseekers ultimately want to know what kind of environment they will be stepping into. This tool enables kununu users to compare and differentiate between employer cultures. To do this, employees anonymously select a maximum of 40 characteristics from a list of 160 to describe the culture at their workplace. In addition to the Cultural Compass, kununu also announced a salary transparency function and a redesign.

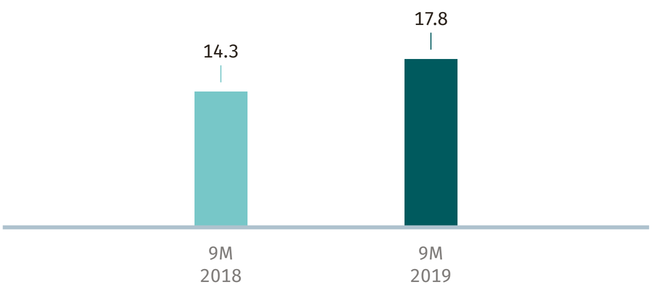
As well as attracting potential employees, employer branding should also enhance and strengthen the bond between a company and its workforce. To assess the mood among employees transparently, we recently began offering customers a suitable tool with kununu engage, which regularly surveys employees for their opinions.



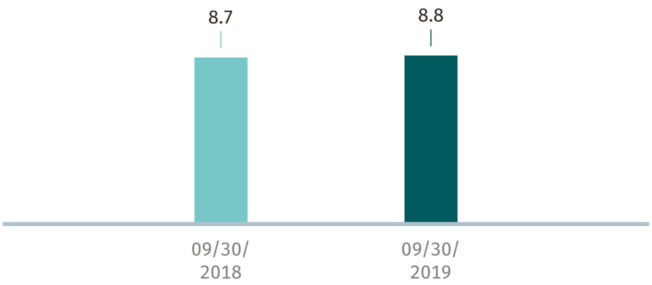
The kununu employer branding profile offers new features.

B2B MARKETING SOLUTIONS & EVENTS SEGMENT

B2B Marketing Solutions & Events segment revenues
in € million



B2B Marketing Solutions & Events – customers
in € thsd.



We lifted revenues in the **B2B Marketing Solutions & Events** segment by 24 percent year on year, from €14.3 million to €17.8 million in the reporting period.

Segment EBITDA grew disproportionately by 58 percent to €5.6 million compared with the prior-year period (2018: €3.6 million), thus widening the segment's EBITDA margin slightly from 25 percent to 32 percent.

The number of B2B customers rose marginally from 8.7 thousand (September 30, 2018) to 8.8 thousand as of the end of September 2019.

In the **Marketing Solutions** subsegment, we continued the AIO (Ad Inventory Optimization) rollout. Additional placements are being created in the Notification Center Web, profile and on the Job Market, and existing integrations are being optimized. We continue to see impressive results in terms of CTR, eCPM and activity that are considerably better compared to our display ads.

This prompted our decision to discontinue display ads completely at the end of the year. The display ads will be fully discontinued as of December 31.

We are taking additional steps to increase the relevance of our ads; in Q3 this primarily consisted of further optimizing our algorithm.

In the **Events** subsegment, we launched the “latest breakthrough in event marketing” at DMEXCO in Cologne. This offers event organizers the option of strategically feeding information – including event updates and personal invitations – to visitors to their event site in order to attract more participants. They can do this via the Event Plus site on XING and connected AdManager advertisements that are once again being significantly enhanced for customers by using the retargeting options.

The XING Events Academy series for 2019 concluded in the third quarter with events in Frankfurt and Munich. As part of a series of events to mark the occasion, XING Events gives organizers the opportunity to take a look behind the scenes. With the help of best practices and live demos, organizers learn how to make best use of XING’s events solutions for their participant management and event marketing. Several sector experts, including GCB managing director Matthias Schultze, supported the series as speakers.

KUNUNU INTERNATIONAL SEGMENT

We acquired all shares in the kununu US joint venture from our former partner in January 2019 and have been solely responsible for operating the business since then. The key factors for making this decision included changes under company law caused by the acquisition of our original joint venture partner Monster Worldwide Inc. by Randstad and associated changes to our partner’s strategic priorities.

After acquiring all of the shares and in light of the changed basic situation for the US business, we decided to adjust the enterprise value by €8.4 million based on amended planning. This impairment charge is divided into €5.6 million for the impairment of assets as well as €2.9 million for the write-down of tax loss carryforwards. This impairment is non-cash, non-recurring and has no impact on our core business in the D-A-CH region or our revenue and EBITDA targets for the Group.

The USA remains a test market for us, as we announced upon launch in 2016 – and we will continue to operate www.kununu.com/us in the future.

In the first nine months of the current financial year, revenue generated by the sale of employer branding profiles in the USA amounted to €0.4 million, with segment EBITDA of €– 1.1 million. A comparison with the previous year is not meaningful due to the change in reporting (equity accounting of joint venture in 2018).

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

for the period from January 1 to September 30, 2019

Consolidated statement of comprehensive income

of New Work SE (formerly XING SE)
for the period from January 1 to September 30, 2019

Consolidated statement of comprehensive income

In € thousand	Note	01/01/ – 09/30/2019	01/01/ – 09/30/2018[1]	07/01/ – 09/30/2019	07/01/ – 09/30/2018[1]
Service revenues	5	196,373	167,254	68,185	58,511
Other operating income	7	5,975	1,989	642	709
Other own work capitalized	3	19,333	19,371	7,193	5,910
Personnel expenses		– 93,991	– 77,106	– 32,816	– 26,473
Marketing expenses		– 23,724	– 20,403	– 7,410	– 6,388
Other operating expenses	8	– 40,072	– 37,775	– 11,568	– 12,388
EBITDA		**63,894**	**53,330**	**24,225**	**19,881**
Depreciation, amortization and impairment losses	9	– 25,233	– 16,325	– 12,642	– 6,287
EBIT		**38,661**	**37,005**	**11,584**	**13,594**
Share of profits and losses of equity-accounted investments		0	– 941	0	0
Finance income	10	1,416	1,707	79	65
Finance costs	10	– 1,264	– 1,562	– 431	– 287
EBT		**38,812**	**36,209**	**11,233**	**13,372**
Taxes on income		– 16,121	– 11,728	– 7,271	– 4,243
CONSOLIDATED NET PROFIT		**22,691**	**24,481**	**3,961**	**9,129**
Earnings per share (basic)		€4.04	€4.36	€0.70	€1.62
Earnings per share (diluted)		€4.04	€4.36	€0.70	€1.62
CONSOLIDATED NET PROFIT		**22,691**	**24,481**	**3,961**	**9,129**
Currency translation differences		299	36	214	26
Remeasurement of available-for-sale assets		630	– 239	202	– 49
OTHER COMPREHENSIVE INCOME		**929**	**– 203**	**416**	**– 23**
CONSOLIDATED TOTAL COMPREHENSIVE INCOME		**23,620**	**24,278**	**4,377**	**9,106**

[1] *restated*

Consolidated statement of financial position

of New Work SE (formerly XING SE)
as of September 30, 2019

Assets

In € thousand	09/30/2019	12/31/2018
Intangible assets		
Purchased software	8,512	8,631
Internally generated software	71,225	59,363
Goodwill	73,593	49,778
Other intangible assets	7,546	5,003
Property, plant and equipment		
Leasehold improvements	1,157	1,024
Other equipment, operating and office equipment	8,657	8,597
Advance payments made and construction in progress	360	223
Lease assets	10,399	11,050
Financial assets		
Financial assets at amortized cost	615	453
Financial assets at fair value (other comprehensive income)	29,633	28,702
Prepaid expenses	794	632
Deferred tax assets	1,293	3,349
NON-CURRENT ASSETS	**213,784**	**176,805**
Receivables and other assets		
Receivables from services	33,762	35,523
Contract assets	2,608	2,395
Other assets	10,101	5,912
Cash and short-term deposits		
Own cash	29,873	53,831
Third-party cash	8,297	4,050
CURRENT ASSETS	**84,640**	**101,710**
	298,424	**278,514**

Equity and liabilities

In € thousand	09/30/2019	12/31/2018
Subscribed capital	5,620	5,620
Capital reserves	22,644	22,644
Other reserves	2,702	1,773
Net retained profits	58,930	68,274
EQUITY	**89,896**	**98,311**
Deferred tax liabilities	25,847	21,036
Contract liabilities	1,227	2,995
Other provisions	614	1,445
Financial liabilities at fair value (through profit or loss)	15,581	9,546
Lease liabilities	6,433	7,586
Other liabilities	5,364	3,466
NON-CURRENT LIABILITIES	**55,066**	**46,074**
Trade accounts payable	4,133	3,873
Lease liabilities	5,386	4,776
Contract liabilities	104,077	89,717
Other provisions	1,111	1,167
Financial liabilities at fair value (through profit or loss)	1,340	4,501
Income tax liabilities	4,604	1,813
Other liabilities	32,811	28,281
CURRENT LIABILITIES	**153,462**	**134,128**
	298,424	**278,514**

Consolidated statement of cash flows

of New Work SE (formerly XING SE)
for the period from January 1 to September 30, 2019

Consolidated statement of cash flows

In € thousand	**01/01/– 09/30/2019**	01/01/– 09/30/2018	**07/01/– 09/30/2019**	07/01/– 09/30/2018
Earnings before taxes	38,812	36,209	11,233	13,372
Amortization and write-downs of internally generated software	7,541	5,202	2,867	2,220
Depreciation, amortization and impairment losses on other fixed assets	17,692	11,123	9,774	4,067
Finance income	– 1,416	– 1,707	– 79	88
Interest received	100	45	78	44
Finance costs	1,264	1,562	431	135
Share of profits and losses of equity-accounted investments	0	941	0	0
Taxes paid	– 8,414	– 8,323	– 3,668	– 3,277
Profit from disposal of fixed assets	– 34	– 7	– 6	– 8
Change in receivables and other assets	– 2,802	– 3,216	572	– 2,438
Change in liabilities and other equity and liabilities	7,488	1,680	1,837	3,772
Non-cash changes from changes in basis of consolidation	– 5,165	0	0	0
Change in contract liabilities	12,592	17,910	– 2,310	483
Elimination of XING Events third-party obligation	– 4,247	– 2,276	– 2,478	– 1,208
CASH FLOWS FROM OPERATING ACTIVITIES	**63,412**	**59,143**	**18,252**	**17,250**
Payment for capitalization of internally generated software	– 19,403	– 19,373	– 7,264	– 5,911
Payment for purchase of software	– 2,625	– 1,833	– 1,143	– 12
Payments for purchase of other intangible assets	– 169	– 208	375	9
Proceeds from the disposal of fixed assets	76	62	22	101
Payments for purchase of property, plant and equipment	– 4,344	– 4,210	– 1,353	– 1,697
Payments for acquisition of consolidated companies (less funds acquired)	– 25,195	– 4,644	– 165	0
Payments for equity – accounted investments	0	– 1,228	0	0
CASH FLOWS FROM INVESTING ACTIVITIES	**– 51,660**	**– 31,434**	**– 9,527**	**– 7,510**

Consolidated statement of cash flows

In € thousand	01/01/–09/30/2019	01/01/–09/30/2018	07/01/–09/30/2019	07/01/–09/30/2018
Payment of regular dividend	– 12,027	– 9,442	0	0
Payment of special dividend	– 20,009	0	0	0
Interest paid	– 173	– 134	– 52	– 53
Payment for leases	– 3,907	– 2,032	– 1,396	– 619
Payments for own shares	0	– 270	0	0
Cash flows from financing activities	0	89	0	89
CASH FLOWS FROM FINANCING ACTIVITIES	**– 36,115**	**– 11,789**	**– 1,448**	**– 583**
Currency translation differences	405	– 38	319	– 16
Change in cash and cash equivalents	– 23,959	15,882	7,596	9,141
Own funds at the beginning of the period	53,831	32,327	22,277	39,068
OWN FUNDS AT THE END OF THE PERIOD [1]	**29,873**	**48,209**	**29,873**	**48,209**
Third-party funds at the beginning of the period	4,050	4,219	5,819	5,287
Change in third-party funds	4,247	2,276	2,478	1,208
THIRD-PARTY FUNDS AT THE END OF THE PERIOD	**8,297**	**6,495**	**8,297**	**6,495**

[1] *Funds consist of liquid funds.*

Consolidated statement of changes in equity

of New Work SE (formerly XING SE)
for the period from January 1 to September 30, 2019

Consolidated statement of changes in equity

In € thousand	Subscribed capital	Capital reserves	Treasury shares at cost	Other reserves	Net retained profits	Total equity
AS OF 01/01/2018	**5,620**	**22,622**	**0**	**2,338**	**47,007**	**77,587**
Consolidated net profit/loss	0	0	0	0	24,481	24,481
Other comprehensive income	0	0	0	– 203	0	– 203
Consolidated total comprehensive income	**0**	**0**	**0**	**– 203**	**24,481**	**24,277**
Regular 2017 dividend	0	0	0	0	– 9,442	– 9,442
Equity-settled share-based payment transaction	0	0	0	270	– 270	0
Issue of own shares	0	0	181	0	0	181
Sales of own shares	0	22	89	0	0	111
Purchase of own shares	0	0	– 270	0	0	– 270
AS OF 09/30/2018	**5,620**	**22,644**	**0**	**2,405**	**61,775**	**92,444**
AS OF 01/01/2019	**5,620**	**22,644**	**0**	**1,773**	**68,274**	**98,311**
Consolidated net profit/loss	0	0	0	0	22,691	22,691
Other comprehensive income	0	0	0	929	0	929
Consolidated total comprehensive income	**5,620**	**22,644**	**0**	**2,702**	**90,966**	**121,932**
Regular 2018 dividend	0	0	0	0	– 12,027	– 12,027
Special dividend	0	0	0	0	– 20,009	– 20,009
AS OF 09/30/2019	**5,620**	**22,644**	**0**	**2,702**	**58,930**	**89,896**

Notes to the interim consolidated financial statements

for the period from January 1 to September 30, 2019

1. Information on the Company and the Group

The registered office of New Work SE (formerly XING 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 (legal successor of Burda Digital GmbH), Munich, 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.

Operating the leading social network for business professionals in the German-speaking market, 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 almost 17 million members achieve as harmonious a work/life balance as possible. 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 September 30, 2019, 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, 2018.

The reporting period began on January 1, 2019, and ended on September 30, 2019. The corresponding prior-year period began on January 1, 2018, and ended on September 30, 2018. The interim consolidated financial statements and the interim group management report of the Company were approved for publication on November 7, 2019, 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, 2018, 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, 2023.

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 accounting policies

In its quarterly financial statements as of September 30, 2019, New Work SE discloses other own work capitalized separately.

In previous years, additions to internally generated software were recognized through profit or loss in other operating income or in personnel expenses and other operating expenses, and were disclosed separately in the notes to the consolidated financial statements. Going forward, the Company will transfer this information from the notes to the consolidated financial statements to the consolidated statement of comprehensive income. There are no further effects on the consolidated financial statements.

The following table shows the effect on the consolidated statement of comprehensive income for the third quarter of 2018:

In € thousand	01/01/ – 09/30/2018 as reported	Restatement	**01/01/ – 09/30/2019 restated**
Service revenues	167,254	0	167,254
Other income	2,733	– 744	1,989
Other own work capitalized	0	19,371	19,371
Personnel expenses	– 64,446	– 12,660	– 77,106
Marketing expenses	– 20,403	0	– 20,403
Other operating expenses	– 31,808	– 5,967	– 37,775
EBITDA	**53,330**	**0**	**53,330**

4. Acquisitions in the reporting period

A. KUNUNU US LLC

kununu GmbH formed the joint venture kununu US, LLC with Monster Worldwide Inc. on February 2, 2016. The objective was to position Europe's leading employer review and employer branding platform on the US market. The acquisition costs amounted to €2,706 thousand. Including the subsequent capital increases performed in the same amount by both shareholders, the capital paid in by kununu GmbH amounted to €7,430 thousand as of January 30, 2019. Proportional changes in earnings were accounted for using the equity method.

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

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

Since the acquisition date, kununu US LLC contributed €217 thousand to revenues and €– 2,185 thousand to EBITDA. If the merger of the two companies had taken place at the start of the year, these figures would be €254 thousand and €– 2,600 thousand, respectively.

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

As of January 30, 2019, the acquired assets and liabilities have the following fair values at the date of initial consolidation, translated at the closing rate as of January 30, 2019:

Acquisition of kununu US LLC

In € thousand	01/30/2019
Customer relations	392
Property, plant and equipment	38
Non-current assets	**430**
Receivables from services	60
Other assets	95
Cash	136
Current assets	**291**
IDENTIFIED ASSETS	**721**
Deferred income tax liabilities	101
Non-current liabilities	**101**
Trade accounts payable	3,433
Other liabilities	514
Current liabilities	**3,947**
IDENTIFIED LIABILITIES	**4,048**
NET ASSETS	**– 3,328**
Base purchase price	0
Fair value for 50% of the interest already held	1,315
Consideration transferred for 50% of the shares	**1,315**
GOODWILL	**4,643**

At the beginning of the year, New Work SE took over all shares of the joint venture partner for the employer branding business in the USA. We then decided to recognize an impairment loss of €8.4 million on the US business (a €5.6 million impairment of assets plus a €2.8 million write-down of tax loss carryforwards). This impairment is non-recurring, non-cash and has no impact on our core business in the D-A-CH region or our revenue and EBITDA targets for the Group.

B. HONEYPOT GMBH

On April 1, 2019, Beekeeper Management GmbH acquired all interests in Honeypot GmbH, Berlin, Germany (hereafter "Honeypot"). Honeypot operates a tech-focused job platform. In accordance with IFRS 3, the purchase comprises a cash price of €22.0 million for 100 percent of the shares, which becomes due immediately, and an earn-out component (up to a maximum of €35.0 million), which is based on revenue and EBITDA figures. Since the acquisition was made fairly recently, the purchase price allocation, particularly in relation to the earn-out liability, has not yet been completed. A present value of €6.5 million for the earn-out is therefore provisionally estimated for the financial statements for the period ended September 30, 2019. Most of the contingent purchase price will become due in 2022. The Austrian company was consolidated for the first time on the date on which ownership of the interests was transferred (April 1, 2019).

Transaction costs amounting to €103 thousand have been posted as expenses and are reported in the income statement under other operating expenses and in cash flows from operating activities in the statement of cash flows.

Since its acquisition, Honeypot has contributed €1,735 thousand to revenues and €– 1,494 thousand to EBITDA. If the merger of the two companies had taken place at the start of the year, these figures would be €2,503 thousand and €– 1,616 thousand, respectively. The goodwill recognized, which so far has not been spread among the individual assets as part of the purchase price allocation, results primarily from the strong growth planned. Recognized goodwill is not expected to be tax-deductible.

Acquisition of Honeypot GmbH

In € thousand	04/01/2019
Technology	1,668
Brand rights	2,909
Customer relations	1,408
Property, plant and equipment	73
Deferred taxes	300
Non-current assets	**6,358**
Trade accounts receivable	393
Other assets	41
Cash	292
Current assets	**726**
IDENTIFIED ASSETS	**7,084**
Deferred income tax liabilities	1,783
Non-current liabilities	**1,783**
Trade accounts payable	24
Contract liabilities	187
Other liabilities	2,284
Current liabilities	**2,495**
IDENTIFIED LIABILITIES	**4,278**
NET ASSETS	**2,806**
Base purchase price	20,806
Conditional purchase price (fair value)	6,525
Less stock option plan-related amounts	– 719
Consideration transferred for 100% of the shares	**26,611**
GOODWILL	**23,805**

5. Segment information

In € thousand	B2C		B2B E-Recruiting		B2B Marketing Solutions & Events		kununu International		Consolidation of intersegment revenues / expenses		**Total segments**	
	01/01/–09/30/2019	01/01/–09/30/2018[1]	**01/01/–09/30/2019**	01/01/–09/30/2018[1]	**01/01/–09/30/2019**	01/01/–09/30/2018[1]	**01/01/–09/30/2019**	01/01/–09/30/2018[1]	**01/01/–09/30/2019**	01/01/–09/30/2018[1]	**01/01/–09/30/2019**	01/01/–09/30/2018[1]
Revenues (from third parties)	76,873	74,263	101,761	77,934	17,413	13,936	326	1,121	0	0	196,373	167,254
Intragroup revenues	0	0	0	0	420	410	0	0	–420	–410	0	0
Total revenues	76,873	74,263	101,761	77,934	17,833	14,346	326	1,121	–420	–410	196,373	167,254
Intragroup segment expenses	–420	–410	0	0	0	0	0	0	420	410	0	0
Other segment expenses	–52,758	–41,523	–32,999	–26,880	–12,204	–10,897	–1,454	–1,077	0	0	–99,415	–80,377
Segment operating result	23,695	32,330	68,762	51,054	5,629	3,449	–1,128	44	0	0	96,958	86,877
Other operating income / expenses											–33,064	–33,547
EBITDA											63,894	53,330

[1] *Restated due to internal reorganization during the 2018 financial year*

Revenues by region

In € thousand	**09/30/2019**	09/30/2018
D-A-CH	186,374	153,428
International	9,999	13,826
	196,373	**167,254**

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, 2018, the non-current assets (excl. deferred tax assets and other financial assets) of €180,530 thousand (December 31, 2018: €143,155 thousand) are attributable to the D-A-CH region.

6. Equity

As of September 30, 2019, the Group had share capital of €5,620,435 (December 31, 2018: €5,620,435). As previously, the Company does not hold any treasury shares.

Based on a resolution adopted by the Annual General Meeting on June 6, 2019, a dividend of €2.14 per share was paid for the 2018 financial year (2017: €1.68 per share), plus a special dividend of €3.56 per share (previous year: €0.00). With 5,620,435 shares carrying dividend rights, this corresponds to a total payout of €32.0 million (previous year: €9.4 million).

Own cash and available-for-sale securities of €59.5 million as of September 30, 2019, 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.

7. Other operating income

Other operating income mainly includes non-recurring, non-operating income of €3,750 thousand from the acquisition of the new Group Campus. Expenses amounted to €3,106 thousand. Income from currency translation of €533 thousand (previous year: €387 thousand) is also included.

8. Other operating expenses

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

In € thousand	**01/01/– 09/30/2019**	01/01/– 09/30/2018[1]
IT services, management services	15,282	17,456
Server hosting, administration and traffic	4,785	3,272
Travel, entertainment and other business expenses	3,568	3,915
Other personnel expenses	3,349	2,078
Occupancy expenses	2,446	2,323
Payment transaction costs	2,077	1,979
Bad debts	1,665	1,291
Training costs	1,137	1,176
Legal consulting fees	709	492
Accounting fees	530	479
Telephone/cell phone/postage/courier	487	452
Exchange rate losses	455	407
Insurance and contributions	404	184
Rents/leases	383	336
Financial statements preparation and auditing costs	343	366
Office supplies	291	288
Expenses attributable to prior periods	270	320
Supervisory Board remuneration	243	243
Other	1,648	720
TOTAL	**40,072**	**37,775**

[1] *restated persuant IAS 8*

The expenses for IT services and management services also include non-recurring, non-operating expenses of €2,185 thousand incurred in connection with the new Group campus.

Other expenses also comprise non-recurring, non-operating expenses of €1,078 thousand incurred in connection with the Group campus.

9. Depreciation, amortization and impairment losses

Effective at the start of the 2019 financial year, the useful life of internally generated software was extended by a further twelve months to December 31, 2023. This led to the recognition of lower amortization of €2,226 thousand than as stipulated in the previous amortization schedule, which will be recognized in later periods. Depreciation, amortization and impairment losses also include a non-recurring, non-cash impairment charge of €5.6 million recognized on the employer branding business in the USA.

After acquiring all of the shares and in light of the changed basic situation for the US business, we decided to adjust the enterprise value (€5.6 million) based on amended planning. This impairment is non-cash, non-recurring and has no impact on our core business in the D-A-CH region or our revenue and EBITDA targets for the Group.

10. Financial result

In a contract dated October 1, 2018, 50 percent of the shares of the joint venture kununu US, LLC were acquired from Monster Worldwide Inc. effective January 30, 2019. The fair value of the shares already held calculated using the discounted cash flow method amounted to US$1,510 thousand (€1,315 thousand) as of January 30 2019. The write-up will be included in the financial result in the reporting period.

Finance costs include €199 thousand from reassessing the earn-out from the acquisition of InterNations GmbH, which became necessary due to improved revenues and EBITDA. In the previous year, finance income included €1,604 thousand from the reversal of earn-out obligations from the acquisition of Buddybroker AG, which resulted in corresponding finance costs of €585 thousand.

11. Related parties

Please refer to the consolidated financial statements as of December 31, 2018, for information about related parties. From the perspective of the Group, no significant changes with respect to the Burda Group occurred until September 30, 2019.

There were no claims against members of the Executive Board and the Supervisory Board as of September 30, 2019.

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 September 30, 2019.

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]	09/30/2019	12/31/2018
Non-current financial assets at amortized cost	Amortized cost	615	453
Non-current financial assets at fair value	FVOCI	29,663	28,702
Current receivables from services	Amortized cost	33,762	35,523
Current other assets	Amortized cost	10,101	783
Cash	Amortized cost	38,170	57,881
Non-current financial liabilities at fair value	FLFVtPL	15,581	9,546
Current trade accounts payable	Amortized cost	4,133	3,873
Current financial liabilities at fair value	FLFVtPL	1,340	4,501
Current other liabilities	Amortized cost	9,369	3,989

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

Receivables from services are impaired as follows:

09/30/2019 In € thousand	Not yet due	Past due <30 days	Past due < 90 days	Past due > 90 days	Total
Impairment ratio	0.7%	2.4%	16.6%	27.6%	5.7%
Gross carrying amount	21,083	7,548	2,486	4,673	35,790
Impairment	– 145	– 179	– 412	– 1,292	– 2,028

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

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

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, November 7, 2019

The Management Board

Dr. Thomas Vollmoeller   Dr. Patrick Alberts

Alastair Bruce   Ingo Chu

Jens Pape

Financial calendar

Interim Report Q3 2019	November 7, 2019

Publishing information and contact

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Our social media channels

https://nwx.new-work.se/
(New Work Experience)

http://blog.xing.com
(Corporate blog)

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)

Consulting, Concept & Design
Silvester Group
www.silvestergroup.com

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

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