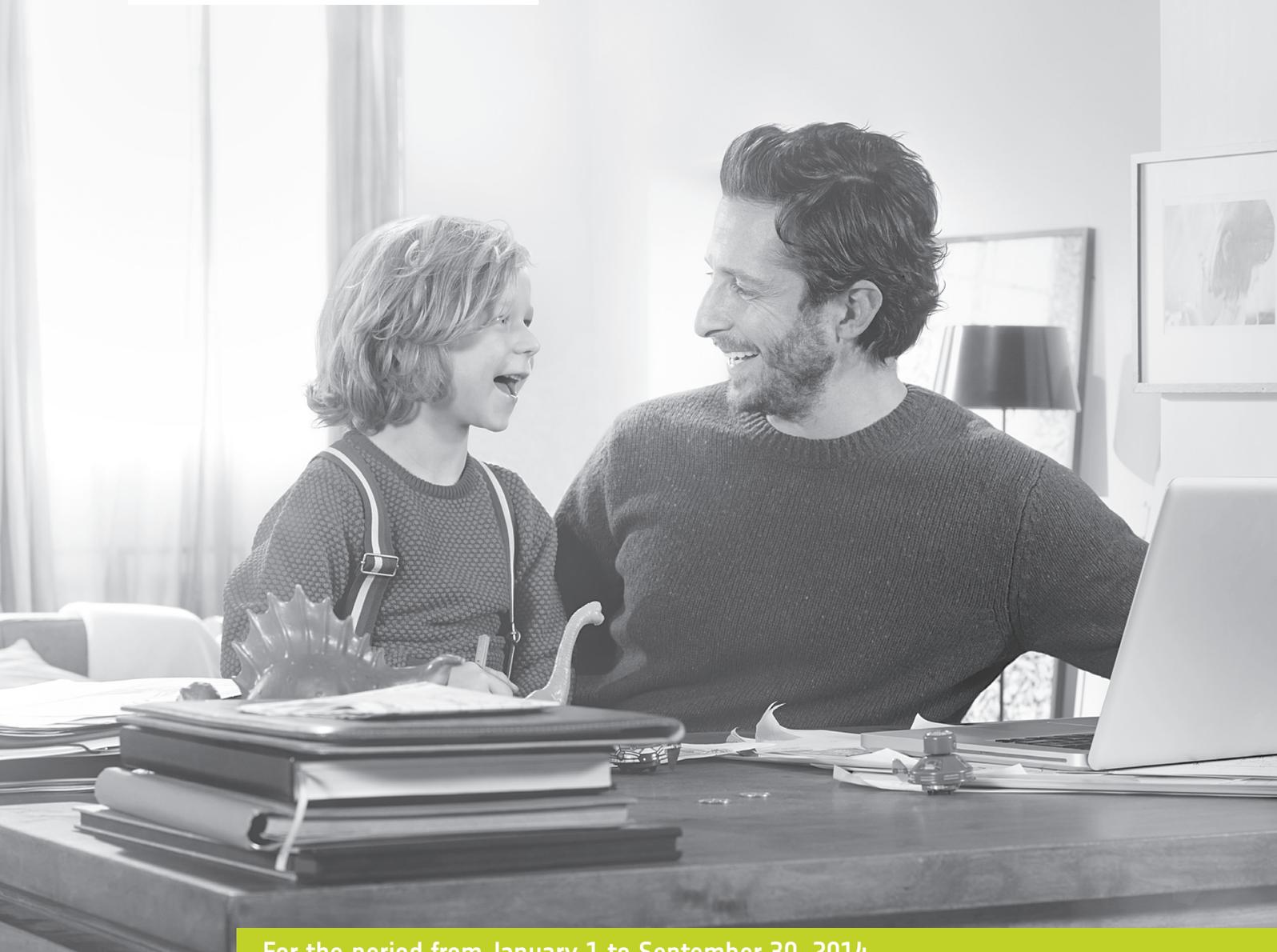


**XING** 



For the period from January 1 to September 30, 2014

# Q3 – Interim Report

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

# Key figures of XING AG

	Unit	9M 2014	9M 2013	Q3 2014	Q3 2013	Q2 2014
Revenues <sup>1</sup>	in € million	73.11	62.06	25.98	21.58	24.38
Network/Premium segment	in € million	44.54	40.26	15.61	13.70	15.02
E-Recruiting segment	in € million	23.31	17.06	8.77	6.19	7.54
Events segment	in € million	4.02	3.69	1.22	1.25	1.36
EBITDA reported	in € million	19.64	17.37	9.10	6.21	6.53
EBITDA excl. kununu earn-out <sup>2</sup>	in € million	21.38	17.37	9.86	6.21	7.02
EBITDA margin reported	in %	27	28	35	29	27
EBITDA margin excl. kununu earn-out <sup>2</sup>	in %	29	28	38	29	29
Net profit reported	in € million	8.47	7.41	4.65	2.72	2.77
Net profit excl. kununu earn-out <sup>2</sup>	in € million	10.21	7.41	5.41	2.72	3.26
Earnings per share (diluted) reported	in €	1.51	1.33	0.83	0.48	0.49
Earnings per share (diluted) excl. kununu earn-out <sup>2</sup>	in €	1.83	1.33	0.97	0.48	0.58
Cash flow from operations	in € million	24.46	17.76	10.47	4.41	6.38
Equity	in € million	45.68	58.27	45.68	58.27	41.02
Liquid funds	in € million	57.82	62.60	57.82	62.60	50.91
XING users Germany, Austria, Switzerland (D-A-CH), total	in million	7.94	6.72	7.94	6.72	7.57
thereof platform members	in million	7.67	6.72	7.67	6.72	7.39
thereof subscribers	in thsd.	833	829	833	829	829
thereof XING Events users	in thsd.	265	n/a	265	n/a	183
B2B customers (D-A-CH)						
in the E-Recruiting segment	in thsd.	16.57	16.27	16.57	16.27	14.75
in the Events segment	in thsd.	2.40	2.08	2.40	2.08	2.40
Employees		638	560	638	560	626

1 Total revenues including other operating income

2 Due to changes in the IFRS guidance on accounting for purchase price obligations from earn-out arrangements arising from the acquisition of companies, since 2013 these have been recognized as personnel expenses instead of as a component of the purchase price. At XING, this change affects the earn-out obligation for the kununu transaction. For this reason, around €1.5 million was recorded in Q4 2013 as personnel expenses for the whole of 2013. A further approx. €0.5 million each was recorded under personnel expenses in Q1 and Q2 2014 and a further €0.8 million was recorded in Q3. These personnel expenses are non-operating expenses and do not affect the cash flows from operations. Accordingly, they only reduce earnings for the 2013 and 2014 financial years (Q1–Q4) corresponding to the contractually agreed earn-out period. In its reports, XING AG also reports the key performance indicators eliminated by this effect to enable an appropriate interpretation of the development of operations based on EBITDA, net profit/loss for the period, and other earnings figures.

# About XING

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XING is the social network for business professionals. Around 15 million members worldwide and around 8 million in the German-speaking region alone use the platform for their businesses, their job and their careers. XING is a platform where professionals from all kinds of different industries can meet up, find jobs, colleagues, new assignments, cooperation partners, experts and generate business ideas. Members can meet and exchange views in more than 50,000 specialist groups, while also getting together at networking events. The platform is operated by XING AG. The Company was established in 2003 in Hamburg, has been listed since 2006 and has been a TecDAX member since 2011.

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# 01.

# TO OUR SHAREHOLDERS

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# Chairman's statement



Dr. Thomas Vollmoeller,  
Chief Executive Officer of XING AG

## LADIES AND GENTLEMEN,

In past quarters I described to you in detail how we repositioned XING and, on this basis, developed a new product and communications strategy. That the world of work is currently undergoing radical change is the essence of our approach. Increasing numbers of professionals are giving priority to doing work that is a good fit with their own situation in life, with their individual needs and desires, over advancing their career in traditional terms. Aspects such as "meaning" and "family-friendliness" are coming to the fore. A recent forsa survey that we commissioned concludes that eight out of ten of the 1,011 German specialists and managers surveyed (82 percent) would like to have a job that gives them more time with their family, partner or friends. The desire for a meaningful occupation for the common good is also becoming increasingly important. However, about two-thirds of those surveyed do not know where to find such jobs.

This was something we didn't need to be told twice, so in September we started a job campaign. The fall initiative began with the relaunch of XING Jobs, which in contrast to traditional job exchanges emphasizes the needs of the job seeker, who at the click of the mouse finds employers whose employees praise aspects such as flextime, a good work/life balance or childcare options. The reviews from kununu, the largest employer review portal in German-speaking countries, serve as a basis for this. XING Jobs also has a section for positions at companies that have particular expertise in the social or environmental sector. The third section lists jobs for people for whom professional development and career advancement are especially important.

The job campaign continued even after the third quarter had ended and the first paid premium add-on was rolled out in October with the name XING ProJobs. XING ProJobs provides members with a powerful tool to help them get noticed by potential employers. It also gives them access to exclusive, high-salary job offers and a resumé check to help them polish their image.

Ladies and Gentlemen, I am delighted that our activities are producing good results. Allow me to present the third quarter of 2014 to you in several dimensions as the best quarter XING has recorded since it went public in 2006.

Total revenues climbed 20 percent to € 26.0 million, the major drivers being the E-Recruiting and Network/Premium segments. Since we gave our product offering for Premium customers a face lift – something we also initiated at the end of last year – revenues in the Network/Premium segment have risen sharply. This was also the case in the third quarter, which saw revenues rise by 14 percent to €15.6 million (€13.7 million). The E-Recruiting segment remained the strongest driver of growth in the third quarter, generating revenues of € 8.8 million, an increase of 42 percent year-on-year (€ 6.2 million). Both overall growth and growth in the Network/Premium and E-Recruiting segments thus continued to accelerate. Revenue in the Events segment was €1.2 million, down slightly on the previous year (€1.3 million), as expected. This is due to the realignment of the Events business, which in the past was focused solely on B2B customers, but in the future will additionally concentrate more heavily on B2C customer relationships. In connection with this reorganization, one of our product launches in the third quarter was the XING Event Market, which helps our users separate the wheat from the chaff in the large number of events on offer. Based on their own network and profile, users answer the following questions: Which events are relevant for me and which are not? Which will advance my career? Which conferences are good for finding key contacts, partners and potential new customers?

The operating result (EBITDA) including the non-operating kununu earn-out obligation was €9.1 million (excluding the non-operating kununu earn-out obligation: €9.9 million). Consolidated net profit for the third quarter including the non-operating kununu earn-out obligation was €4.7 million (excluding the non-operating kununu earn-out obligation: €5.4 million).

We expect EBITDA including the non-operating kununu earn-out obligation for the full 2014 financial year to amount to €28-€29 million.

I am also very happy to report that the third quarter was not only a record quarter in terms of revenue growth. We also added more new members than in any other quarter since our IPO in 2006. In the reporting period, XING welcomed 282,000 new platform members in the D-A-CH region. The platform we acquired in the second quarter, [www.lebenslauf.com](http://www.lebenslauf.com), contributed to this for the first time. At the end of the third quarter, XING therefore had 7.67 million members in German-speaking countries. Since the beginning of the year, a further 265,000 users registered on XING Events, bringing XING's total user base up to 7.94 million at the end of September.

I would like to take this opportunity to thank the staff at XING Group, whose great ambition and dedication to not only the job campaign described above, but also a large number of other initiatives and developments, had a considerable hand in the results I am presenting to you. I would also like to thank you for your confidence and your loyalty.

XING is continuing its rapid pace of growth; we have set ourselves ambitious targets and are well on the way to achieving these. We hope you will continue to give us your support.

Sincerely,  
Dr. Thomas Vollmoeller  
CEO XING AG

Hamburg, November 6, 2014

# XING shares

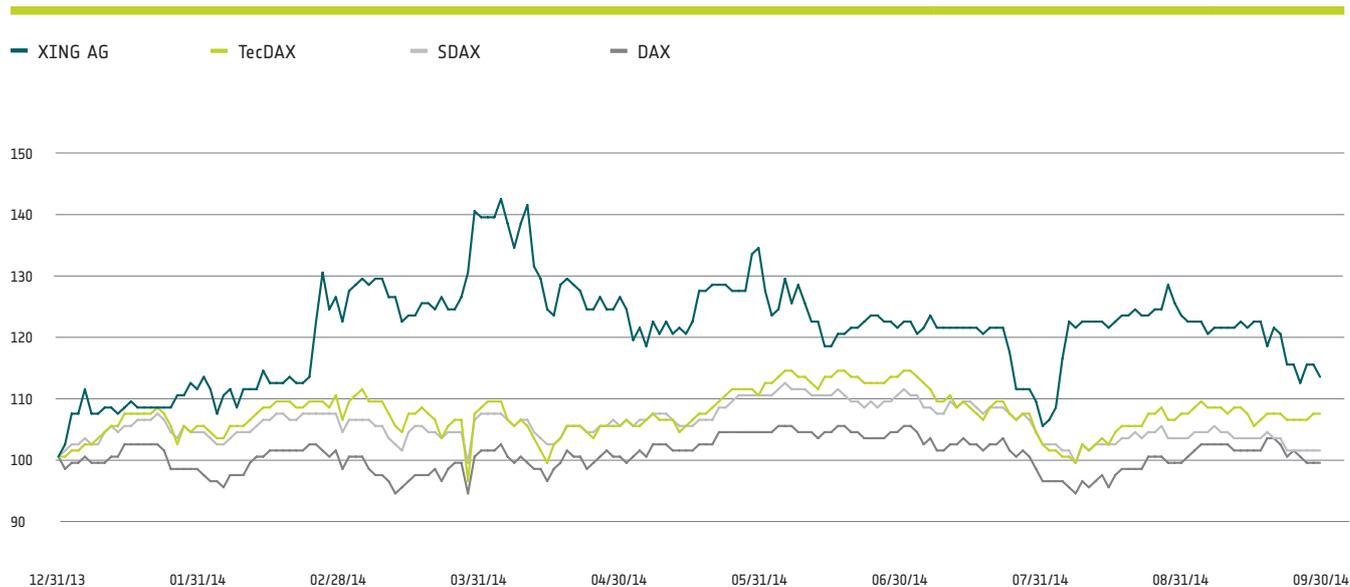
## Basic data about the XING share

Number of shares as of September 30, 2014	5,592,137
Share capital in €	5,592,137
Share type	Registered shares
IPO	December 07, 2006
ISIN	DE000XNG8888
Bloomberg	O1BC
Reuters	OBCGn.DE
Transparency level	Prime Standard
Index	TecDAX
Sector	Software

## Key data on the XING share

	Q1-Q3 2014	Q1-Q3 2013
XETRA closing price at the end of the period	€ 84.29	€ 81.27
High	€ 105.85	€ 81.27
Low	€ 75.78	€ 38.00
Market capitalization at the end of the period in € million	471.4	454.5
Average trading volume per day (XETRA)	7,125	9,239
TecDAX ranking		
based on trading volume	28	28
based on free-float market capitalization	30	31
Earnings per share (diluted) excl. kununu earn-out	€ 1.83	€ 1.33

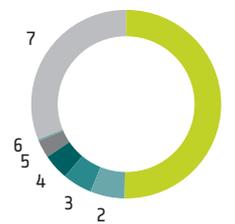
## Share price performance vs. indices from December 31, 2013 to September 30, 2014 (indexed)



### Analyst recommendations for the XING share

Broker	Analyst	Recommendation	Price target
Berenberg Bank	Sarah Simon	Buy	€96
Commerzbank	Heike Pauls	Buy	€120
Close Brothers	Marcus Silbe	Buy	€140
Deutsche Bank	Benjamin Kohnke	Buy	€110
Goldman Sachs	Carl Hazely	Buy	€130
Hauck & Aufhäuser	Sascha Berresch	Sell	€65
Jefferies	David Reynolds	Hold	€110
J.P. Morgan Cazenove	Mark O'Donnell	Hold	€74
Montega	Alexander Braun	Sell	€60
Warburg Research	Jochen Reichert	Sell	€90

### Shareholder structure



1 – Burda Digital GmbH	50.51 %
2 – Deutsche Asset & Wealth Management	5.97 %
3 – Schroders	5.05 %
4 – Union Investment	5.00 %
5 – Oppenheimer	5.07 %
6 – Treasury shares	0.22 %
7 – Other shareholders	28.18 %

# 02.

# INTERIM GROUP MANAGEMENT REPORT

for the period from January 1 to September 30, 2014

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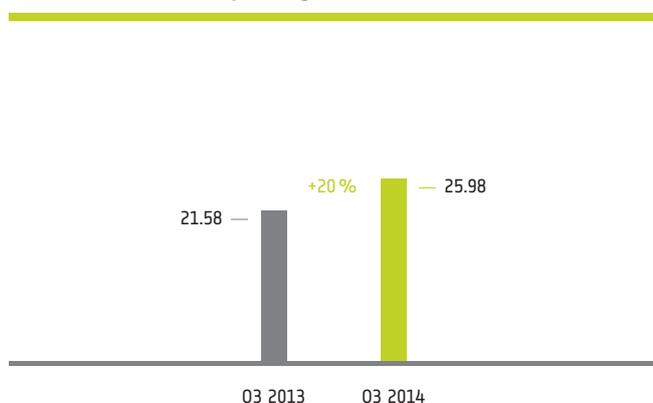
## 09 Course of business

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# Course of business

## Results of operations in the Group

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



Growth in the XING Group has been accelerating since the beginning of the year. While the growth rates in the two preceding quarters were 16 and 17 percent, respectively, we generated even stronger revenue growth of 20 percent in the third quarter. Accordingly, total revenues (including other operating income) rose by € 4.39 million to € 25.98 million (Q3 2013: € 21.58 million). The E-Recruiting segment was the biggest growth driver in the third quarter with an increase of 42 percent over the same period in 2013. In addition, the measures taken to increase the momentum of growth in the Premium Club core business are continuing to bear fruit, with a growth rate of 14 percent being achieved in the third quarter (previous year: 7 percent).

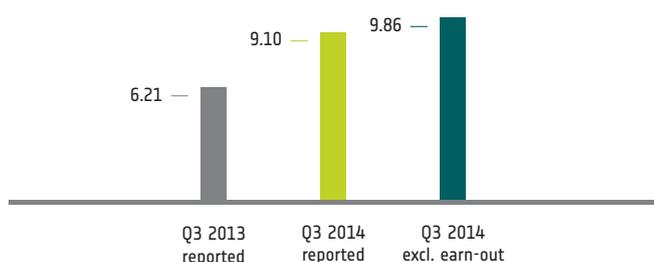
Marketing expense decreased in comparison with the previous quarters to € 1.27 million, but was also down substantially against the prior-year period (Q3 2013: € 1.80 million), due in part to further improvements in marketing efficiency. As a result, the marketing expenses ratio was just 5 percent (Q3 2013: 8 percent).

In personnel expenses, the largest cost item, the expense ratio fell to 40 percent from 44 percent in the first quarter and 43 percent in the second quarter of 2014. In absolute terms, personnel expenses amounted to € 10.43 million in the third quarter (Q3 2013: € 8.34 million). Here, it is important to note that in both the previous quarters and the third quarter expense resulting from the kununu earn-out obligation was recorded under personnel expenses. In the third quarter, a total of € 0.75 million was carried under personnel expenses on account of the positive development at kununu. Not including this non-operating earn-out obligation, personnel expenses amounted to € 9.68 million in the third quarter of 2014. The personnel expenses ratio in the first nine months of 2014 was therefore 37 percent as against 39 percent in the prior-year period.

The third expense item, other operating expenses, was reduced from € 5.24 million in Q3 2013 to € 5.17 million in the third quarter of 2014. Expenses thus fell from 24 percent to 20 percent of revenues in the reporting period.

As a consequence of the lower-than-average increase in expenses, the operating result (EBITDA) including the non-operating kununu earn-out obligation was €9.1 million (excluding the non-operating kununu earn-out obligation: €9.9 million).

#### EBITDA (in € million)<sup>1</sup>



<sup>1</sup> Due to changes in the IFRS guidance on accounting for purchase price obligations from earn-out arrangements arising from the acquisition of companies, since 2013 these have been recognized as personnel expenses instead of as a component of the purchase price. At XING, this change affects the earn-out obligation for the kununu transaction. For this reason, around €1.5 million was recorded in Q4 2013 as personnel expenses for the whole of 2013. A further approx. €0.5 million each was recorded under personnel expenses in Q1 and Q3 2014 and a further €0.8 million was recorded in Q3 2014. These personnel expenses are non-operating expenses and do not affect the cash flows from operations. Accordingly, they only reduce earnings for the 2013 and 2014 financial years (Q1–Q4) corresponding to the contractually agreed earn-out period. In its reports, XING AG also shows the key performance indicators eliminated by this effect to enable an appropriate interpretation of the development of operations based on EBITDA, net profit/loss for the period, and other earnings figures.

Depreciation and amortization in the third quarter of 2014 amounted to €1.94 million (Q3 2013: €2.06 million) and include depreciation and amortization of around €0.28 million for the assets of the acquired companies XING Events GmbH and kununu GmbH identified in the purchase price allocation. No impairment losses were recognized in the third quarter of 2014.

After deducting income taxes of €2.51 million, consolidated net profit for the third quarter including the non-operating kununu earn-out obligation was €4.7 million (excluding the non-operating kununu earn-out obligation: €5.4 million).

We expect EBITDA including the non-operating kununu earn-out obligation for the full 2014 financial year to amount to €28–€29 million.

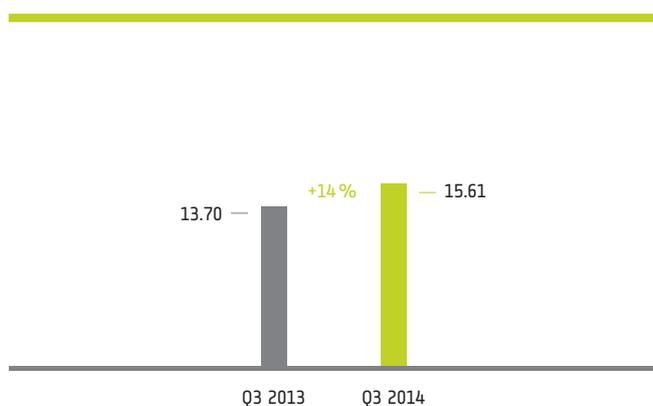
#### STATUS REPORT ON FINANCIAL AND NON-FINANCIAL KEY PERFORMANCE INDICATORS

Financial key performance indicators	Forecast for 2014	Progress 9M 2014
Revenues Group	Double-digit percentage growth	+18 %
EBITDA (adjusted for special factors) Group	Significant increase in EBITDA	+23 %
Revenues Network/Premium segment	High single-digit percentage growth	+11 %
EBITDA (adjusted for special factors) Network/Premium segment	Significant increase in segment EBITDA	+26 %
Revenues E-Recruiting segment	Double-digit percentage growth	+37 %
EBITDA (adjusted for special factors) E-Recruiting segment	Significant increase in segment EBITDA	+72 %
Revenues Events segment	Double-digit percentage growth	+9 %
EBITDA (adjusted for special factors) Events segment	Slightly negative segment EBITDA	€-1.5 million

Non-financial key performance indicators	Forecast for 2014	Progress 9M 2014
Network/Premium segment: Members in the D-A-CH region	Year-on-year growth (2013: +839,000)	+739,000
Network/Premium segment: Subscribers in the D-A-CH region	Stronger growth in absolute terms (2013: +24,000)	+25,800
E-Recruiting segment: Number of corporate customers (B2B)	Sharp increase	+3 %
Events segment: Number of corporate customers (B2B)	Sharp increase	+15 %

## Development in the Network/Premium segment

Network/Premium revenues (in € million)



In the paid memberships segment, the reacceleration of growth is in full swing. Since the new Premium offerings were rolled out and the pricing structure adjusted, revenues in this segment have picked up significantly, rising 14 percent in the third quarter to €15.61 million (Q3 2013: €13.70 million). The main drivers of growth are the increase in average monthly revenue per member and the steady rise in the number of subscribers. By the end of the third quarter, 855,000 members worldwide, including 833,000 in the D-A-CH region, were using the supplementary functions and additional services afforded by paid membership.

### XING PREMIUM MEMBERS CAN NOW USE SBB BUSINESS POINTS FREE OF CHARGE

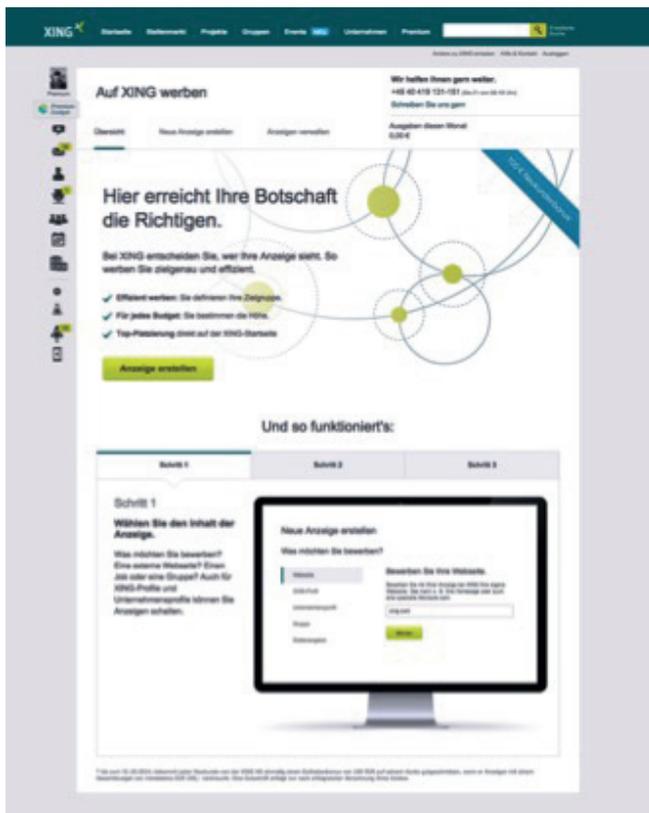
For some time, XING's Premium members have had free access to XING workspaces, where they can work, hold meetings or simply relax. In the third quarter, we teamed up with another attractive partner - Swiss Federal Railways (SBB) - to expand this offering from Germany to Switzerland. For a few months now, XING Premium members have had the flexibility to continue their work after a flight from Berlin to Bern by booking one of the modern meeting rooms (holding between 2 and 40 people) and individual workstations at the business points in the Bern and Geneva railway stations. This gives them the opportunity to work while they are waiting and hold meetings in a central location. Thanks to the partnership, the two business points

in Berlin and Geneva are available to all XING Premium members free of charge. Premium members may use our offering of individual workstations in the "think pod" and the lounge area at no charge for two hours per day, with complementary WiFi access, coffee and fruit.



### XING LAUNCHES SELF-BOOKING TOOL FOR ADVERTISEMENTS

In mid-September we also presented a new feature for advertisers in the Advertising subsegment. With this tool, XING content such as job advertisements or even certain member or company profiles can be independently promoted simply, rapidly, and efficiently. The special advertisements additionally enable advertisers to promote external websites and offerings in the XING network conveniently and selectively. An automated auction model is used to deliver the advertisements. For this, the advertiser enters a total or daily budget. Each time someone clicks on the advertisement or the ad fades in, payment is made. All advertisers receive comprehensive statistics for measuring performance and optimizing their advertising campaigns. The new advertising feature is now available at [www.xing.com/anzeigen](http://www.xing.com/anzeigen).

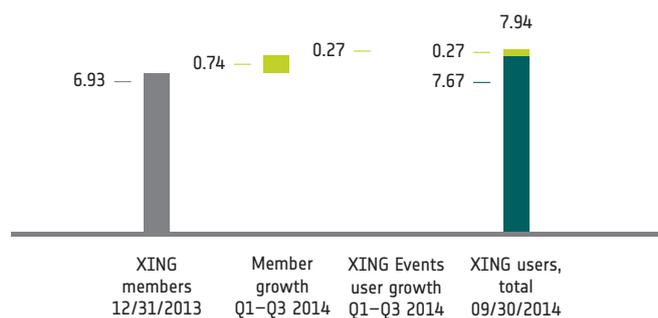


The new self-booking tool particularly benefits small and medium-sized enterprises (SMEs), as well as freelancers and agencies, enabling them to display advertising messages tailored to business professionals in German-speaking countries even on a relatively small budget, autonomously and without an intermediary media agency. The advertisements appear directly in the news stream of the chosen target group.

### MEMBERSHIP GROWTH

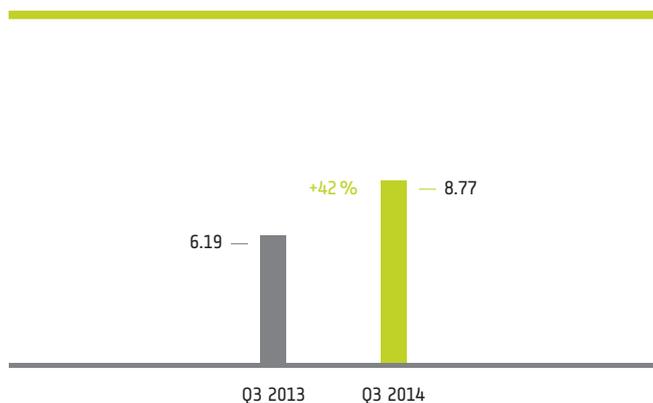
We ended the third quarter of 2014 with a new record in membership and subscriber growth. In the third quarter alone, we welcomed 282,000 new platform members in the D-A-CH region. The platform we acquired in the second quarter, [www.lebenslauf.com](http://www.lebenslauf.com), contributed to this for the first time. A further 83,000 users registered on XING Events, bringing XING's total user base up to 7.94 million at the end of September.

### XING member and subscriber growth Q1–Q3 2014 (in million)



## Development in the E-Recruiting segment

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



In the third quarter, the E-Recruiting segment not only maintained the high momentum recorded in the first half of the year, but significantly increased it. As a result, the growth rate accelerated from 34 percent in the first six months to 42 percent in the third quarter. Revenues rose accordingly from € 6.19 million to € 8.77 million. The number of B2B customers increased from 16,031 at the end of Q3 2013 to 16,569 at the end of September 2014. Since September 2013, we have acquired a further 841 B2B customers for the XING Talent Manager. This means that more than 1,900 companies are already using XING's active sourcing product.

There are several reasons for the sustained strong development of this segment which have their roots in the dramatically changing world of work. One reason is the change in values that many observers believe started with the demanding attitude of what has been dubbed "Generation Y." A key aspect of this is the claim that work must fit in with a person's lifestyle, not the other way round. Another driver is demographic trends, which are leading to a shortage of skilled labor - something that companies in German-speaking countries are feeling ever more acutely. An ever increasing number of businesses are competing for an ever decreasing number of skilled personnel. To enable these two groups to find each other efficiently, we relaunched XING Job in the third quarter.

Why? Because for more and more people, the job is no longer just the means to an end. In addition to the goal of career advancement, aspects such as "meaning" and "family-friendliness" are coming to the fore. A recent forsa survey showed that eight out of ten of the 1,011 German specialists and managers surveyed (82 percent) wished their jobs gave them more time to spend with their family, partner or friends. The desire for a meaningful occupation for the common good is also becoming increasingly important. However, about two-thirds of those surveyed do not know where to find such jobs.

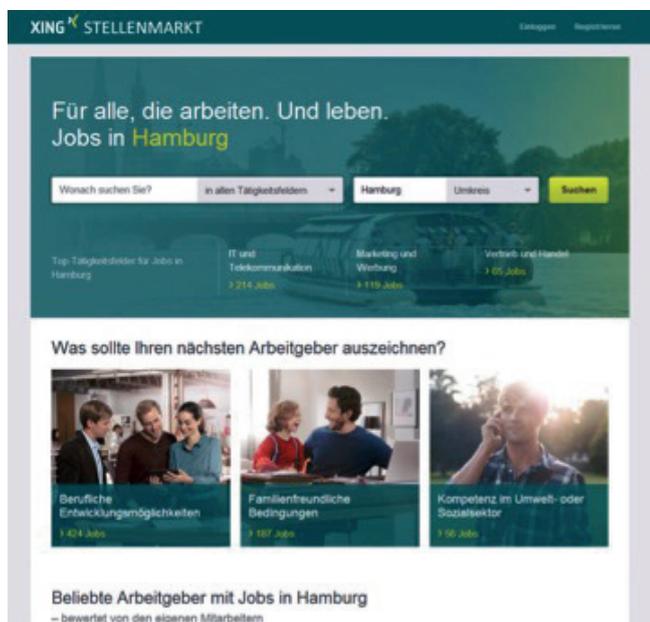
### A new style of job search

In the revamped XING Jobs, the job seeker sees not only the employment ad inserted by the company, which appears in a long list of results found using typical search criteria such as industry, position, and location, but also information that is highly relevant in the modern-day world of work and yet not available on traditional job portals. For example, a separate section contains job advertisements from companies at which work and family life can be reconciled particularly well. By clicking here, potential candidates can find job advertisements from employers whose employees praise aspects such as flextime, a good work/life balance or childcare options. The votes submitted by current and former employees on kununu, the largest employer review portal in German-speaking countries, serve as a basis for this. XING Jobs also has a section for positions at companies that have particular expertise in the social or environmental sector. The third section lists jobs for people for whom professional development and career advancement are especially important.

**Approximately 300 pages for specific cities and fields: All job advertisements are also accessible without XING membership**

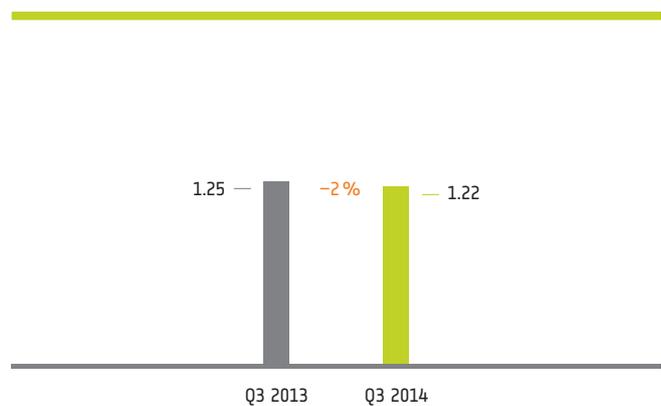
When it relaunched XING Jobs, XING made all advertisements available to out-logged users outside the XING platform for the first time. As a result, even non-XING members can discover attractive job offers. This gives employers a much larger pool of potential candidates to choose from than before in one fell swoop, while professionals benefit from the new jobs section even without membership. XING is beginning with around 300 pages for specific cities and fields. For example, it is possible to look for jobs with family-friendly working conditions in cities such as Munich, Hamburg or Zurich, or for jobs advertised by companies based in these cities that have social and environmental expertise. By the same token, IT specialists who attach particular importance to good career opportunities, for instance, may find suitable matches on the pages for specific fields. Later on, online search engines will also provide easy access to the pages for specific cities and fields.

The pages are rounded off by a prominent presentation of popular employers, which enables job seekers to see at a glance which of these companies currently have vacancies in their preferred city. In addition, coverage of related topics, analyses, interviews, and reports from the XING spielraum topics portal can be found on each of the XING Jobs pages.



## Development in the Events segment

Events revenues (in € million)



Over the past few months, we systematically continued the gradual repositioning of our Events business initiated at the beginning of the year. Whereas last year we put all our efforts into broadening the B2B Event Organizer base, which enabled us to attract around 2,400 organizers by the end of September, the main focus this year is on expanding our B2C customer relationships, i. e. the event participants. Only by making relevant offerings and services available for both target groups will we be in a position to build an effective marketplace, which enables us to use the technological infrastructure of the Events business acquired in 2010 in a meaningful way.

In the second quarter of the year, we took the first step toward improving the B2C offering with our new "people2meet" service. And just a few months later, in the third quarter, our online marketplace for organizers and participants - the XING Event Market - went live. The new marketplace addresses many needs and questions that our users have; after all, with 150,000 events per year or 400 per day, it has been hard to keep track of everything up to now. Which events are important for me? Which will advance my career? By creating the new XING Event Market, we aim to help our users to find suitable, relevant events for them. Each user receives individual event recommendations based on their profile and their own network.

The Event Market also compiles the most relevant events for the user's industry and for their career. With the industry highlights we provide a wide selection of events on topics such as online marketing, finance or design.

In addition, the "people2meet" function enables effective networking before, during, and after an event. It allows attendees to discover which attendees they should get in touch with before the event has even begun and thus make their event attendance as successful as possible.

XING's new Event Market is accessible to both logged-in and logged-out XING users. That there is also an App goes without saying: The XING Event Market is available as a mobile event guide for iOS and Android. This enables attendees to get in touch with the relevant people at the event quickly and easily and meet them in person. What is more, the App gives the attendees access to event-related information such as the agenda, the list of speakers, event locations, and sponsor information. The App provides mobile access to all events listed on XING and is the ideal choice for finding interesting events in the vicinity.

## Risk report

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

Each individual employee is required to avert potential loss from the company. Their task is to immediately remove all risks in their own area of responsibility and to immediately notify the corresponding contacts in the event of any indications of existing risks or risks which might arise. An essential requirement for such a task is knowledge of the risk management system and maximum risk awareness of each individual employee. For this reason, XING familiarizes its employees with the risk management system in regular introductory events and also with the aid of information material, and draws their attention to the significance of risk management.

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

# 03.

## INTERIM CONSOLIDATED FINANCIAL STATEMENTS

for the period from January 1 to September 30, 2014

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# Consolidated income statement of XING AG

for the period from January 1 to September 30, 2014

## Consolidated income statement

In € thousand	01/01/2014 – 09/30/2014	01/01/2013 – 09/30/2013	07/01/2014 – 09/30/2014	07/01/2013 – 09/30/2013
Service revenues	71,875	61,000	25,604	21,142
Other operating income	1,240	1,060	372	440
<b>TOTAL OPERATING INCOME</b>	<b>73,115</b>	<b>62,060</b>	<b>25,976</b>	<b>21,582</b>
Personnel expenses	-31,018	-25,742	-10,434	-8,345
Marketing expenses	-6,649	-4,331	-1,270	-1,801
Other operating expenses	-15,807	-14,619	-5,171	-5,231
<b>EBITDA</b>	<b>19,641</b>	<b>17,368</b>	<b>9,101</b>	<b>6,205</b>
Depreciation, amortization and impairment losses	-6,365	-6,262	-1,944	-2,056
<b>EBIT</b>	<b>13,276</b>	<b>11,106</b>	<b>7,157</b>	<b>4,149</b>
Finance income	62	100	20	37
Finance costs	-45	0	-14	0
<b>EBT</b>	<b>13,293</b>	<b>11,206</b>	<b>7,163</b>	<b>4,186</b>
Taxes on income	-4,827	-3,793	-2,511	-1,464
<b>CONSOLIDATED NET PROFIT/LOSS</b>	<b>8,466</b>	<b>7,413</b>	<b>4,652</b>	<b>2,722</b>
Earnings per share (basic)	1.51	1.33	0.83	0.49
Earnings per share (diluted)	1.51	1.33	0.83	0.48

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

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

In € thousand	01/01/2014 – 09/30/2014	01/01/2013 – 09/30/2013	07/01/2014 – 09/30/2014	07/01/2013 – 09/30/2013
<b>TOTAL OPERATING INCOME</b>	<b>73,115</b>	<b>62,060</b>	<b>25,976</b>	<b>21,582</b>
<b>EBITDA EXCL. KUNUNU EARN-OUT</b>	<b>21,383</b>	<b>17,368</b>	<b>9,855</b>	<b>6,205</b>
<b>EBIT EXCL. KUNUNU EARN-OUT</b>	<b>15,018</b>	<b>11,106</b>	<b>7,911</b>	<b>4,149</b>
<b>CONSOLIDATED NET PROFIT/LOSS EXCL. KUNUNU EARN-OUT</b>	<b>10,208</b>	<b>7,413</b>	<b>5,405</b>	<b>2,722</b>
Earnings per share (basic) excl. kununu earn-out	1.83	1.33	0.97	0.49
Earnings per share (diluted) excl. kununu earn-out	1.83	1.33	0.97	0.48

# Consolidated statement of comprehensive income of XING AG

for the period from January 1 to September 30, 2014

## Consolidated statement of comprehensive income

In € thousand	01/01/2014 – 09/30/2014	01/01/2013 – 09/30/2013	07/01/2014 – 09/30/2014	07/01/2013 – 09/30/2013
<b>Consolidated net profit/loss</b>	<b>8,466</b>	<b>7,413</b>	<b>4,652</b>	<b>2,722</b>
Currency translation differences	0	0	0	1
<b>Other comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
<b>CONSOLIDATED TOTAL COMPREHENSIVE INCOME</b>	<b>8,466</b>	<b>7,413</b>	<b>4,652</b>	<b>2,723</b>

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

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

In € thousand	01/01/2014 – 09/30/2014	01/01/2013 – 09/30/2013	07/01/2014 – 09/30/2014	07/01/2013 – 09/30/2013
<b>Consolidated net profit/loss excl. kununu earn-out</b>	<b>10,208</b>	<b>7,413</b>	<b>5,405</b>	<b>2,722</b>
Currency translation differences	0	0	0	1
<b>Other comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
<b>CONSOLIDATED TOTAL COMPREHENSIVE INCOME EXCL. KUNUNU EARN-OUT</b>	<b>10,208</b>	<b>7,413</b>	<b>5,405</b>	<b>2,723</b>

# Consolidated statement of changes in equity of XING AG

for the period from January 1 to September 30, 2014

## Consolidated statement of changes in equity

In € thousand	Subscribed capital	Capital reserves	Treasury shares	Other reserves	Net retained profits	Total equity
<b>AS OF 01/01/2013</b>	<b>5,554</b>	<b>17,393</b>	<b>-2,039</b>	<b>16,302</b>	<b>14,552</b>	<b>51,762</b>
Currency translation	0	0	0	0	0	0
<b>Total income and expense for the period recognized directly in equity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Consolidated net profit/loss	0	0	0	0	7,413	7,413
<b>Consolidated total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,413</b>	<b>7,413</b>
Capital increase from share-based payment	38	1,113	0	0	0	1,151
Sale of treasury shares	0	0	984	0	0	984
Dividend for 2012	0	0	0	0	-3,089	-3,089
Personnel expenses, stock option program	0	0	0	52	0	52
<b>AS OF 09/30/2013</b>	<b>5,592</b>	<b>18,506</b>	<b>-1,055</b>	<b>16,354</b>	<b>18,876</b>	<b>58,273</b>
<b>AS OF 01/01/2014</b>	<b>5,592</b>	<b>18,477</b>	<b>-455</b>	<b>16,368</b>	<b>20,600</b>	<b>60,582</b>
Currency translation	0	0	0	0	0	0
<b>Total income and expense for the period recognized directly in equity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Consolidated net profit/loss	0	0	0	0	8,466	8,466
<b>Consolidated total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8,466</b>	<b>8,466</b>
Sale of treasury shares	0	0	23	0	0	23
Dividend for 2013	0	0	0	0	-23,433	-23,433
Personnel expenses, stock option program	0	0	0	45	0	45
<b>AS OF 09/30/2014</b>	<b>5,592</b>	<b>18,477</b>	<b>-432</b>	<b>16,413</b>	<b>5,633</b>	<b>45,683</b>

# Consolidated statement of financial position of XING AG

as of September 30, 2014

## Assets

In € thousand	09/30/2014	12/31/2013
<b>NON-CURRENT ASSETS</b>		
Intangible assets		
Software and licenses	4,202	3,534
Internally generated software	12,656	8,752
Goodwill	7,743	7,743
Other intangible assets	2,942	3,510
Property, plant and equipment		
Leasehold improvements	421	490
Other equipment, operating and office equipment	3,937	5,805
Financial assets		
Equity investments	51	51
Other financial assets	48	42
Deferred tax assets	876	941
	<b>32,876</b>	<b>30,868</b>
<b>CURRENT ASSETS</b>		
Receivables and other assets		
Receivables from services	11,335	8,621
Income tax receivables	0	389
Other assets	2,519	3,443
Cash and cash equivalents and short-term deposits		
Cash	57,820	66,160
Third-party cash	5,908	2,820
	<b>77,582</b>	<b>81,433</b>
	<b>110,458</b>	<b>112,301</b>

### Equity and liabilities

In € thousand	09/30/2014	12/31/2013
<b>EQUITY</b>		
Subscribed capital	5,592	5,592
Treasury shares	-432	-455
Capital reserves	18,477	18,477
Other reserves	16,413	16,368
Net retained profits	5,633	20,600
	<b>45,683</b>	<b>60,582</b>
<b>NON-CURRENT LIABILITIES</b>		
Deferred tax liabilities	4,659	3,557
Deferred income	2,094	2,082
Other provisions	237	215
Other financial liabilities	0	1,485
Other liabilities	441	592
	<b>7,431</b>	<b>7,931</b>
<b>CURRENT LIABILITIES</b>		
Trade accounts payable	1,900	2,015
Deferred income	35,356	29,368
Other provisions	2,144	703
Income tax liabilities	385	0
Other financial liabilities	1,526	0
Other liabilities	16,033	11,702
	<b>57,344</b>	<b>43,788</b>
	<b>110,458</b>	<b>112,301</b>

# Consolidated statement of cash flows of XING AG

for the period from January 1 to September 30, 2014

## Consolidated statement of cash flows

In € thousand	01/01/2014 – 09/30/2014	01/01/2013 – 09/30/2013
Earnings before taxes	13,293	11,206
Amortization and write-downs of capitalized development costs	1,761	1,795
Depreciation, amortization and impairment losses on other fixed assets	4,604	4,467
Personnel expenses, stock option program	45	52
Interest income	-62	-100
Interest received	77	145
Interest expense	45	0
Taxes paid	-2,886	-3,498
Non-capitalizable payments for the acquisition of consolidated companies	0	372
Change in receivables and other assets	-1,805	-355
Change in liabilities and other equity and liabilities	6,474	2,703
Non-cash changes from changes in basis of consolidation	0	-1,431
Change in deferred income	6,000	5,043
Elimination of XING Events GmbH third-party obligation	-3,088	-2,637
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>24,458</b>	<b>17,762</b>
Payment for capitalization of internally generated software	-5,665	-2,895
Payment for purchase of software	-1,722	-1,675
Payments for purchase of other intangible assets	-179	0
Payments for purchase of property, plant and equipment	-869	-2,851
Payments for the purchase of financial assets	-6	0
Payment for acquisition of consolidated companies (less cash acquired)	-947	-2,949
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>-9,388</b>	<b>-10,370</b>

### Consolidated statement of cash flows

In € thousand	01/01/2014 – 09/30/2014	01/01/2013 – 09/30/2013
Proceeds from the exercise of options	0	1,151
Proceeds from the sale of treasury shares	23	984
Dividend payment	-23,433	-3,089
Interest paid	0	0
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>-23,410</b>	<b>-954</b>
Net change in cash funds	-8,340	6,438
Cash funds at the beginning of the period	66,160	56,159
<b>CASH FUNDS AT THE END OF THE PERIOD <sup>1</sup></b>	<b>57,820</b>	<b>62,597</b>
Third-party cash funds at the beginning of period	2,820	2,614
Change in third-party cash and cash equivalents	3,088	2,637
<b>THIRD-PARTY CASH FUNDS AT THE END OF THE PERIOD</b>	<b>5,908</b>	<b>5,251</b>

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

# Notes to the interim consolidated financial statements

for the period from January 1 to September 30, 2014

## 1. Information on the Company and the Group

The registered offices of XING AG are located at Dammtorstrasse 30, 20354 Hamburg, Germany; the company is registered at the Amtsgericht (local court) Hamburg under HRB 98807. The parent company of XING AG is Burda Digital GmbH, Munich. The ultimate parent company the company is Hubert Burda Media Holding Kommanditgesellschaft, Offenburg, Germany.

Measured in terms of the total number of individual visitors worldwide, XING operates one of the leading professional networking websites. The international, multilingual, Internet-based platform is a "relationship engine" which provides its members with the opportunity of establishing new business contacts, maintaining existing contacts, extending their operations to new markets, and exchanging opinion and information. XING generates its revenues primarily from membership subscriptions of Premium Members and fee-based services for businesses in the E-Recruiting segment.

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

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

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

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

### ACQUISITION OF KUNUNU GMBH IN JANUARY 2013

On January 8, 2013, XING AG acquired all interests in kununu GmbH, the Vienna-based operator of the leading employer review platform in German-speaking countries. By acquiring this company, XING AG has extended its value chain in the e-recruiting business. XING AG initially paid the vendor € 3.6 million upon signing the contract. Another € 0.9 million are payable in the 2014 financial year. Based on a number of factors, especially kununu GmbH's revenue and EBITDA performance in 2013 and 2014, the former shareholders - who remain the company's managing directors - will receive a maximum of a further € 4.7 million as performance-based remuneration, which shall not be recognized as a purchase price. Costs of € 0.4 million were incurred in connection with this acquisition in the 2012 financial year; they are included in the other operating expenses. The Austrian company was consolidated for the first time on the date on which ownership of the interests was transferred.

The outflow of funds in financial year 2013 as a result of the business acquisition is shown below:

In € thousand	2013
Purchase price	-4,562
Costs directly attributable to the acquisition	-372
Third-party cash acquired with the subsidiary	1,085
Plus unpaid portion of the purchase price (discounted)	900
<b>Cash outflow (net)</b>	<b>-2,949</b>

The assets and liabilities of kununu GmbH at the acquisition date before purchase price allocation were as follows:

Initial consolidation	01/08/2013 in € thousand
<b>ASSETS</b>	
Property, plant and equipment	109
Trade accounts receivable	15
Other assets	135
Cash and cash equivalents	1,085
	<b>1,344</b>
<b>LIABILITIES</b>	
Provisions	-42
Trade accounts payable	-99
Other liabilities	-1,407
	<b>-1,548</b>
Total identifiable net assets before purchase price allocation	-204

Purchase price allocation was initially performed on a provisional basis in the interim consolidated financial statements as of March 31, 2013. Based on its 2012 annual financial statements, the purchase price for kununu GmbH was adjusted by € 72 thousand to € 9,317 thousand during the second quarter of 2013 while its equity was adjusted at the same time by € 17 thousand to € 204 thousand. The goodwill thus increased by € 89 thousand to € 6,924 thousand.

On account of better subsequent knowledge of the relationships existing on the acquisition date, the obligation to pay a maximum of € 4.7 million to the sellers, which was accounted for as contingent consideration, has now been recognized as remuneration for executive management services after the business combination. The purchase price and the goodwill were changed accordingly. The fair values of

the assets and liabilities identified in connection with the purchase price allocation as well as the goodwill were as follows at the date of initial consolidation:

Initial consolidation	01/08/2013 in € thousand
Purchase price	4,562
Negative goodwill of kununu GmbH (before purchase price allocation)	204
<b>VALUE OF PURCHASE PRICE ALLOCATION</b>	<b>4,766</b>
Value of internally generated software	-380
Value of brand/domain	-780
Value of customer relations	-2,020
Deferred tax assets	-213
Deferred tax liabilities	796
<b>GOODWILL</b>	<b>2,169</b>

The goodwill is attributable to anticipated synergies and other effects arising from the activities of kununu GmbH. The Company assumes that the recognized goodwill will not be tax deductible. In the financial year 2013, kununu GmbH generated revenues of €3,900 thousand and earnings of €1,102 thousand.

### 3. Treasury shares

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

### 4. Dividend payment

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

### 5. Breakdown of other operating expenses

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

In € thousand	01/01/2014 – 09/30/2014	01/01/2013 – 09/30/2013
IT services, management services and services for new markets	4,305	3,461
Occupancy expenses	2,883	2,960
Server hosting, administration and traffic	1,711	1,489
Payment transaction costs	1,510	1,493
Travel, entertainment and other business expenses	1,261	1,187
Other personnel expenses	815	663
Training costs	452	384
Bad debts	414	139
Accounting fees	369	326
Legal consulting fees	358	426
Phone/cell phone/postage/courier costs	313	257
Expenses attributable to prior periods	240	275
Financial statements preparation and auditing costs	228	293
Supervisory Board remuneration	214	210
Exchange rate losses	161	268
Other	573	788
<b>TOTAL</b>	<b>15,807</b>	<b>14,619</b>

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

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

## 6. Segment reporting

### REPORTABLE SEGMENTS

Starting in the 2013 financial year, the reporting format is divided into the following operating segments: Network/Premium (basic functions of the XING platform with subscription memberships and enterprise groups), E-Recruiting (job advertisements, company profiles, and the XING Talent Manager), and Events. The breakdown into business divisions and regions is in line with the internal organizational structure and the reporting to the Executive Board and Supervisory Board. For the sake of clarity, the Network/Premium segment has been consciously divided into two subsegments sharing the core business of XING AG (generating revenue from the marketing of the platform through subscription memberships). The reconciliation statement includes corporate divisions such as IT, Accounting, and Human Resources, as well as other business activities that by definition do not constitute segments. Intersegment consolidation is performed in the reconciliation statement.

Assets, liabilities and investments are not segmented on the basis of the operating segments because these indicators are not used as control parameters at segment level. For example, a large share of the investments relates to the internally developed platform that cannot be allocated to the segments. Segment data is calculated on the basis of the accounting policies applied in the consolidated financial statements. No intersegment revenues were generated. Costs are allocated to the originating divisions. Business transactions between the companies in the segments are conducted on an arm's length basis. As the measure of segment earnings XING uses the operating result for the segment, calculated as gross profit or loss less costs that are directly attributable to the segment (staff, marketing, rental expenses, division-related IT expenses (e.g. development costs), etc.). Expenses that are not directly attributable to a segment (e.g. central IT expenses), depreciation/amortization, write-downs, impairment losses, and reversals of impairment losses are presented in the reconciliation statement along with the operating result from central functions that do not constitute a segment. Extraordinary items and items arising from purchase price allocation are eliminated. Extraordinary items include restructuring expenses, gains/losses on disposal, impairment losses, and other non-operating expenses or income.

The segment revenues and results for the period under review are shown in the following tables:

In € thousand	Network/Premium		E-Recruiting		Events		Total segments	
	01/01/2014 – 09/30/2014	01/01/2013 – 09/30/2013						
Revenues (from third parties)	44,542	40,255	23,310	17,058	4,023	3,687	71,875	61,000
Segment operating result	31,577	27,665	11,155	8,559	-1,526	-2,017	41,206	34,207
Other operating expenses							-21,565	-16,839
EBITDA							19,641	17,368

In € thousand	01/01/2014 – 09/30/2014	01/01/2013 – 09/30/2013
D-A-CH	68,630	58,197
International	3,245	2,803
	<b>71,875</b>	<b>61,000</b>

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

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

## 7. Related parties

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

## 8. Significant events after the interim reporting period

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

Hamburg, November 6, 2014

Dr. Thomas Vollmoeller      Ingo Chu

Timm Richter                      Jens Pape

# Responsibility statement

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

Hamburg, November 6, 2014

The Executive Board

# 04. Service

## Financial calendar

Annual Report 2014	March 25, 2015
Interim Report Q1 2015	May 6, 2015
Annual General Meeting	June 3, 2015
Half-year Report 2015	August 6, 2015
Interim Report Q3 2015	November 6, 2015

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For Annual Reports, Interim Reports and current financial information about XING AG, please contact:

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<http://blog.xing.com>

(Corporate blog of XING AG)

Twitter: [xing\\_ir](https://twitter.com/xing_ir)

(Information and news related to the capital markets)

Twitter: [xing\\_de](https://twitter.com/xing_de)

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

Twitter: [xing\\_com](https://twitter.com/xing_com)

(Corporate information and news in English)

Youtube: [www.youtube.com/user/XINGcom?gl=DE](http://www.youtube.com/user/XINGcom?gl=DE)

(XING AG's Youtube channel)

Facebook: [www.facebook.com/XING](http://www.facebook.com/XING)

(XING AG's Facebook profile)

### CONCEPT AND DESIGN

CAT Consultants GmbH & Co., Hamburg

[www.cat-consultants.de](http://www.cat-consultants.de)

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





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