NEW WORK SE

2020

ANNUAL REPORT

For the past 18 years, **New Work SE** has been committed to promoting a better working life with a wide range of brands, products and services. Founded as the OpenBC professional network, New Work SE today offers the vast majority of professionals in German-speaking countries their own digital network.

The Company was renamed XING in 2006 and New Work SE in 2019. Its commitment to a better world of work is now also reflected in its name, with New Work serving as the visible framework for all corporate activities. New Work SE helps people and businesses to be even more successful in a changing modern working world.

The Company has been listed since 2006. The New Work SE Group is headquartered in Hamburg and employs a total of more than 1,900 staff at several locations including Munich, Vienna and Porto. For more information
→ **new-work.se**

Key figures

	Unit	2020	2019	2018	2017	2016
Revenues[1]	€ million	276.5	269.2	231.5	184.9	145.9
Pro forma consolidated revenues	€ million	276.0	269.5	231.5	184.9	145.9
EBITDA[1]	€ million	87.6	87.5	75.2	61.3	47.9
Pro forma EBITDA	€ million	92.3	84.7	75.2	61.3	47.9
EBITDA margin[1]	in %	32	32	32	33	32
Pro forma EBITDA margin	in %	33	31	32	33	32
Consolidated net profit[1]	€ million	26.1	43.2	31.0	25.7	23.6
Pro forma consolidated net profit[1]	€ million	37.4	35.8	30.1	23.3	23.6
Earnings per share[1]	in €	4.65	7.69	5.51	4.56	4.19
Pro forma earnings per share[1]	in €	6.65	6.37	5.35	4.15	4.19
Regular dividend per share	in €	2.59[2]	2.59	2.14	1.68	1.37
Cash flow from operations	€ million	81.0	79.7	73.8	62.3	49.9
Equity	€ million	113.0	101.5	98.3	77.6	69.9
XING platform members, total (D-A-CH)	million	19.0	17.2	15.3	13.4	11.4
InterNations members	million	3.9	3.7	3.3	2.8	
kununu Workplace Insights	million	4.6	3.5	2.4		
B2B E-Recruiting customers (subscription)		13,013	13,397	11,169	7,972	6,034
Employees		1,924	1,928	1,567	1,290	961

[1] *Financial years 2019 and 2020 from continuing operations. Pro forma reconciliation for financial years 2019 and 2020 in the Group management report*
[2] *Proposal to the Annual General Meeting (May 19, 2021)*

Contents

WHO WE ARE

Leveraging our strong brands, we work every day to shape the future of work in the interests of people. Our products and services are an essential component in making the world of work even more fulfilling for the individual and at the same time making companies even more successful.

XING

XING Marketing Solutions

XING Events

XING E-Recruiting

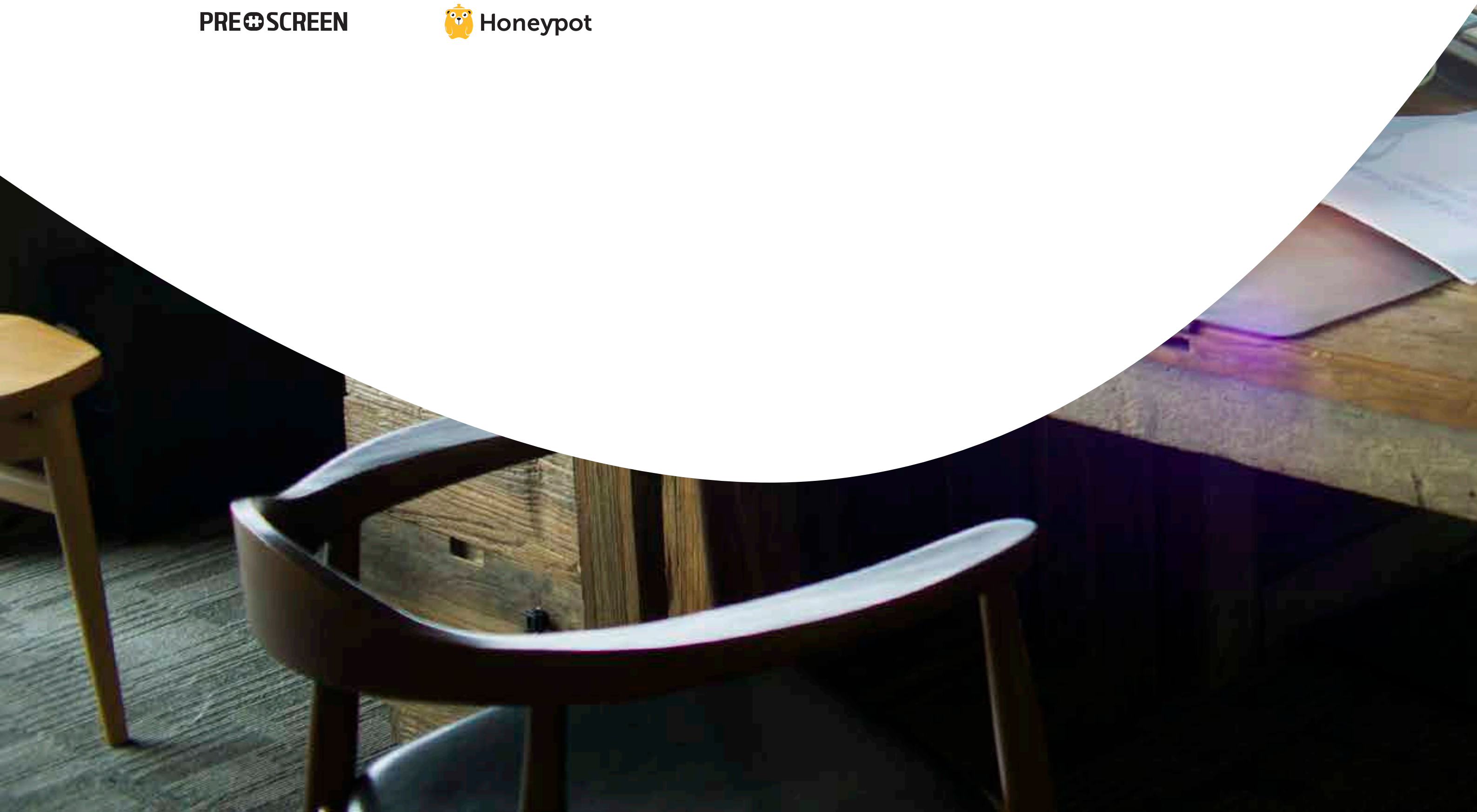
InterNations connecting global minds

Hallo Freelancer Ein Service von XING

kununu

PRESCREEN

Honeypot



LETTER TO OUR SHAREHOLDERS

Petra von Strombeck, Chief Executive Officer of New Work SE

Dear shareholders,
Much of the past year was dominated by the effects of the coronavirus pandemic, which caused economic conditions to deteriorate significantly within a short period of time and made the economy less predictable. At the same time, several megatrends at the heart of our business experienced a tailwind as the importance of digitalizing business processes and structures became clear to many companies and institutions. Our core issue of New Work is also more relevant than ever. Companies whose teams are working from home not only have to think about the digital infrastructure required, but also have to consider new approaches to leadership, for example, as well as issues such as team spirit, corporate culture and communication. They have to think about what the situation is like for individuals and what their needs are. The third trend on which New Work SE's business is built – demographic change and the resulting shortage of skilled workers – also continues unabated. We would even go so far as to say that our issues – digitalization, demographic change and the shift in values in the world of work – are more relevant than ever before.

> "We would even go so far as to say that our issues – digitalization, demographic change and the shift in values in the world of work – are more relevant than ever before."

Yet, of course, we have also been affected by the way in which the coronavirus changed the world for all of us overnight. Let us start with the good news: we can look back on a stable financial year despite the challenges posed by the pandemic. While our revenue increased by 2 percent year-on-year (adjusted for M&A effects) to €276 million, we were able to grow pro forma EBITDA by around 9 percent. Pro forma consolidated net profit rose by 4 percent to €37.4 million.

Revenue in our B2C segment remained at a similar level to the previous year at €102.7 million. While sales from paid memberships in our XING brand increased, the pandemic had a considerable adverse impact on InterNations revenue as expected due to event bans and contact restrictions.

XING, the leading professional network in German-speaking countries, also recorded strong member growth during the past financial year. During this period, the number of XING members rose by 1.8 million year-on-year to approximately 19 million. Our subsidiary kununu, Europe's leading employer review platform, reported an increase in 'workplace insights' (consisting of company reviews as well as corporate culture and salary information) to 4.6 million.

"XING, the leading professional network in German-speaking countries, also recorded strong member growth during the past financial year. During this period, the number of XING members rose by 1.8 million year-on-year to approximately 19 million."

The B2B E-Recruiting business grew despite a continuing reluctance among companies to do new business as a result of the coronavirus pandemic. This unit provided the basis for New Work SE's stable overall business performance in 2020, with pro forma revenue in this segment (excluding M&A effects) rising by 9 percent to around €153 million. The B2B Marketing Solutions & Events business naturally felt the effects of the pandemic particularly strongly and reported segment revenues 23 percent below the previous year's figure at just over €20 million.

Dear shareholders, at the start of this letter I spoke about the transformative power that is impacting our private and professional lives – and has been accelerated by the crisis. We want to continue dedicating ourselves to the ongoing New Work debate this year with the New Work Experience (NWX) that we have hosted for many years as a platform for discussing the future of work. NWX21 will take place digitally on April 20, 2021. We as humans are facing major changes and yearning for answers, interactions and inspiration, and NWX offers a platform for precisely this.

I would like to conclude this letter with a personal observation. I took on the position of CEO while working from home; coronavirus gave me no choice in the matter. I miss face-to-face contact with my colleagues, direct interactions and the shared moments of everyday working life. At the same time, I am grateful for the creativity, professionalism and incredible commitment shown by our company's employees. We all have them to thank for the fact that we have come through these challenging times so successfully and robustly so far. We are working tirelessly to equip ourselves as effectively as possible for life after the pandemic. We are also very positive about the future because, as I mentioned at the start of this letter, the trends at the heart of our business are not only still intact but have even intensified. We are exceptionally well positioned to benefit from this.

All that remains now is for me to thank you for placing your trust in us. We hope you will continue to give us your support – and please stay safe and healthy!

Sincerely,

Petra von Strombeck
Chief Executive Officer (CEO)

Power to the people: Even in times of crisis, this remains a guiding principle of New Work SE – both internally and externally.

STABLE PERFORMANCE THANKS TO A RESILIENT BUSINESS MODEL

It was a year unlike any other. A year in which the coronavirus crisis tested the mettle of New Work SE and its employees. As we look to the future, however, we can take confidence in how our company rose to the occasion.

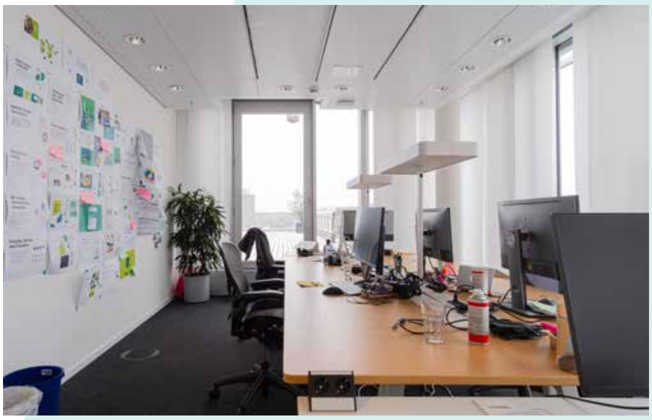
Where do we start? And what happens next? These were just some of the questions facing companies all over the world – from start-ups through to major corporations – when it became clear in March 2020 that nothing could stop the coronavirus outbreak from developing into a global pandemic. One country after another was gripped by a state of shock before imposing stringent lockdowns on its population.

For New Work SE, this put a damper on the 2020 financial year that had begun so positively thanks to an inspiring **company meeting in Valencia** in January. And it soon became apparent that 2020 was about to become the most challenging year in the Company's history.

We became aware early on of the impact that COVID-19 would have on the financial and employment situation of all our clients in both the B2B and B2C sectors. As the leading professional network in the D-A-CH region, we felt duty-bound not only to offer help to our members and business partners without delay but also to live up to our role model as a company in the modern world of work.

At first, our number one priority was the health and safety of all our staff. But how do you protect employees who are so accustomed to engaging in impromptu, face-to-face discussions with their colleagues? Employees who share their knowledge and ideas at water coolers and coffee machines, at their desks, in meeting rooms or the conference hall many times a day? And what about our international offices, where staff from other countries and guests from all over the world come and go regularly? After all, people in sustained proximity during these everyday encounters were the ones at greatest risk.

Very soon after receiving the first reports about the spread of the pandemic, we set up a **COVID-crisis team**, which not only liaised between the management and the individual offices on the action to be taken but also issued regular bulletins to the teams and acted as a point of contact for questions. In mid-March 2020, as one of the first companies in the Hanseatic city, we decided to allow all the staff at our Hamburg headquarters to **work from home**.



A few weeks later, in March, the offices were deserted as all staff were now working from home.

New CEO Petra von Strombeck introduced herself to employees at the Company Meeting in Valencia in January 2020.

Staying in touch despite coronavirus: Petra von Strombeck also used digital communication channels to exchange ideas with all New Workers at the "Virtual Campfire"

A sight that became familiar: Team meetings held via webcam conference

This was a clear demonstration of how our DNA as a digital company and our experience with **flexible, agile forms of working** helped us react quickly to events while remaining fully operational at all times. It was impressive to see how our operations carried on almost seamlessly while our staff worked from home. Online meetings via webcam quickly became the norm, not only within the teams but also for more personal one-on-one conversations, which compensated to some extent for the loss of face-to-face meetings.

What was remarkable was not only our employees' flexibility and readiness to compromise but also, and most importantly, their solidarity with each other. For example, staff donated their own vacation days to parents to supplement the extra vacation days that the Company had provided to this group. Some employees conducted special home fitness workouts for their colleagues, including zumba classes, jogging tips and meditation exercises, while others provided technical advice on setting up a home office. All of this will be remembered in the same way as the many virtual after-work team meetings and jointly organized fundraising campaigns for external support at the individual offices.

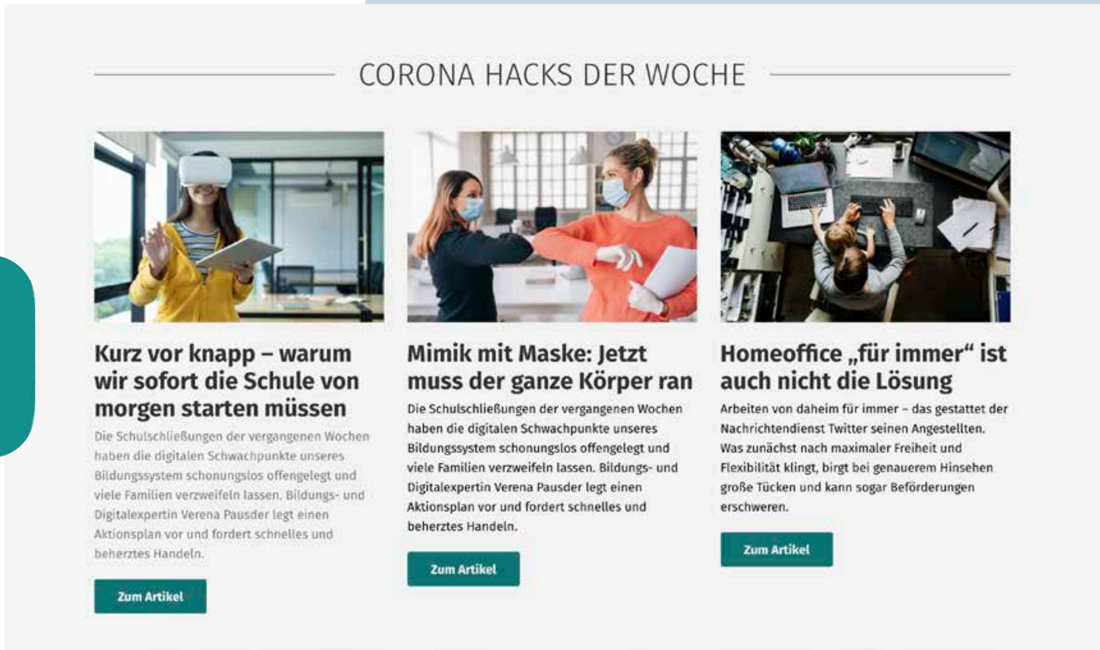
Management, under the new CEO Petra von Strombeck, continued to communicate virtually, because knowing what the workforce thinks about important corporate issues and decisions is especially important in times of crisis. So the weekly company meeting was transformed into a **virtual "campfire"**, at which members of the Management Board and representatives from individual teams discussed specific topics that had been determined using the "Mood-o-Meter" in-house survey tool.

Of course, our initial concerns were for our customers, both the members of the XING network and the B2B customers of our recruiting, event and other business units. For it was clear that all sectors of the economy and society were being affected by the pandemic, from large corporations, medium-sized companies and young startups to self-employed contractors. We therefore needed to develop solutions and products that could help them quickly and effectively in this difficult situation – even if it meant saying goodbye to many of the launch plans and milestones we had previously planned for 2020.

One of our first initiatives was to activate the premium features for XING members in March and April 2020. We wanted to ensure that all members could access important contact and information services, especially during the initial phase of the pandemic.

Good advice was in demand, because COVID had presented everyone with a host of unfamiliar challenges. The XING editorial team therefore quickly created an editorial series entitled **"Corona Hacks"**, with many articles offering practical advice on working and living through the coronavirus crisis. The effects of the pandemic were also explored and discussed in the well-established XING Insider and XING Klartext formats.

And finally, in November 2020, our editorial team launched the new format **Zukunft.machen.** on XING.com. Since then, the team's focus has been on providing solutions for the period during and after COVID. Influential thought leaders, scientists, influencers and industry experts presented their visions and ideas for the future of work and business, and discussed how best to ensure that technological and social change benefits all employees.



First aid in times of COVID crisis: The XING editorial team offered tips and information for the community.

Thinking ahead for the "time after": Scientists, politicians, philosophers and many other thought leaders exchange ideas about the post-COVID era in the new "Zukunft.machen." format.

The new **NWXnow** format, a digital multimedia series containing mostly live talks, videos and podcasts, was developed in a few weeks in spring and proved to be another great success. It was a direct response to the cancellation of all our live events, including the now traditional New Work Experience conference at the Elbphilharmonie in Hamburg and the New Work Sessions, which had become a well-established and tremendously important tool for communicating not only with our members and customers but also with all relevant social stakeholders.

In order to maintain these contacts, we established NWXnow with the help of many colleagues. NWXnow speakers and guests come from across the New Work spectrum – from philosophers to politicians to business leaders. Many were on the speaker guest list at the cancelled NWX20. This format also offers inspiration and help on a very personal, practical level, thereby acknowledging the strong need for personal dialog and exchange that clearly also exists in the digital world.

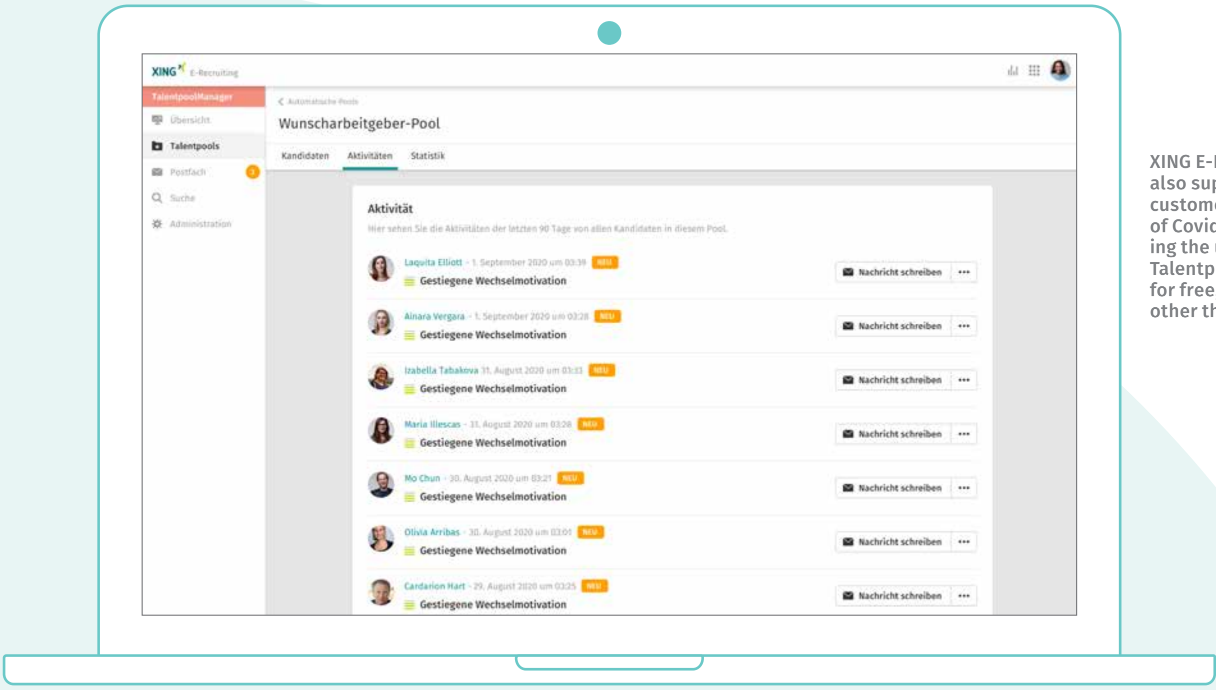
With over **five million views on YouTube** alone and an average of **160,000 views per video** across all playback channels, NWXnow has become an established digital format. It will certainly remain a valuable tool in our efforts to persuade society to engage more deeply with the ideas and discussions surrounding New Work. Even in the pandemic year of 2020, XING membership continued to grow. We passed the **19 million** mark in January this year – a clear sign that our services are satisfying the needs of employees.

Our B2B business has also been affected since the beginning of the pandemic, especially our recruitment operation and new customer acquisition. The uncertainty about the future curtailed recruitment in many sectors and this was accompanied by a noticeable decrease in the willingness of potential applicants to change jobs, especially in the first phase of the COVID crisis. The fact that the E-recruiting business unit still managed to increase its revenues by about nine percent to

5 million
views on YouTube

160,000
views per video

Successful format: The newly created NWXnow digital series enabled New Work to stay in touch with the community despite the cancellation of NWX20 and many other in-person events.



XING E-Recruiting also supported its customers in times of Covid by activating the use of the TalentpoolManager for free, among other things.

over EUR 153 million is certainly not due solely to the continued long-term skills shortage and “war for talents” but rather to the hard work and dedication of our staff.

Our e-recruitment team quickly developed a whole range of initiatives to help its customers. With free webinars and online workshops, a whitepaper and relevant articles on the subject of “Recruiting staff during the coronavirus crisis” in the XING E-Recruiting online magazine and on the “Recruiting Trends” page, they were able to offer extensive support within a remarkably short time.

They also offered specific, targeted help by allowing customers to place free recruitment ads for systemically important medical roles to XING Jobs. And during the first peak period of the pandemic, they supplied **XING TalentpoolManager** free of charge to recruiters and HR managers. XING E-Recruiting’s strategic response to the pandemic identified both healthcare and IT as focus industries. Starting in the summer, the business unit then made content, including studies, analyses and recruitment advice articles, available to HR experts within these industries. They also launched the new XING TalentService, which allows companies to benefit from the knowledge and experience of our specialist active sourcing teams and supplies them with a list of suitable candidates for their vacancies preselected based on the candidates’ willingness to change jobs.

And finally, our colleagues from E-Recruiting also made use of our successful communication format NWXnow, producing a five-day video talk program on the platform entitled **“NWXnow HR Special”** for the leading industry trade fair “Zukunft Personal Europe”, which was held as a completely digital event.

Not surprisingly, the situation proved to be particularly challenging for our **XING Events** teams: within the space of a few weeks, all in-person meetings, workshops and conferences had been cancelled, bringing the core business almost completely to a standstill. At first, the industry still hoped that alternative dates would be possible in late summer or autumn, but that hope gradually faded. No real prospect of improvement. A nightmare for every event planner.

Coronavirus posed a particular challenge to the colleagues at XING Events in 2020. But by acquiring new business like the well-known Bits & Pretzels event ...

... and successfully organizing the all-virtual leading trade fair VExCon, they were also able to set some highlights.

This is one of the reasons why our Munich-based business unit immediately started to examine possible digital alternatives along with the necessary communication channels. Since the spring of 2020, the newly created **"Covid-19 Special"** and **"Virtual Events" content hubs** have provided organizers and service providers with daily information on coping with the crisis together with recommendations for action and tips on how to organize online events.

We also offered numerous **new live webinars and workshops** devoted to the organization and marketing of virtual events, conferences and trade fairs.

Numerous products had to be adapted to meet the new situation. EventManager, for example, was equipped with new functions and tools that made it quick and easy to create an online event, including a link to GoToWebinar. The XING Event Market became a convenient platform for marketing online business events, and XING users were able to find their perfect networking event under the hashtag **#zuhauseaufXING**.

And finally, we have increased our focus on the organization of **virtual conferences and trade fairs**. We signed a sales partnership with the platform **EXPO-IP** and recently added the full-service provider **meetyoo** to the XING Events partner portfolio. In late summer, our colleagues also achieved a success that was widely noticed in the industry when we gained the internationally renowned **"Bits & Pretzels" conference** as a ticketing client.

During our first collaboration for the virtual "Bits & Pretzels Networking Week" at the end of September, a total of over 5,000 people registered for the event. The virtual version of the **VExCon** trade show was another huge success. Hosted by XING Events, the leading trade fair for the D-A-CH events industry attracted a total of 1,050 visitors, 35 speakers and 20 exhibitors.

An appeal issued last March by our Viennese subsidiary kununu asking employers and employees to share their **COVID-19 experiences** was very well received. Thanks to the remarkably large participation, a revealing picture soon emerged of the mood of the German world of work during the pandemic. These best practices were published by kununu both on its own platform and in the profiles of the

Online events will likely continue to be the main event business in the near future. As a subsidiary of a digital company, XING Events is well positioned for this trend.

> "If any company can weather this crisis, we can."
>
> **PETRA VON STROMBECK**

companies concerned, thus contributing to the knowledge exchange between employers and employees from different companies.

Additionally, our Viennese subsidiary benefited from the increasing importance of two key New Work concepts: first, the trend for a **company's corporate culture** to be the mark of success of a modern employer – especially during the crisis. Factors such as sustainability, fairness, transparency, and modern management and organizational structures are crucial both to job applicants and employees. Equally important is the question of purpose, or the need on the part of a growing number of employees to perceive their work as meaningful. To find out how their employer or prospective employer are rated on both of these criteria, more and more users are turning to the **kununu rating platform**.

New Work, the core issue of our corporate group, is more topical than ever. Many companies are now appreciating the value of new ways of managing, the relevance of corporate culture and better communication. This view is supported by the record number of registrations submitted for our **New Work Award 2020**, which generated a substantial, positive response that extended beyond the progressive New Work scene of, rather than in spite of, the pandemic.

What makes our strategy and services successful, despite the difficult economic and social circumstances, are the sustainable, long-term shifts in the world of work. Moreover, the coronavirus crisis and its aftermath have revealed quite dramatically the need to look more closely at topics such as **digitalization and flexible working conditions**. Both of these areas received a tremendous boost over the past year, and we saw massive strides in the willingness and preparedness of business, politics and society to accept a transformation of the world of work. At the same time, there has been a growing recognition of the importance of New Work, which is greater now than ever before.

The fact that consolidated revenues rose by approximately 2 percent to EUR 276 million because of these factors and despite the serious problems experienced by the events sector and subsidiaries such as HalloFreelancer and Honeypot, makes us proud of the achievements of every one of our employees. **Our interests – digitalization, demographic change, and the changing values of the world of work – are more relevant today than at any time in the past.** They will provide us with a tailwind in the coming years, which we look forward to full of energy and confidence.

As Petra von Strombeck said at the beginning of the COVID-19 pandemic: "If any company can weather this crisis, we can."

REPORT OF THE SUPERVISORY BOARD

Dear Shareholders,
I am pleased to report that our business remained stable over the past year, despite the deterioration in economic conditions triggered by the pandemic. New Work SE's revenues (pro forma) grew across all segments to €276.0 million, while the operating result (pro forma) rose to €92.3 million. These robust figures demonstrate that New Work is addressing long-term future trends with its products and offering its users and customers relevant solutions, even in a time of crisis. This strong performance over the past financial year means the Company will also be able to distribute a stable dividend this year.

Aside from its financial key performance indicators, New Work SE has also reached numerous important milestones in the Company's ongoing positive development.

The XING platform, for example, was once again able to attract a number of new members and further expand its position as the largest professional network in the German-speaking market. XING surpassed the 19 million member mark for the first time during the past financial year. Revenues from paid memberships continue to provide the Company with a stable and growing backbone. Another important source of revenue is the XING brand's e-recruiting business, whose products include a portfolio of software solutions for corporate recruitment and human resources management. This business line also grew by 9 percent during the reporting period, despite the challenges posed by the pandemic.

The change of CEO at New Work came into effect from the close of the Annual General Meeting on May 29, 2020, when we said farewell to Dr. Thomas Vollmoeller and expressed our thanks for his exceptional commitment to the Company. Petra von Strombeck was appointed to the Management Board on January 1, 2020 and was able to familiarize herself with many of New Work's teams and locations before the outbreak of the coronavirus pandemic. She has been carrying out her role as Chief Executive Officer since the end of May 2020 and is driving the strategic realignment of the Company with great enthusiasm.

Martin Weiss,
Chairman of the
Supervisory Board

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

The Management Board regularly informed us in good time with regard to its business policy and strategy, key corporate planning aspects (including financial, investment and HR planning), the course of business, current revenues, earnings and liquidity, the Company's and Group's economic situation (including the risk situation and risk management), Group-wide compliance and business transactions of importance to the Company and Group. The Management Board reported as and when needed and periodically as per the Rules of Procedure imposed upon the Management Board by the Supervisory Board.

When required, we also commissioned external consultants and employees from various departments to assist with our consultations in 2020. We were promptly involved by the Management Board in all major decisions that were of key importance to the Company. In accordance with its Rules of Procedure, the Management Board also presented transactions requiring consent to us which, following their review and deliberation with the Management Board, were all unanimously approved by us.

Composition of the Supervisory Board

During the past financial year, our long-serving Chairman Stefan Winners stepped down from his post and received our heartfelt thanks for his service on the Supervisory Board. The Annual General Meeting on May 29, 2020 appointed me to the Supervisory Board in his place. At the constituent meeting held on the same day, the Supervisory Board appointed me as Chairman of the Supervisory Board and a member of the Product and Technical Committee.

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

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

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

Supervisory Board meetings

During the financial year ended, the Supervisory Board came together for four regular meetings (one per quarter), one constituent meeting after the Annual General Meeting and several strategy meetings. Four resolutions were passed during conference calls or by circulating written motions for approval. Anette Weber sent apologies for her absence from the constituent meeting held on May 29. Otherwise, all serving members of the Supervisory Board participated in all meetings and resolutions. Each meeting at which the members met in person involved thorough deliberations on the current state of the business, the Company’s KPIs and product initiatives for the B2C business.

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

The Supervisory Board meeting held on March 25/26 exhaustively discussed the annual financial statements, management report, consolidated financial statements, Group management report and dependent company report for the 2019 financial year. As recommended by the Audit Committee and following in-depth deliberations by the auditors, the 2019 annual financial statements were adopted by the Supervisory Board. Other key resolutions adopted by this meeting included the Supervisory Board's approval of the Management Board's recommendation on profit appropriation, and the recommendation by the Company's officers for the choice of annual auditor for the 2020 financial year, to be presented to the Annual General Meeting. In doing so, we followed the recommendations provided by the Audit Committee and proposed to the Annual General Meeting to once again appoint PricewaterhouseCoopers to conduct the 2020 audit. We also approved the planned agenda items and proposed resolutions for the Annual General Meeting on May 29, 2020. We also dealt with the Company's initiatives on offline offerings for users and agreed to the renewal of a Group company's lease.

At the meeting on May 28, 2020, we implemented the change in CEO and thoroughly discussed HR matters at the Company. Lastly, we made preparations for the Company's Annual General Meeting on the following day.

At the Supervisory Board's constituent meeting held after the Annual General Meeting on May 29, 2020, we appointed the new Chairman and Deputy Chairman of the Supervisory Board as well as the chairs and members of its committees.

At the Supervisory Board meeting on September 22, 2020, we looked in depth at the activities of Group company Honeypot, in addition to the standard topics.

At the meeting on December 1, 2020, we discussed the findings of the annual Supervisory Board efficiency review and unanimously concluded that the review was satisfied with the Supervisory Board's work. We renewed the appointment of Ingo Chu to the Company's Management Board. We discussed in detail and approved both the 2021 budget and the 2021-2023 three-year plan presented by the Management Board. Finally, we again dealt with the business performance of Honeypot and the Group company InterNations.

The further strategic development of the Company was also discussed at strategy meetings attended by the Management Board and Supervisory Board on June 18, November 18 and November 30, 2020.

Outside the face-to-face Supervisory Board meetings described, urgent decisions were taken in conference calls and by circulating written motions for approval. On March 10, 2020, the Supervisory Board decided to propose me for election to the Supervisory Board as the successor to then outgoing Chairman Stefan Winners. On April 2, 2020, we approved the termination agreement with Alastair Bruce on April 9 and terminated his appointment to the Management Board of the Company on the same day. On July 22, 2020, we approved the signing of bonus agreements with two members of the leadership team. On August 17, 2020, we appointed Frank Hassler to the Management Board of the Company and approved the signing of his contract of employment as a Management Board member.

Audit Committee meetings

Over the last year, members of the Audit Committee attended four meetings in person, held on February 19, March 25, September 21 and November 30, 2020. Dr. Jörg Lübcke had sent apologies for his absence from the meeting on February 19. The committee reviewed the financial statements and the consolidated financial statements, discussed auditing issues with the auditors, and dealt with internal audit and risk management. The Audit Committee dealt with the proposal on the choice of auditor for the 2020 Annual General Meeting. The resolutions to approve the annual financial statements and the consolidated financial statements were prepared for the Supervisory Board along with the profit appropriation proposal. The key points of the audit for the 2020 annual financial statements were also discussed and decided on with the auditor of the annual financial statements.

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

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

Technical and Product Committee meetings

The Technical and Product Committee held four meetings over the past financial year. All of its members were present at all meetings. On March 25, May 28, September 21 and November 30, 2020, it dealt with issues surrounding the Company's tech organization. At the constituent meeting of the Supervisory Board on May 29, 2020, the responsibilities of this Committee were expanded to include product issues. As a result, the Committee dealt with technical and product issues from the second half of the year onwards. Various IT issues in the areas of IT security and tracking activity on the XING platform, as well as the Company's future tech strategy, were presented to the Committee. Product topics dealt with in detail included the status of the project to comprehensively overhaul the platform as well as planned improvements to the XING TalentManager product. At several meetings, discussions addressed the overall situation of the Company's tech and product organization. The Committee and its members also advised the Management Board on technology- and product-related topics outside of its face-to-face meetings.

Audit of the 2020 annual financial statements and consolidated financial statements

The annual financial statements, which were prepared by the Management Board in accordance with the rules of German commercial law and the management report of New Work SE for the 2020 financial year were audited by PricewaterhouseCoopers GmbH, Hamburg, and issued with an unqualified auditor's report. The consolidated financial statements and Group management report of New Work SE for the 2020 financial year, which were prepared in accordance with the International Financial Reporting Standards (IFRSs) pursuant to Section 315e German Commercial Code, were also issued with an unqualified auditor's report by the auditor. Pursuant to Section 312 AktG, the Management Board has prepared a report on relations with affiliated companies to be prepared by the Management Board due to Burda Digital SE's majority shareholding in New Work SE. The auditors have examined this report and issued the following opinion: "In our opinion, based on the examination which we have carried out in accordance with professional standards,

1. the factual information contained in the report is correct and

2. the consideration given by the Company for the legal transactions referred to in the report was not unreasonably high."

The annual financial statements and the consolidated financial statement, including the Group management report and the management report, the report on relations with affiliated companies as well as the audit reports of the auditor and the profit appropriation proposal of the Management Board were submitted to the Supervisory Board prior to the Audit Committee's meeting on March 24, 2021 and the Supervisory Board's meeting on March 25, 2021 for them to be reviewed and intensively discussed. The auditors attended Audit Committee and Supervisory Board meetings concerning the submitted documents and reported on the main findings of their audits. They were available to the Supervisory Board at all times in order to answer questions and provide information. As part of auditing the financial statements, the Supervisory Board and Audit Committee also discussed the Management Board's accounting policy and financial planning. Other specific matters discussed with the Management Board and the auditor of the annual financial statements included findings from the audits conducted by the auditor on the agreed key audit matters.

Following the final result of its own review, the Supervisory Board did not have any reservations with regard to the annual financial statements which were submitted, the management report as well as the consolidated financial statements and the Group management report and the report on relations with affiliated companies and, following its own review, approved the results of the auditors concerning the audit of the financial statements and the consolidated financial statements as well as the management report and Group management report of New Work SE and the report on relations with affiliated companies during its meeting on March 25, 2021. The Supervisory Board has approved the annual financial statements prepared by the Management Board and the consolidated financial statements of New Work SE. The annual financial statements of New Work SE have thus been adopted.

The Supervisory Board has conducted a thorough audit and considered all of the arguments in connection with the Management Board's profit appropriation proposal. As a result, the Supervisory Board will propose to the Annual General Meeting on May 19, 2021 to distribute a dividend of around €14.6 million, or €2.59 per share.

Corporate Governance

Pursuant to the German Corporate Governance Code, the Management Board and the Supervisory Board provide information on Corporate Governance at XING SE on the Investor Relations section of the XING SE website. The Management Board and the Supervisory Board issued the annual Declaration of Conformity as required by law. The wording used in the Declaration of Conformity and other disclosures in accordance with Section 289a German Commercial Code are available on the XING website at https://www.new-work.se/en/investor-relations/corporate-governance. New Work SE complies with almost all of the recommendations of the German Corporate Governance Code and is committed to sound corporate governance as an integral part of management.

Conflicts of interest

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

Closing remarks

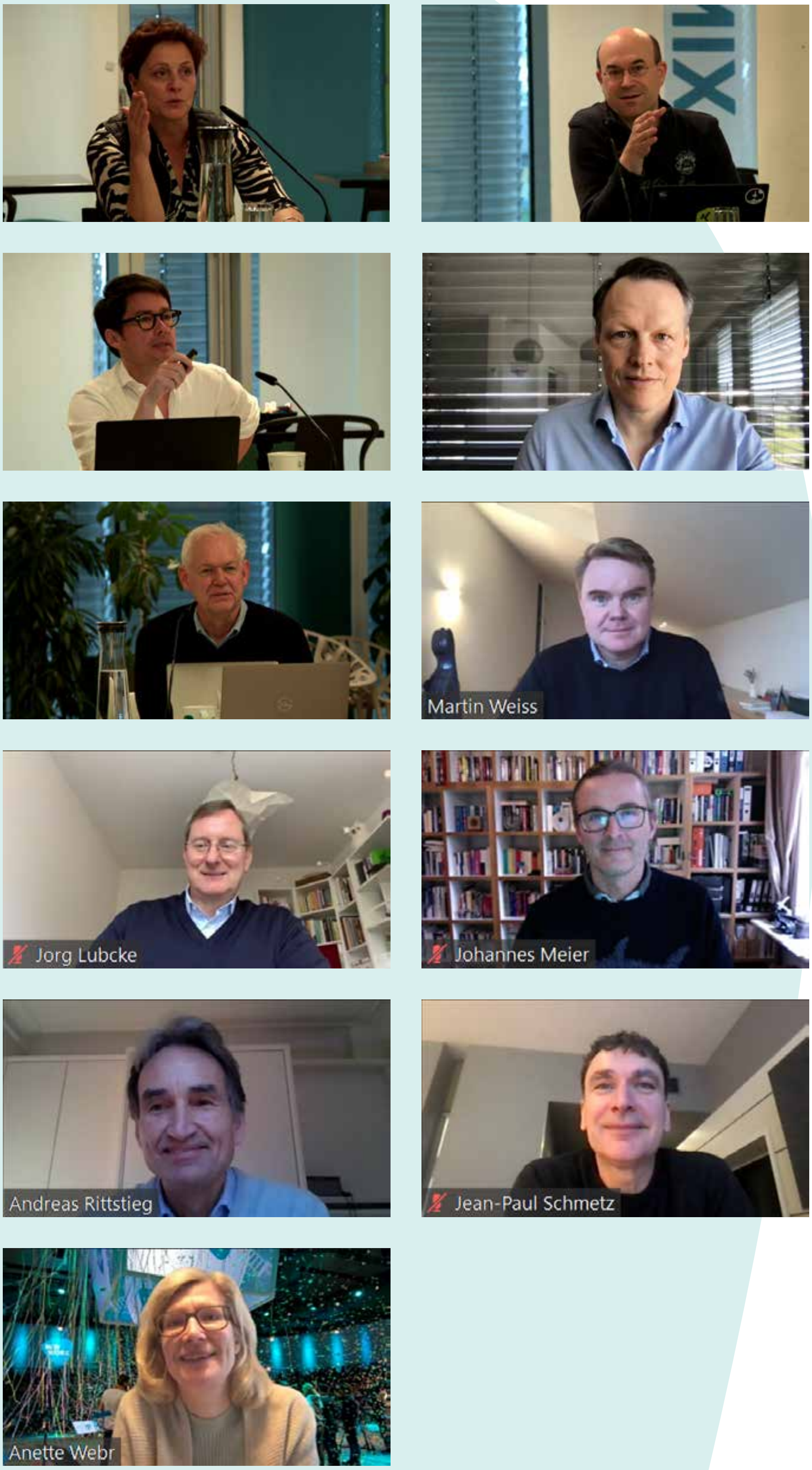
We would like to thank all of New Work's members and customers as well as its shareholders for the trust they have vested in the Company. We also thank the Management Board and all employees in the New Work Group for their excellent work amid the extraordinary challenges posed by the COVID-19 pandemic. Together they have made 2020 a successful financial year.

Hamburg, March 25, 2021

Martin Weiss,
Chairman of the Supervisory Board

MANAGEMENT BOARD AND SUPERVISORY BOARD

The New Work SE Executive Board is responsible for the corporate strategy and its implementation. The Supervisory Board, chaired by Martin Weiss, works closely with the Executive Board and is involved in key strategic and corporate decisions.



From left to right, from top to bottom:

Petra von Strombeck
CEO (since 29 May 2020)

Dr. Patrick Alberts
CPO

Ingo Chu
CFO

Frank Hassler
CSO (since 1 November 2020)

Jens Pape
CTO

Martin Weiss
Chairman of the Supervisory Board (since 29 May 2020)

Dr. Jörg Lübcke
Independent (GCGC) member of the Supervisory Board

Dr. Johannes Meier
Independent (GCGC) member of the Supervisory Board (Deputy Chair of the Supervisory Board)

Dr. Andreas Rittstieg
Member of the Supervisory Board

Jean-Paul Schmetz
Member of the Supervisory Board

Anette Weber
Independent (GCGC) member of the Supervisory Board

Not in the photo:
Dr. Thomas Vollmoeller
CEO (until 29 May 2020)

Alastair Bruce
CSO (until 20 April 2020)

Stefan Winners
Chairman of the Supervisory Board (until 29 May 2020)

For more information on the members of the Supervisory Board and the Management Board, please see pages 130 – 132.

THE NEW WORK SE SHARE

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

Basic data on the New Work SE share

Number of shares	5,620,435
Share capital in €	5,620,435
Share type	Registered shares
IPO	12/07/2006
ISIN (NEW)	DE000NWRK013
Bloomberg (NEW)	NWO:GR
Reuters (NEW)	NWOn.DE
Transparency level	Prime Standard
Index	SDAX
Sector	Software
Paying agent	Deutsche Bank

Key data on the New Work SE share at a glance

	2020	2019	2018	2017	2016
XETRA closing price at year-end	€280,00	€292,00	€237,50	€268,60	€175,45
High	€312,00	€375,50	€326,00	€274,20	€194,95
Low	€164,00	€229,00	€224,50	€174,95	€138,40
Market capitalization at year-end	€1,573.7 million	€1,641 million	€1,388 million	€1,509 million	€986 million
Average trading volume per day (XETRA)	4,475	4,696	4,840	7,124	8,225
Pro forma earnings per share (diluted)[1]	€6.65	€6.37	€5.35	€4.15	€4.19
Number of shares	5,620,435	5,620,435	5,620,435	5,620,435	5,620,435
Dividend per share	€2.59[2]	€2.59	€2.14	€1.68	€1.37
Special dividend per share			€3.56		€1.60

1 *For definition of pro forma see Group Management Report from page 42*
2 *Proposal to the Annual General Meeting on May 19, 2021*

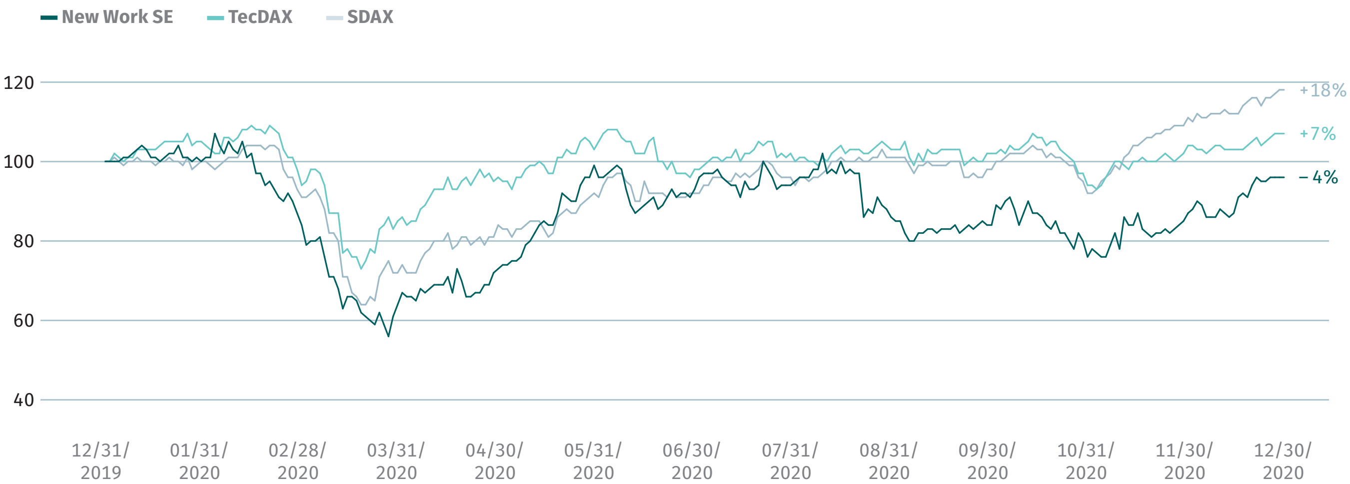
DEVELOPMENT OF ENTERPRISE VALUE DURING THE CORONAVIRUS CRISIS

We discussed the emerging potential negative impact of the coronavirus pandemic that spread in Germany from February 2020 onwards when the 2019 Annual Report was published in March 2020. Between the end of February and mid-March 2020, the DAX experienced the fastest crash in its history, falling by more than 5,000 points in just a few weeks before ending an eventful 2020 with a slight gain of 4 percent.

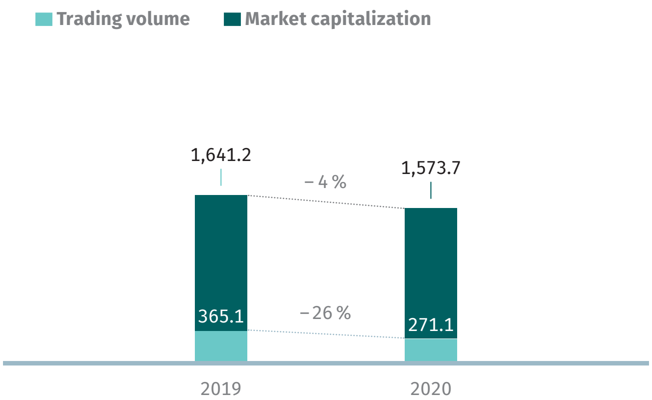
Our shares were unable to escape this volatility. At a time of economic uncertainty, short-time work and hiring freezes, companies temporarily became less willing to invest in digital recruitment solutions. As a result, our short-term growth prospects deteriorated as the coronavirus crisis emerged and progressed. This is also reflected in the underperformance of our shares compared to the SDAX benchmark index.

Despite the coronavirus crisis, we are confident that our long-term outlook remains positive. Several million employees will leave the job market over the next ten years after reaching retirement age. The number of people in employment will decrease accordingly. We therefore continue to believe that this is precisely when our employer branding and digital recruitment offerings will benefit employers as they reach out to, search for and select suitable candidates.

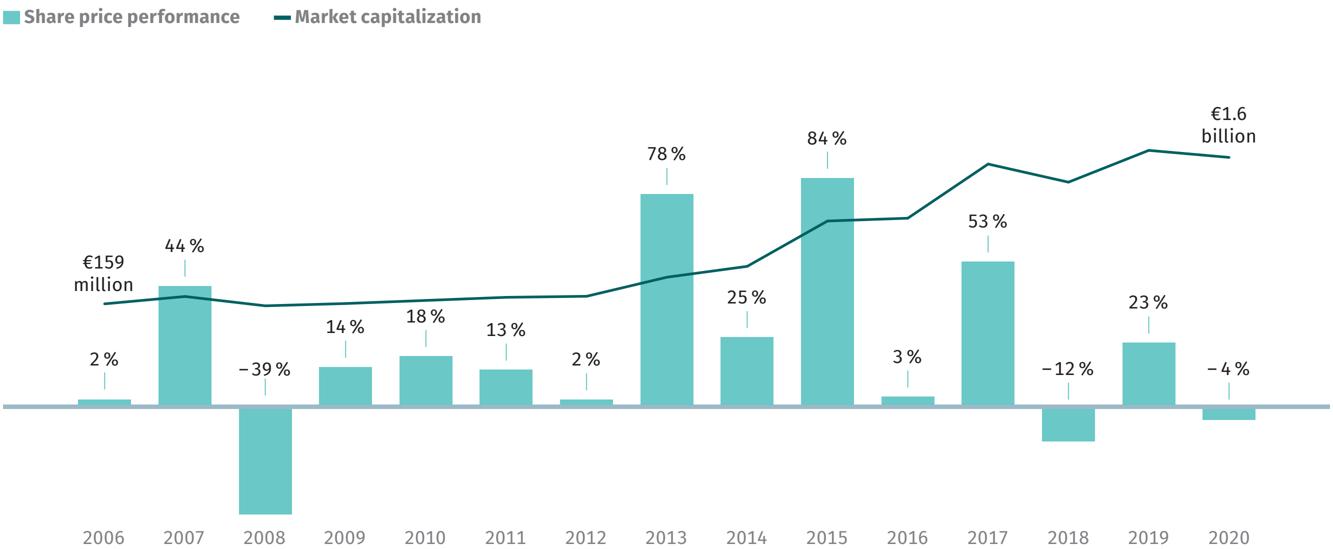
New Work SE share price performance in 2020 vs. TecDax and SDAX



Market capitalization and trading volume
in € million



Share price performance and market capitalization since the IPO



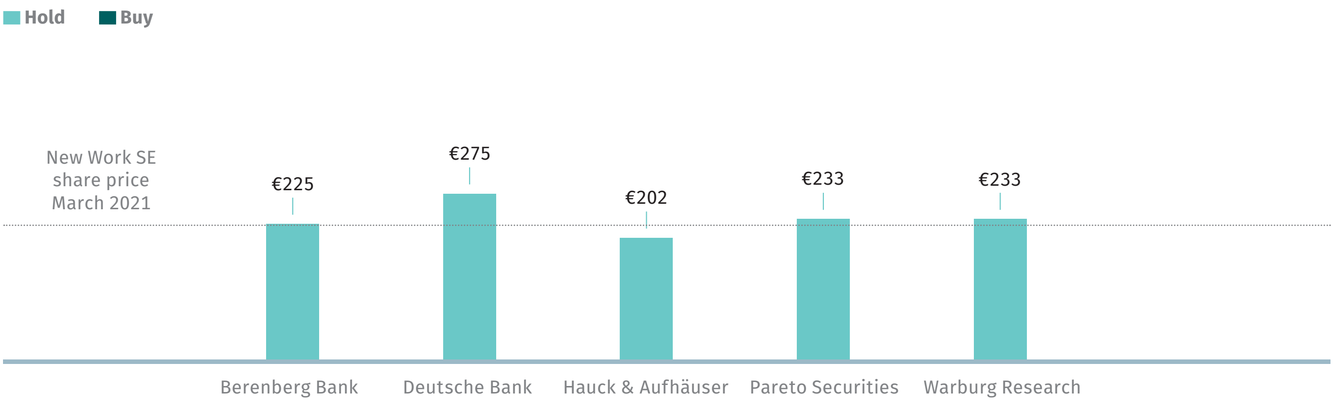
SHARES REMOVED FROM TECDAX

New Work SE's shares have been exclusively listed on the SDAX since March 22, 2021. Until then, our shares had been included on both the SDAX and the TecDax (double listing). The removal of our shares from the index of the 30 largest technology stocks was due to the fast entry of a larger technology company.

ANALYST COVERAGE

Our shares are currently being monitored by five well-known brokerage firms (coverage). At the same time, this gives us the opportunity to ensure regular communication with all brokers and research firms. By doing this, we also give every research firm access to management and the Investor Relations department, which enables us to provide sufficient resources for investor meetings at (virtual) roadshows or conferences. After the price correction triggered by the impact of the coronavirus crisis, our analysts' price targets are in line with the current share price. All five research firms recommend holding New Work SE's shares at their current level.

Analyst recommendations and fair value in March 2021



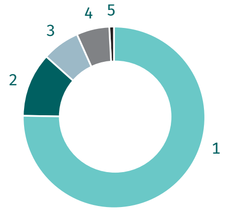
SHAREHOLDER STRUCTURE OF NEW WORK SE

The effects of the coronavirus crisis have hit many companies hard. Despite its fundamentally resilient business model with a high proportion of revenues paid in advance (subscription model), New Work SE is among the companies that have been impacted by the effects of the coronavirus crisis on the labor market (e.g. lower investment and recruitment activity among German companies) during this period.

The proportion of American shareholders within our shareholder structure remained stable over the past twelve months at around 11 percent. New additions with a shareholding of more than 3 percent are Mawer from Canada and Kayne Anderson Rudnick from the USA. In Germany, we also welcomed another investment company with a stake of more than 3 percent to our group of shareholders in Allianz Global Investors.

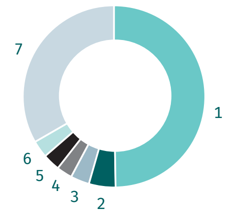
This increased the overall proportion of domestic shareholders from around 71 percent to just over 75 percent. The proportion of institutional investors in the United Kingdom fell from 11.5 percent in March 2020 to around 7 percent in March 2021.

Geographical distribution of investors in March 2021



1 — Germany	75.5 %
2 — USA and Canada	11.2 %
3 — United Kingdom	6.7 %
4 — Europe (not incl. Germany and the United Kingdom)	6.0 %
5 — Rest of the world	0.6 %

Shareholder structure of New Work SE in March 2021



1 — Burda Digital SE (GER)	50.0 %
2 — Invesco (US)	4.7 %
3 — DWS (GER)	3.1 %
4 — Mawer (CAN)	3.0 %
5 — Kayne Anderson Rudnick (US)	3.0 %
6 — Allianz Global Investors (GER)	3.0 %
7 — Other investors	33.2 %

CONFERENCES AND ROADSHOWS

In the year of the coronavirus crisis and the associated lockdowns, social distancing and hygiene measures, we were only able to attend three investor conferences in person – all of them prior to the outbreak of the crisis. We participated in all other roadshows and conferences via popular video conferencing systems. We stepped up our regular dialog with existing investors especially in the last weeks of the first quarter of 2020. We tried – to the best of our ability at that time – to discuss the effects of the coronavirus crisis on our segments and business units. Direct, face-to-face interactions with existing and potential investors are very important to us and cannot be replicated in the virtual world without constraints. With this in mind, we are looking forward to engaging with the capital markets in person once again as soon as conditions allow. We will still hold our Capital Markets Day virtually on March 31, 2021.

ANNUAL GENERAL MEETING

Our Annual General Meeting on May 29, 2020 was not held at its usual venue, the Panoramadeck hall in Hamburg's Emporio building. For the first time in the Company's history, we were forced to host the event entirely online. As well as presenting the Company's successes and developments in the 2019 financial year, our long-serving Chief Executive Officer, Dr. Thomas Vollmoeller, also attended his final Annual General Meeting as CEO of New Work SE. This was also the first Annual General Meeting for our new CEO Petra von Strombeck and our new Chairman of the Supervisory Board, Martin Weiss, as a representative of the Burda Group, our largest individual shareholder. Attendance exceeded the previous year's figure of 89 percent to reach a new record high of 91 percent. All five agenda items were adopted with majorities of between 92.4 and 100.0 percent.

For the upcoming Annual General Meeting on May 19, 2021, the Management Board decided in February 2021 to recommend that the Annual General Meeting keep the regular dividend unchanged from the previous year's level at €2.59 per share.

Unfortunately, the bans on meetings currently in force in Hamburg do not permit in-person gatherings due to the coronavirus pandemic. As a result, we will also be inviting our shareholders to a virtual Annual General Meeting this year. From April 2021, interested parties will be able to obtain further information as well as the invitation and agenda at https://www.new-work.se/en/investor-relations/annual-general-meetings.

OUR SOCIAL MEDIA CHANNELS

www.new-work.se/en/investor-relations/
(IR website of New Work SE)

Twitter: New_Work_SE_IR
(Information and news related to the capital markets)

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

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

www.facebook.com/XING
Facebook

We are happy to take your questions and comments.

New Work SE
Patrick Möller
Director Investor Relations
Dammtorstraße 30
20354 Hamburg
Germany
Phone + 49 40 41 91 31 – 793
Fax + 49 40 41 91 31 – 44

Email: ir@new-work.se

GROUP MANAGEMENT REPORT

for the financial year from January 1 to December 31, 2020

Business and strategy

Business models and internal management system

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

1. B2C
2. B2B E-Recruiting
3. B2B Marketing Solutions & Events
4. kununu International

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

B2C SEGMENT

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

This business unit is also responsible for XING content. XING members receive newsletters tailored to around 70 professional and interest groups that ensure that they no longer miss out on anything important in their industry. Adding this service has made XING one of the largest distributors of industry- and profession-based news in the German-speaking region.

In the B2C segment, we generate our revenues from paid memberships with enhanced functions and services for the various target groups. In this segment, we offer Premium, ProJobs and ProBusiness memberships.

XING Premium membership is aimed at all members who want to develop their potential and actively shape their professional development. To help them do this, Premium offers a variety of services including enhanced search and communication options, exclusive online and offline offerings in areas including CPD, and additional information about profile visibility and appeal.

For members who are actively looking for a job and want to optimize their presentation for this specific purpose and be found faster by recruiters, XING offers ProJobs membership.

ProBusiness membership helps employees of small and medium-sized businesses in particular to create an efficient sales strategy. ProBusiness also makes it easy to identify the right contacts, build lasting customer relationships and monitor sales contacts and competitors.

Employer reviews from employees, applicants and trainees/apprentices on kununu are anonymous and available for all to read without needing to create an account. The kununu Cultural Compass also provides insights into the day-to-day corporate culture and information about salaries.

With the InterNations platform we are also active outside the D-A-CH region. InterNations offers its paying members – who are usually working as international expats outside the German-speaking countries – access to regional networking events so that they can make acquaintances and build contacts faster in their new environment.

B2B E-RECRUITING SEGMENT

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

The Passive Recruiting business allows recruiters to post various kinds of job ads on XING Jobs and on the XING platform. Two basic billing models are available: Either a performance-based method based on a pay-per-click model or the conventional fixed-price model with a predefined term of 30 days.

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

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

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

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

We unveiled the new XING TalentService in the third quarter of 2020. This new service enables companies to automate part of their active approaches to candidates. It is aimed at companies who do not have the necessary resources or simply require additional help with active recruiting.

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

With the applicant tracking software from Prescreen we also provide a cloud-based recruiting tool that through the integration of XING TalentManager gives customers immediate access to about 19 million candidate profiles.

Acquired in 2019, Honeypot's offering enables companies to identify IT professionals in Europe and present them with vacancies.

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

B2B MARKETING SOLUTIONS & EVENTS SEGMENT

The Marketing Solutions & Events segment combines various marketing offerings.

In the XING Marketing Solutions subsegment we offer advertising formats spanning the whole range of marketing, from branding to conversion. Placing advertising messages in a respectable, active user environment in a professional context and facilitating targeting using genuine user data are two of the main value propositions. In this way, selected target groups can be addressed precisely and without wastage. Advertising formats range from native sponsored posts and video ads to mailshots and integrated campaigns. Since fall 2020, the video format has been accessible not only to key customers and agencies, but to all advertisers as a self-booking format. The entire range of advertising offers can be viewed at www.werben.xing.com.

In the Events business, New Work SE generates revenues with by professionally marketing events. Using an online tool, event organizers can select suitable target groups for events they post on the XING platform and then advertise them on the platform. This business is monetized mainly on a cost-per-click (CPC) basis, but also on a thousand contact price (TCP) basis. New Work SE also generates revenues by providing participant management services for business events. Organizers can use the technology via the XING platform to access all components necessary for their entire participant management work, including registration, ticketing, billing and admission services. New Work SE usually charges a fee per participant plus a variable component based on the ticket price for these services. The event services are marketed mainly by the permanent staff of the Events division.

KUNUNU INTERNATIONAL SEGMENT

We have ended the test to set up an employer branding business in the USA that we launched in 2016 and discontinued this business. As a result, there will no longer be any reporting on this business segment.

Market positioning

By focusing on German-speaking countries (the D-A-CH region), we operate in Europe's largest and strongest economic region. With around 19 million members, we are the biggest social network for business professionals. Thanks to this strong basis, we are superbly placed to continue growing in the next few years by further growing our membership figures, expanding our existing offerings, and establishing new product offerings and services for both people and companies. Currently at least 18 percent of the population in German-speaking countries are members of a professional network. The potential for the XING platform and B2B brands such as kununu, Prescreen and Honeypot is huge.

Strategy

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

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

- **Demographic change** is making employees an increasingly rare commodity. This is causing shifts in the balance of power; talented people are in ever shorter supply and greater emphasis is being placed on their needs.
- **Automation and digitalization** are changing work structures and job profiles.
- This is accompanied by a **change in values**. The concept of a career is moving away from the traditional focus on "higher, faster, onward" and aspects such as "autonomy", "meaning," and "flexibility" are taking on greater importance.

These drivers are what are making a new world of work – **New Work** – possible in the first place. A world in which the individual's needs are pivotal. A world that is becoming increasingly differentiated and fragmented, starting with discrete needs and life plans. A world in which work is an important, possibly even a central part of life. In a nutshell, a world of work in which people do work they enjoy and which has meaning for them.

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

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

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

This topic has turned into one of the megatrends of our time and our brand has great potential.

Since changing our name from XING SE to New Work SE, we have manifested our claim as a company to work toward a new, better working life and provide a frame for our product brands and subsidiaries for the first time. The strong XING brand remains in place, just like kununu, InterNations, Prescreen and Honeypot. At the same time, this is how we differentiate ourselves from other market players. This underscores our claim to work toward a new, better working life and our intention to be at the cutting edge of a megatrend for the coming years that won't be slowed even by the coronavirus pandemic.

The coronavirus crisis and the pandemic's impact on the D-A-CH region have only slightly altered the strategic orientation of the New Work Group. For example, we reduced our investments in products or business areas that have been hit particularly hard by the pandemic in order to make additional investments in our core offering and functionalities. After all, we remain convinced that demand for our digital employer branding and recruitment solutions will increase again in line with the economic and labor market recovery in the German-speaking world aided by the aforementioned drivers.

SEGMENT STRATEGIES

We consistently focus on the individual needs of our members in the B2C segment. At XING, our priority is to facilitate relevant, authentic interactions for everyone on our network, rather than enabling a few individuals to attract as much attention as possible. We want to be the place where each and every one of our approximately 19 million members can find their next ideal job and achieve their career potential. We help professionals to do what is right for them and guide them through their very own world of work.

That is why we work in consultation with our members to reach our overarching goal: to offer precisely the right content offering, suggested contacts and information about jobs and events to help take our members forward at any given moment. With this in mind, we are continuing to expand our offering and pursuing the further upgrading of our paid memberships.

In particular, we want to achieve significant further growth with our employer insight service from kununu. Our long-term goal is clear: jobseekers should no longer send off applications without first learning more about their potential employer on kununu. We also want to continue increasing the number of 'workplace insights' (company reviews, corporate culture and salary information) to make kununu even more user-friendly.

Our InterNations subsidiary manages the largest international community for people living and working abroad. In the future, it will also offer global networking opportunities, local events and expat-relevant information. To guarantee the quality of this network, individuals require approval to obtain InterNations membership.

In the B2B E-Recruiting segment revenues are generated exclusively with corporate customers (B2B). The strategic development of our product offering is focused squarely along the HR value chain. We intend to become the leading partner to employers in the D-A-CH region for seeking out, recruiting and retaining candidates and to further diversify our portfolio of solutions. By acquiring Honeypot – a reverse marketplace for placing IT professionals with companies – we have positioned ourselves in what is a fundamentally high-demand segment (IT professionals and specialists) and would like to participate in the future development of this labor market.

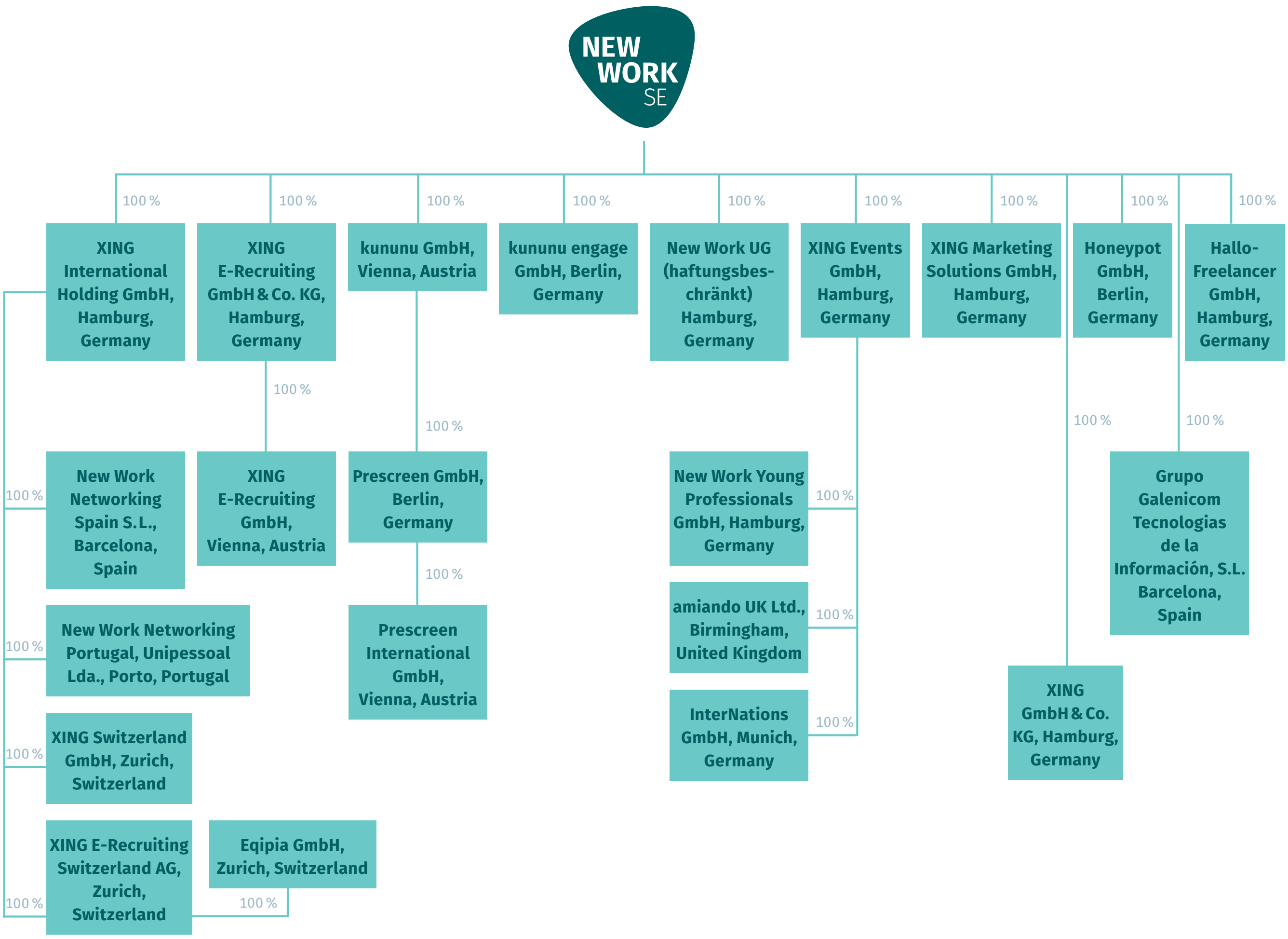
The B2B Marketing Solutions & Events segment will be strategically leveraged with a view to diversifying monetization (among other things, by selling advertising space), gaining additional members and bringing XING yet closer to people. Here, the Corona crisis has left a visible scars due to lockdowns and the restriction of physical contacts. We fundamentally believe that our local and online Events business will continue to play an important role in differentiating our product range by supporting XING members with local offerings and events: We want to help our members to network in their city or industry and become part of a community, help shape this, and thus advance in their careers.

In the Marketing Solutions subsegment, segment revenue is to be increased by selling advertising space and through additional forms of advertising on the XING platform.

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

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

Organizational structure of the Group



In the past financial year, New Work SE had a total of 23 active investments in companies in and outside Germany, of which 11 were direct investments and 12 were indirect investments through intermediate companies. All investees are controlled by New Work SE and are therefore fully consolidated in New Work SE's consolidated financial statements. kununu US LLC, Boston, USA, was liquidated at the end of the reporting year. The liquidations of Eqipia GmbH, Zurich, Switzerland, and amiando UK Ltd., Birmingham, United Kingdom, were also announced during the year under review. The latter two were companies that were no longer operating and were terminated as part of efforts to streamline the Group's structure.

Financial and non-financial key performance indicators (internal management system)

Achievement of our strategic objectives is monitored using financial and non-financial key performance indicators. These indicators are regularly compared with targets and a rolling forecast that is reported to the Management Board and Supervisory Board. The net assets, financial position and results of operations analyzed here relate to continuing operations.

ADJUSTED (PRO-FORMA) KEY PERFORMANCE INDICATORS

In financial year 2020, internal management was based on the financial key performance indicators of revenues per segment and segment operating profit (EBITDA) adjusted for extraordinary items. Due to the changes in internal management and internal reporting to the company unit responsible, the segment operating result will in the future be presented based on pro forma revenues per segment and pro forma EBITDA per segment. The key performance indicators reported in accordance with IFRSs in the consolidated statement of comprehensive income contain non-recurring effects. In the management report, these reported key performance indicators are therefore adjusted for effects including those arising from changes in the basis of consolidation triggered by M&A, impairment of goodwill, remeasurement of non-operating financial instruments, restructuring and other non-recurring transactions unrelated to operating performance.

FINANCIAL KEY PERFORMANCE INDICATORS

Pro forma revenues per segment

We have defined revenue growth in the respective segments as a main financial key performance indicator. The key performance indicators reported in accordance with IFRSs in the consolidated statement of comprehensive income in some cases include non-recurring effects. In the management report and when calculating material financial key performance indicators, these reported key performance indicators are adjusted for effects, for example those arising from changes in the basis of consolidation triggered by M&A. Revenue growth generally is a direct consequence of the growth in paid memberships or an increase in the uptake of our enterprise solutions, revenues per customer and the ability to achieve higher prices.

Pro forma EBITDA per segment

The second important financial key performance indicator is pro forma EBITDA. The key performance indicators reported in accordance with IFRSs in the consolidated statement of comprehensive income contain non-recurring effects. In the management report and when calculating material financial key performance indicators, these reported key performance indicators are therefore adjusted for effects including those arising from changes in the basis of consolidation triggered by M&A, impairment of goodwill, remeasurement of non-operating financial instruments, restructuring and other non-recurring transactions unrelated to operating performance.

Reconciliations of EBITDA 2020 to pro forma EBITDA 2020 and of 2019 can be found here:

Reconciliation pro forma income statement and key performance indicators 2020

In € million	P&L not adjusted 01/01/2020–12/31/2020	Operating business of discontinued operations (like-for-like)	Changes in the basis of consolidation (M&A)	Impairment of goodwill	Changes in earn-out liabilities	Remeasurement of non-operating financial instruments	Restructuring expenses/ other non-recurring effects	**P&L pro forma 01/01/2020–12/31/2020**	P&L pro forma 01/01/2019–12/31/2019	Change	Change
Revenues	**276.5**	**0.1**	**−0.6**					**276.0**	**269.5**	**2%**	**6.5**
Other operating income	2.0	0.0	0.0					2.0	2.6	−24%	−0.6
Other own work capitalized	23.6	0.0						23.6	24.9	−5%	−1.3
Personnel expenses	−141.9	−0.3	1.6				3.1	−137.5	−127.9	8%	−9.7
Marketing expenses	−29.0	0.0	0.3					−28.7	−34.7	−17%	5.9
Other operating expenses	−40.0	−0.1	0.4				0.1	−39.5	−47.8	−17%	8.2
Impairment losses on financial assets and contract assets	−3.6							−3.6	−2.1	74%	−1.5
EBITDA	**87.6**	**−0.3**	**1.7**	**0.0**	**0.0**	**0.0**	**3.2**	**92.3**	**84.7**	**9%**	**7.6**
Depreciation, amortization and impairment losses	−56.1	0.3	0.4	17.4				−37.9	−33.0	15%	−4.9
EBIT	**31.6**	**0.0**	**2.1**	**17.4**	**0.0**	**0.0**	**3.2**	**54.4**	**51.7**	**5%**	**2.7**
Financial result	9.3	0.0	0.2	0.0	−9.8	−0.1		−0.5	−1.3	−61%	0.8
EBT	**40.8**	**0.0**	**2.3**	**17.4**	**−9.8**	**−0.1**	**3.2**	**53.9**	**50.4**	**7%**	**3.4**
Taxes	−14.7	0.0	−0.8			0.0	−1.0	−16.5	−14.6	13%	−1.8
Consolidated net profit	**26.1**	**0.0**	**1.6**	**17.4**	**−9.8**	**−0.1**	**2.2**	**37.4**	**35.8**	**4%**	**1.6**
Earnings per share	**4.65**	**0.0**	**0.28**	**3.10**	**−1.75**	**−0.02**	**0.39**	6.65	**6.37**	**4%**	**0.3**

Reconciliation pro forma income statement and key performance indicators 2019

In € million	P&L not adjusted 01/01/2019–12/31/2019	Operating business of discontinued operations (like-for-like)	Changes in the basis of consolidation (M&A)	Impairment of goodwill	Changes in earn-out liabilities	Remeasurement of non-operating financial instruments	Other non-recurring effects[1]	**P&L pro forma 01/01/2019–12/31/2019**
Revenues	**269.2**	**0.4**						**269.5**
Other operating income	6.4	0.0					– 3.8	2.6
Other own work capitalized	24.9	0.0						24.9
Personnel expenses	– 126.6	– 1.3						– 127.9
Marketing expenses	– 33.9	– 0.7						– 34.7
Other operating expenses	– 50.4	– 0.2					2.9	– 47.8
Impairment losses on financial assets and contract assets	– 2.1							– 2.1
EBITDA	**87.5**	**– 1.9**			**0.0**	**0.0**	**– 0.9**	**84.7**
Depreciation, amortization and impairment losses	– 32.9	– 0.2						– 33.0
EBIT	**54.6**	**– 2.0**			**0.0**	**0.0**	**– 0.9**	**51.7**
Financial result	4.7	0.0			– 5.1	– 0.9		– 1.3
EBT	**59.3**	**– 2.0**			**– 5.1**	**– 0.9**	**– 0.9**	**50.4**
Taxes	– 16.1	0.9			0.0	0.3	0.3	– 14.6
Consolidated net profit	**43.2**	**– 1.2**			**– 5.1**	**– 0.6**	**– 0.6**	**35.8**
Earnings per share	**7.69**	**– 0.21**			**– 0.90**	**– 0.11**	**– 0.10**	**6.37**

[1] *Non-recurring, non-operating income/expenses in connection with renting a new office building in Hamburg*

Reconciliation pro forma income statement, segments

In € thousand	B2C		B2B E-Recruiting		B2B Marketing Solutions & Events		Consolidation of intersegment revenues/expenses		New Work Group	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
Pro forma total revenues	**102,699**	**103,194**	**153,437**	**140,444**	**19,817**	**25,529**	**78**	**381**	**276,031**	**269,548**
Pro-forma effects, total revenue	0	0	571	0	0	0	– 78	– 381	494	– 381
Revenues	102,699	103,194	154,008	140,444	19,817	25,529	0	0	276,524	269,168
Intragroup revenues	0	0	0	0	340	549	– 340	– 549	0	0
Total revenues	**102,699**	**103,194**	**154,008**	**140,444**	**20,157**	**26,078**	**– 340**	**– 549**	**276,524**	**269,168**
Intragroup segment expenses	– 340	– 549	0	0	0	0	340	549	0	0
Other segment expenses	– 72,780	– 75,326	– 51, 430	– 47,266	– 15,274	– 16,759	0	0	– 139,484	– 139,351
Segment operating result	**29,579**	**27,320**	**102,578**	**93,178**	**4,883**	**9,319**	**0**	**0**	**137,040**	**129,817**
Pro forma effects, segment operating result	843	– 331	2,232	– 70	303	– 37	0	0	3,378	– 438
Pro forma segment operating result	**30,422**	**26,989**	**104,810**	**93,108**	**5,185**	**9,282**	**0**	**0**	**140,418**	**129,379**
Other operating income / expenses									– 49,430	– 42,363
Pro forma effects, other operating income / expenses									1,284	– 2,298
Pro forma EBITDA									**92,270**	**84,717**
Total pro forma effects in EBITDA									– 4,660	2,738
EBITDA									**87,610**	**87,456**

Non-financial key performance indicators

We employed two non-financial key performance indicators in the past financial year:

1. **XING members**
2. **Number of corporate subscription customers in the B2B E-Recruiting segment**

The two key performance indicators are used in the two main segments B2C and B2B E-Recruiting.

COMPARISON OF OUTLOOK FOR 2020 WITH ACTUAL DEVELOPMENT IN THE 2020 FINANCIAL YEAR

Financial key performance indicators

Revenue and earnings targets

Although the 2020 forecast set out in the 2019 Annual Report already included the initial effects of the coronavirus crisis, these could only be provisionally inferred as the pandemic was still at an early stage. We achieved three of the eight targets in this forecast. At that point, however, we had already indicated that the full extent of the coronavirus crisis could still have a significant negative impact on some areas of the initial forecast. As a result, we then published updated forecasts when announcing our first-quarter results in early May due to the accelerating crisis and its negative impact on economic output and the labor market. We published a revenue forecast of €275 – €285 million and a an EBITDA margin of around 30 percent as new targets for the 2020 financial year in the first quarterly report of 2020. We then confirmed the updated targets from May 2020 when presenting the half-year report in early August 2020 and also updated our targets at segment level. We achieved all eight of the updated targets stated in the half-year report.

Financial key performance indicators (Annual Report 2019)	Forecast 2020 (Annual Report 2019)	Restated 2020 (Half-year Report 2020)	Restated 2020 (Half-year Report 2020)	Actual for 2020
Consolidated revenues	Double-digit percentage growth	Pro forma consolidated revenues	Single-digit percentage growth (in a range between €275 and €285 million)	+ 3 % (pro forma: + 2 %)
EBITDA (adjusted for extraordinary items), Group	Double-digit percentage growth	Pro forma consolidated EBITDA	At prior-year level (EBITDA margin of around 30%)	0 % (margin: 32 %) (pro forma: + 9 %; margin: 33 %)
Revenues, B2C segment	Single-digit percentage growth	Pro forma revenues, B2C segment	At prior-year level	– 0% (pro forma: 0 %)
EBITDA (adjusted for extraordinary items), B2C segment	Double-digit percentage growth	Pro forma EBITDA, B2C segment	Double-digit percentage growth	8% (pro forma: + 13 %)
Revenues, B2B E-Recruiting segment	Double-digit percentage growth	Pro forma revenues, B2B E-Recruiting segment	Single-digit percentage growth	+ 10 % (pro forma: + 9 %)
EBITDA (adjusted for extraordinary items), B2B E-Recruiting segment	Double-digit percentage growth	Pro forma EBITDA, B2B E-Recruiting segment	Single-digit percentage growth	+ 10 % (pro forma: + 13 %)
Revenues, B2B Marketing Solutions & Events segment	Single-digit percentage growth	Pro forma revenues, B2B Marketing Solutions & Events segment	Double-digit percentage decline	– 23 % (pro forma: – 23 %)
EBITDA (adjusted for extraordinary items), B2B Marketing Solutions & Events segment	At prior-year level	Pro forma EBITDA, B2B Marketing Solutions & Events segment	Double-digit percentage decline	– 48 % (pro forma: – 44 %)

Dividend, liquidity and financial targets

We announced a sustainable dividend policy in 2012. Accordingly, in 2020 the Annual General Meeting followed the joint proposal of the Executive Board and Supervisory Board and resolved a regular dividend of €2.59 per no-par value share carrying dividend rights (2019: €2.14). New Work's cash-generative business model enables the Company to pursue a sustainable dividend policy without affecting its business strategy, which is still aimed at achieving growth. We intend to continue to make regular dividend payments in the future.

Capital expenditures

After an investment volume (CAPEX, excl. M&A transactions) of €35.5 million in 2019, we invested €33.1 million in the 2020 financial year (excl. M&A transactions). As in previous years, capital expenditure was concentrated on internally developed software, amounting to €23.6 million (2019: €25.0 million). We also made investments of around €4 million for the move to a new office building planned for 2021.

Non-financial key performance indicators

We met one of two forecasts in terms of the non-financial key performance indicators published in the 2019 Annual Report. The forecast regarding the change in subscription enterprise customers updated in the half-year report was – 3 percent, only slightly below the communicated target.

Non-financial key performance indicators	Forecast 2020	Updated HY 2020	Actual 2020
B2C segment: Members in the D-A-CH region	Significant increase	Significant increase	10 %
B2B E-Recruiting segment: Number subscription-based corporate customers	Significant increase	At prior-year level	– 3 %

The forecast in terms of all financial and non-financial key performance indicators for the 2021 financial year is explained in detail in the report on opportunities and risks.

Corporate Social Responsibility (CSR)

Our CSR model is based on our corporate vision "For a better working life", which defines our understanding of corporate and social responsibility. We consider New Work – with all of its facets – to be more than just a movement now. It has become the rallying point for day-to-day operations across all areas of our company. As a company, we think it is our job to guide and actively support our employees, members and customers as they embark on the journey of transforming to today's world of work. We want to make the opportunities offered by the transformation accessible to as many people as possible and to encourage debate on the question of how we want to work in the future. We put this vision into practice in our own company, driven by our corporate culture:

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

CSR STRATEGY

Our CSR strategy defines the priorities of our commitment and sets concrete targets. In a materiality analysis conducted in 2017, we identified the key sustainability topics for our company and defined the priorities for our social responsibility efforts in five action areas:

- ➡ 1. Employees
- ➡ 2. Entity
- ➡ 3. Products and services
- ➡ 4. Data protection and compliance
- ➡ 5. Environment

In this the analysis, we assessed the prioritization and importance of the material topics from a stakeholder perspective and included their impact on our business operations and the associated risks.

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

We will revise and refine our CSR strategy in 2021. For our new strategic orientation, we will take into account changes in standards and regulations in advance as well as systematically reviewing key environmental, social and economic issues as part of a stakeholder, business and materiality analysis. One new addition will be our three-dimensional approach to impact, stakeholder relevance and business relevance.

The new CSR strategy and CSR roadmap for 2021-2025 will be presented in detail in the upcoming 2021 CSR Report, which will be published at the end of the first quarter of 2022.

CSR MANAGEMENT

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

More detailed information is contained in the 2020 CSR report (Non-financial statement pursuant to Section 315b HGB) which is available at:https://www.new-work.se/en/Company-About-New-Work-SE/csr

EMPLOYEES

As of December 31, 2020, the New Work Group had 1,919 employees including five Management Board members, The average number of full-time employees (FTE) still rose by 10 percent compared to the previous year, as the workforce was expanded significantly in 2019 and the reduction in headcount caused by the restructuring in 2020 will not become apparent until 2021.

In our CSR report, we also discuss employee satisfaction, salary transparency, work-life balance, diversity, health, training and continued professional development (CPD) and the Employee Committee (EC) in detail.

Business and operating environment

Macroeconomic and sector-specific environment

MACROECONOMIC ENVIRONMENT

While only an economic slowdown was expected at the start of the year, global economic conditions changed abruptly when the dramatic impact of COVID-19 infections became apparent – first in China, then across Asia and Europe, and ultimately worldwide.

In China, the country where the pandemic originated, gross national product (GNP) dropped by 6.8 percent in the first quarter of 2020 with the introduction of regional lockdowns and strict border controls. Other Asian economies followed suit, before infection rates in Europe caused GNP in the eurozone to slump by 14.7 percent after a slight delay in the wake of lockdown in the second quarter, and ultimately reached the USA, which suffered a 9.0 percent fall in GNP. In Europe, Spain, France and Italy were hit hardest. The pandemic also had a serious impact on Germany in the second quarter, with GNP declining by 11.3 percent. The ifo Business Climate Index slumped to 75.4 points during this period, 21 percent down on the end of the previous year and its lowest figure in five years by some distance.

The economy then recovered markedly until the second wave of the pandemic emerged in the fall. At the end of 2020, several sectors were once again severely affected by another lockdown in Germany as well as in other European countries. However, the overall resilience of the economy was not compromised by this development. Business sentiment was boosted by the election of a new US President who raised expectations of a more trade-friendly climate, and the prospect of a Brexit agreement with the United Kingdom. The index reached 92.1 points at the end of the year.

As a result, the economic development triggered by the pandemic caused global growth to decline by 4.4 percent year-on-year; after extremely tough lockdown measures, China was the only one of the world's major economies to record slight positive growth again in 2020, while a decline of 7.4 percent was expected in the European Union. With a drop of 7.1 percent, Austria was spared from a sharper slump despite a second strict lockdown in November 2020. Germany suffered a comparatively mild fall of 5.2 percent, while Switzerland also recorded a decline of only around 5 percent after adjusting for transit trade.

SECTOR-SPECIFIC ENVIRONMENT

The coronavirus crisis clearly left its mark on the German labor market in 2020. Every parameter showed abrupt swings, particularly after the first lockdown in the spring. Unemployment rose sharply, while the number of people claiming benefits from unemployment insurance and short-time work reached record levels.

The easing of restrictions in the summer, combined with the widespread use of short-time work, had a stabilizing effect on the labor market. The unemployment rate (BfA) rose from 5.0 percent to 5.9 percent year-on-year (and from 3.1 percent to 4.5 percent according to the international ILO measure of employment), while the number of unemployed increased by 429,000 compared to the previous year to 2,965,000 on average. The number of employees liable for social security contributions dropped by 84,000 to 33.3 million.

Particularly significant problems arose in several sectors including the restaurant and hotel trades, tourism and aviation, while some self-employed and freelance artists feared for their professional existence. The uncertain situation at the end of 2020 was particularly characterized by stagnating demand for workers and employees' low appetite to change jobs due to the tense economic situation.

The pandemic affected the labor market in a similar way in Austria, where fiscal stimulus measures also helped to prevent excessive fluctuations. The ILO unemployment rate rose from 4.6 percent to 5.3 percent compared to the previous year. Meanwhile the labor market in Switzerland fared slightly better in the crisis. Employment declined by just 0.1 percent year-on-year, while the unemployment rate increased by 0.4 percentage points to 4.8 percent (or from 2.3 percent to 3.1 percent according to the national SECO definition).

In these challenging circumstances, Internet usage among the 74 million Germans over the age of ten as defined by the German Federal Statistical Office increased once more in 2020, to 92 percent (previous year: 90.9 percent). This development was primarily driven by the pandemic, as all of the policy measures introduced to tackle the crisis focused on limiting physical contact among the population. This led to an increase in Internet usage in the form of messaging, video conferences and social media in both professional and private settings. Most striking is the trend among students and people in gainful employment, where Internet usage is almost 100 percent. Usage also reached 75 percent among retired people and other unemployed individuals.

Across all age groups, 55 percent of users use social networks for private communication, 89 percent search for information about goods and services, and 63 percent use online banking services. Social networks are used most intensively in the 16 to 24 age bracket, while searches for information are a noticeable feature across all age groups. The Internet has become indispensable for job searches and career planning, particularly amid the stress of the pandemic, which means it has a central role in the lives of the population.

IMPACT OF THE CORONAVIRUS CRISIS ON RESULTS OF OPERATIONS, NET ASSETS, AND FINANCIAL POSITION

From March 2020 onwards, the coronavirus crisis had a significant negative impact on economic conditions in the D-A-CH region during the year under review. Before the crisis began, we were benefiting strongly from high demand for talent and the asymmetry between labor supply and demand and were still able to record revenue growth of 24 percent in the E-Recruiting segment in the first quarter of 2020. Since the end of March 2020, companies and employers have been significantly less willing to invest, which has had a particularly negative impact on new customer growth in our B2B E-Recruiting and B2B Marketing Solutions & Events segments.

Although our 2020 forecast set out in the 2019 Annual Report already included the initial effects of the coronavirus crisis, these could only be provisionally inferred as the pandemic was still at an early stage. At that point, we had already indicated that the full extent of the coronavirus crisis could still have a significant negative impact on some areas of the initial forecast. As a result, we then published updated forecasts when announcing our first-quarter results in early May due to the accelerating crisis and its negative impact on economic output and the labor market. We published a revenue forecast of €275 – €285 million and a an EBITDA margin of around 30 percent as new targets for the 2020 financial year in the first quarterly report of 2020. We then confirmed the updated targets from May 2020 when presenting the half-year report in early August 2020 and also updated our targets at segment level. We were able to reach these updated targets.

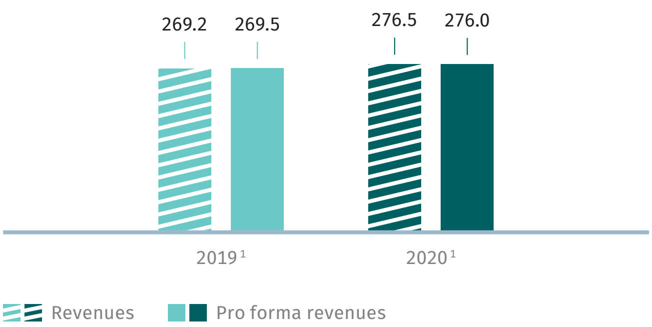
Our business is fundamentally characterized by structural resilience as:

- Around 80 percent of our revenues are generated from recurring subscriptions,
- Our customer structure is highly diversified across all operating segments.
- We have sufficient liquid funds and current available-for-sale financial assets (> €90 million).

Despite the coronavirus crisis, we are confident that our long-term outlook remains positive. Several million employees will leave the job market over the next ten years after reaching retirement age, thereby reducing the number of potentially available employees accordingly. We therefore continue to believe that this is precisely when our employer branding and digital recruitment offerings will benefit employers as they reach out to, search for and select suitable candidates.

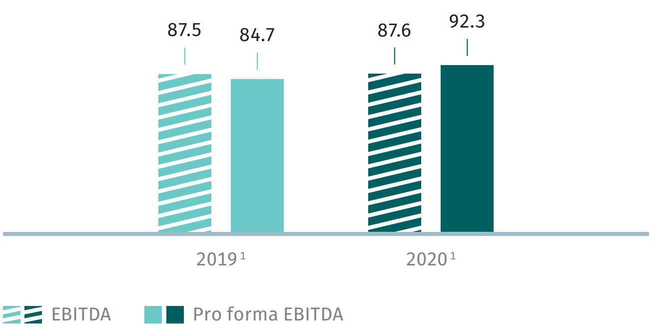
RESULTS OF OPERATIONS

Revenues and pro forma revenues in € million



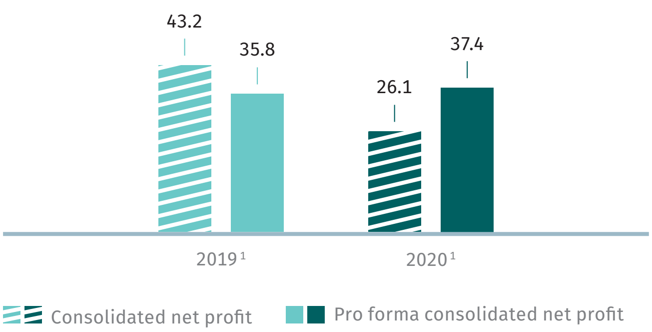
1 *Continuing operations*

EBITDA and pro forma EBITDA in € million



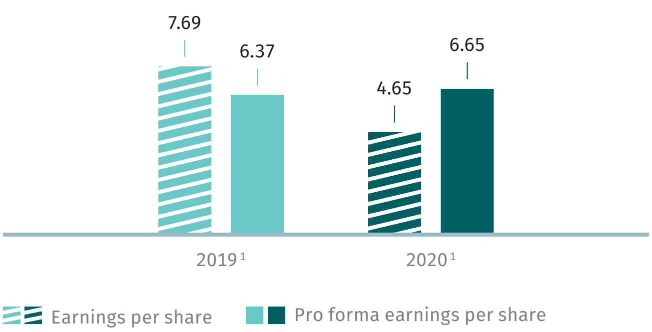
1 *Continuing operations*

Consolidated net profit and pro forma consolidated net profit in € million



1 *Continuing operations*

Earnings and pro forma earnings per share in €



1 *Continuing operations*

Revenues

Revenues of the New Work SE Group rose only slightly by 3 percent to €276.5 million in the financial year ended. Excluding the acquisition of Honeypot GmbH in April 2019 (M&A effect), pro forma revenue growth was 2 percent.

The slowdown in revenue growth compared to 2019 is due to the coronavirus pandemic with its negative impact on the overall economy and the labor market in the D-A-CH region.

Other operating income

Other operating income fell sharply by 69 percent year-on-year. It should be noted in this context that a non-recurring positive effect in connection with renting office space in the amount of €3.8 million was recognized in the first quarter of 2019.

Own work capitalized

Own work capitalized amounted to €23.6 million in the financial year ended (2019: €24.9 million) and is composed of personnel expenses, freelancer costs and attributable overheads.

Personnel expenses

During the past financial year, we reduced our originally planned investments in new employees due to the emergence of the coronavirus pandemic in March 2020 and the slowdown in revenue growth this caused, and focused our existing internal resources more strongly on core initiatives. The average number of employees rose by 9 percent compared to the previous year, as the workforce was expanded significantly in 2019 and the reduction in headcount caused by the restructuring in 2020 will not become apparent until 2021. As can be seen from the reconciliation of pro forma EBITDA, extraordinary expenses of €3.1 million for termination benefits and redundancies were recognized in 2020. Excluding these restructuring costs, personnel expenses rose from €126.6 million in 2019 to €141.9 million (+ 12 percent). The personnel expenses ratio (personnel expenses/revenues) was therefore 51 percent as against 47 percent in the prior-year period.

Marketing expenses

In the 2020 financial year, we reduced marketing expenses compared to the previous year due in particular to the negative impact of the coronavirus crisis on our B2B segments and slower revenue growth. We invested €29.0 million in the reporting period (2019: €33.9 million), with the most significant investments relating to Search Engine Marketing (SEM), display advertising, our media campaign and mailings. The marketing expenses ratio thus fell from 13 percent in 2019 to 10 percent in the 2020 financial year.

Other operating expenses

Other operating expenses fell by 21 percent in the reporting period, from €50.4 million to €40.0 million. It should be noted here that non-recurring expenses of around €2.9 million were recognized in connection with the renting of a new office building in the first quarter of 2019. This was offset by income of €3.8 million under other operating income. The particularly sharp decrease in IT services and management services primarily caused by the coronavirus crisis, such as the reduction in the number of freelancers, had a positive impact in 2020. The main operating expense items in 2020 included IT and other services at €12.1 million (previous year: €19.6 million), server hosting, administration and traffic at €8.2 million (previous year: €6.9 million), and other personnel expenses at €5.8 million (previous year: €4.8 million). This puts the expense ratio at 14 percent (2019: 19 percent). Section 12 of the notes to the financial statements includes a detailed table of all items reported under other operating expenses.

Impairment losses on financial assets and contract assets

In the past financial year, impairment losses amounted to €3.6 million compared with €2.1 million in 2019. These impairments predominantly consist of bad debts.

EBITDA

In the reporting period, EBITDA came in slightly higher than the previous year at €87.6 million (2019: €87.5 million). Due to various extraordinary items, EBITDA does not reflect actual financial performance. We therefore adjusted the figures for the periods in question to account for effects resulting from changes in the basis of consolidation triggered by M&A and other non-recurring effects, made them comparable, and calculated pro forma EBITDA for these periods. In order to better compare our operating performance, in the current reporting period we adjusted pro forma EBITDA for effects such as the start-up losses of Honeypot incurred in the first quarter of 2020 (not consolidated until April in the previous year), the termination of the Management Board contract with Alastair Bruce, and the restructuring initiated in the third quarter to maintain our capacity to innovate and invest. On this basis, pro forma EBITDA in the reporting period of €92.3 million is about 9 percent higher than pro forma EBITDA of €84.7 million generated in the previous year.

Depreciation, amortization and impairment losses

Depreciation, amortization and impairment losses rose by 71 percent, from €32.9 million in the previous year to €56.1 million. In the 2020 reporting period, this figure includes €3.6 million (2019: €3.8 million) in depreciation and amortization of assets arising from purchase price allocation (PPA) of past acquisitions. Amortization of internally generated software amounted to €19.4 million (2019: €16.6 million). Due to the coronavirus pandemic, we also tested goodwill for impairment in the reporting period and recalculated the recoverable amount of the cash-generating units for Honeypot GmbH (CGUs). This has resulted in the recognition of a non-recurring, non-cash impairment loss of €17.4 million (Q1 + Q4 2020).

EBIT

This resulted in earnings before interest and taxes (EBIT) of €31.6 million in 2020 compared with €54.6 million in the previous year. Pro forma EBIT of €54.4 million is 5 percent higher than the 2019 pro forma EBIT of €51.7 million.

Financial result

At €9.3 million, the financial result in the reporting period was significantly improved on the previous year's figure of €4.7 million. Here, two factors must be highlighted:

1. Non-recurring income of €9.8 million from the reassessment of the earn-out in connection with M&A transactions.
2. A non-recurring negative effect from the remeasurements of financial assets in the amount of €–0.1 million due to a correction in the presentation of available-for-sale assets, which are no longer shown in other comprehensive income but since January 1, 2020 have been reported in the financial result.

Earnings before taxes (EBT)

This resulted in earnings before taxes (EBT) of €40.8 million compared with €59.3 million in the previous year. The pro forma EBT is €53.9 million compared to pro forma EBT of €50.4 million in 2019.

Taxes

Current taxes are determined by the Group companies based on the tax laws applicable in their country of domicile. Tax expense amounted to €14.7 million in the reporting period (incl. €0.8 million in non-recurring effects in connection with changes in the basis of consolidation), down from €16.1 million in the prior-year period.

Consolidated net profit and earnings per share

Consolidated net profit in 2020 amounted to €26.1 million, compared with €43.2 million in the previous year. This gives rise to earnings per share of €4.65, compared with €7.69 in the prior-year period. The pro forma profit for the 2020 reporting period adjusted for the non-recurring effects outlined is €37.4 million, compared with a pro forma profit for the previous year of €35.8 million. Pro forma earnings per share rose accordingly from €6.37 (2019) to €6.65 in the 2020 reporting period.

Dividend distribution

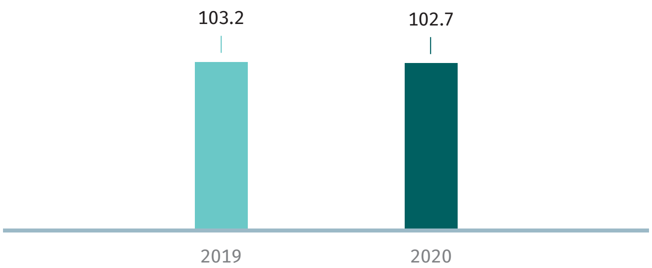
To calculate the regular dividend, we used the pro forma consolidated net profit of €37.4 million for Honeypot's full-year inclusion in the basis of consolidation in the 2020 financial year. This resulted in an adjusted pro forma consolidated net profit of €35.8 million compared with a pro forma net consolidated net profit of €35.8 million in the previous year. We will therefore propose to the next Annual General Meeting to be held on May 19, 2021 that the shareholders be paid a stable regular dividend of €2.59 per share (previous year: €2.59). This figure is based on the Company's consolidated net profit and also on benchmarks of TecDAX companies with comparable growth figures. The profit appropriation proposal will be presented to the AGM for a resolution on the appropriation of net retained profits once the audited annual financial statements have been adopted.

Own cash and financial assets available short term amounting to €91.2 million as of the end of 2020 and New Work SE's fundamentally cash-generative business model enable the Company to pay dividends and distributions without impairing its growth prospects, despite the slowdown in revenue and earnings growth caused by the coronavirus crisis in 2020.

SEGMENT PERFORMANCE

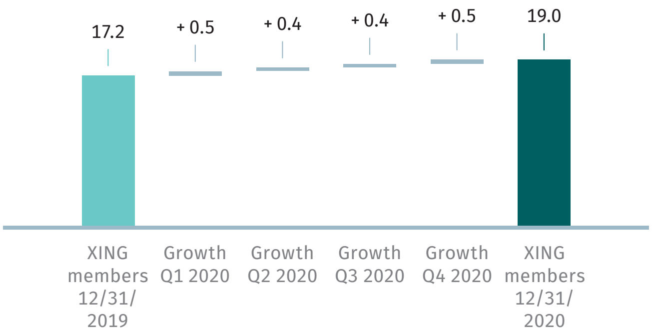
B2C segment

B2C revenues in € million[1]



[1] *Pro forma segment revenues in 2019 and 2020 are identical to reported segment revenues*

Member growth (D-A-CH) in million



The **B2C segment** remained stable overall during the period under review despite the negative impact of the coronavirus crisis. As a result, revenue in this segment ended the year virtually unchanged from the previous year at €102.7 million (2019: €103.2 million). We were able to slightly grow revenues in the business of selling paid memberships under the XING brand compared to 2019. However, the markedly negative performance of our world-leading expat network adversely affected the business, with revenue in this area recording a double-digit decline compared to 2019. This was due to the event bans and contact restrictions implemented around the world, as the paid Ambassador membership generates added value through participation in the kind of networking events that were scarcely able to take place during the reporting period.

Operating profit in the segment (EBITDA) was up slightly. It should be noted that investments in new products such as the kununu D-A-CH employer review platform, as well as higher investments in expanding the reach of our new service and increasing member activity, have a dilutive effect on EBITDA in the B2C segment. Nevertheless, we were able to increase segment earnings by 8 percent, from €27.3 million in 2019 to €29.6 million, in the past financial year. Pro forma segment EBITDA even improved from €27.0 million to €30.4 million.

The XING platform remains on its steep growth trajectory

In financial year 2020, the strong growth of the XING platform operated by New Work SE continued, albeit at a slightly slower pace due to the coronavirus crisis. The membership base rose by 1.7 million to around 19 million since December 2019. We counted 478 thousand new members to the platform in the first quarter of 2020 and 401 thousand new members in the second quarter. Around 400 thousand new members registered on the XING platform in the third quarter, with 468 thousand additional professionals signing up in the fourth quarter.

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

We relaunched our core Premium membership during the past financial year. To build a successful career, it is important to know about yourself and your skill set. With this in mind, we launched the new **digital self-assessment service** for XING Premium members. The assessment analyses strengths, highlights areas to be developed, and uncovers untapped potential based on the recognized ‘Big 5’ personality traits model. The tool was developed in collaboration with LINC, a spin-off from the Leuphana University of Lüneburg.

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

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

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

XING content offering significantly expanded

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

We also launched the weekly “work smart” podcast, in which our editor Stefan Mauer discusses a current issue with an insider. The podcast is an addition to our editorial portfolio.

Regular focus topics such as our education special in summer showed how well the interplay between relevant topics, prominent individuals (including investor Frank Thelen, best-selling author Verena Pausder and footballing legend Ralf Rangnick) and close collaboration with social media channels can work and how our content is picked up both on and off the XING platform, for example in DER SPIEGEL magazine.

The “Insight digital” format enabled 120 insiders to take part in our digital lunch in 2020. After a keynote speech from Verena Pausder, participants had the opportunity to learn more about our products and the XING strategy in breakout sessions or ask specific questions about their own content planning in a session with the editorial team and XING managing director Sabrina Zeplin.

At the end of the year, we transferred our Klartext debate portal to a new multimedia format called “Zukunft.machen.”, which publishes opinion pieces as well as video interviews, podcasts and interviews with thought leaders on the big issues of these volatile times, such as the future of work and the most important social and technological changes. The series began with a special on jobs for the future, with the opening article alone attracting more than 90,000 clicks. One particular success is the new “Lessons Learned” video format launched under Zukunft.machen., in which the editorial team remotely interviews board members from DAX companies or prominent executives to enable our members to hear their biggest takeaways from the coronavirus crisis in recent months. The series kicked off with Audi Board of Management member Hildegard Wortmann, followed by Deutsche Bahn Management Board member Sigrid Nikutta. A video interview with Trigema CEO Wolfgang Grupp holds the record for the series so far, with 960,000 views, 3,600 likes, 1,015 shares and 286 comments.

Finally, we also began a podcast collaboration with Harvard Business Manager (HBM). In this new podcast entitled Team A, HBM editor-in-chief Antonia Götsch and XING News editor-in-chief Astrid Maier discuss the subject of (personal) leadership with well-known executives such as SIXT Executive Board member Alexander Sixt as well as personalities from the worlds of sport, entertainment and science (including XING Insiders). In addition, these topics are often enthusiastically discussed on the XING Team A page.

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

kununu review platform records strong growth

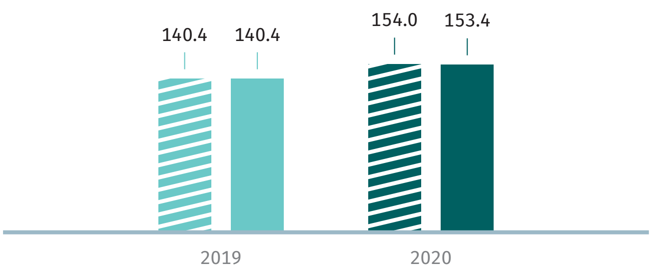
In addition to our www.xing.com networking platform, we also operate www.kununu.com, the largest employer review platform in the D-A-CH region. To date, employees and jobseekers on kununu.com have left more than 4.6 million experience reports and information about various criteria such as salary, corporate culture and the application process for several hundred thousand employers (2019: 3.5 million), enabling jobseekers to find authentic, detailed and unfiltered insights into the world of work. Companies use this feedback to develop as employers, present their employer brand within a credible candidate environment and maintain an ongoing dialog with feedback providers and candidates.

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

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

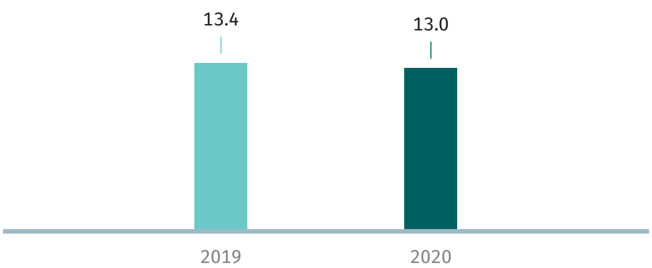
B2B E-Recruiting segment

B2B E-Recruiting revenues in € million



B2B E-Recruiting revenues
B2B E-Recruiting pro forma revenues

B2B E-Recruiting customers in thousand



The **B2B E-Recruiting** segment grew by 10 percent during the 2020 financial year (Pro forma: 9 percent). The coronavirus crisis had a particularly adverse impact on new customer business in the E-Recruiting segment. New customer growth slowed suddenly at the outbreak of the crisis, with customer numbers even falling slightly over the course of the year. The reported growth in revenue is attributable not only to price adjustments for existing customers but also to factors such as the approximately 5 percent increase in the average B2B subscription customer base compared to the previous year. By year-end, however, the number of customers was approximately 3 percent down on the previous year's figure at 13,013 (2019: 13,397).

Despite this, we were able to increase segment EBITDA by 10 percent from €93.2 million to €102.6 million in 2020 by introducing efficiency improvements. Pro forma segment EBITDA rose from €93.1 million to €104.8 million.

Recruiting in the "new normal"

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

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

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

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

XING E-Recruiting unveils new TalentService

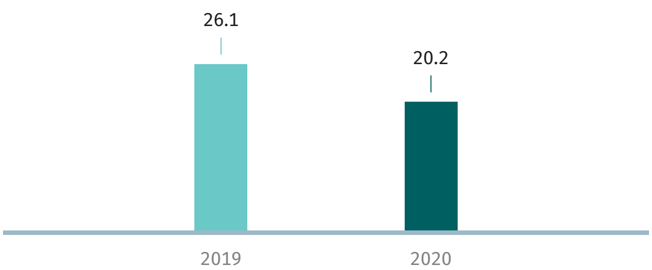
Companies have been experiencing a positive “digitalization shock” during the coronavirus pandemic. This effect is also reaching HR departments. For example, digitalized processes are important in the HR sector for shortening the time-to-hire and enabling departments to stay competitive in their search for the best candidates.

A few weeks after the end of the third quarter, we unveiled the XING TalentService at the first completely virtual “Zukunft Personal” expo.

The XING TalentService helps companies to find and select suitable candidates. To do this, the company searching for staff (the customer) first communicates their specific requirements for the vacancy. XING TalentService consultants then use XING’s comprehensive data and technology to create an initial longlist and approach suitable candidates to review their motives for changing jobs. The customer has the opportunity to follow every step of the entire process on a dashboard. After a short period, the customer receives a shortlist with up to seven candidate profiles for each vacancy. In addition to transparent data on the candidates’ qualifications, the shortlist also includes further details such as salary expectations and cultural fit. The customer takes over the process when the candidate profiles are handed over and can integrate the candidates into their usual application process.

B2B Marketing Solutions & Events segment

B2B Marketing Solutions & Events revenues in € million



[1] *Pro forma segment revenues in 2019 and 2020 are identical to reported segment revenues*

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

In this segment we saw revenues fall 23 percent to €20.2 million in the reporting period. This decline can be attributed to the coronavirus crisis, the related lockdown, and the resulting effects on the offline events business.

Our **Marketing Solutions** subsegment is also affected by the general restraint of advertising customers. Accordingly, segment EBITDA also fell by 48 percent year-on-year to €4.9 million (2019: €9.3 million). Pro forma segment EBITDA fell from €9.3 million to €5.2 million. Demand for native advertising formats did not stabilize until the third quarter. We successfully implemented the new feature enabling customers to book ads on the video format in XING AdManager at the virtual DMEXCO@home expo. We also managed to complete improved integration of the AdManager with the company and employer branding profiles in time for the virtual “Zukunft Personal” expo.

Business events are and remain valuable platforms for exchanging ideas, transferring knowledge and marketing in the **Events** subsegment. We currently do not expect physical event formats to pick up again until summer 2021 at the earliest. At the same time, we can see that our customers are becoming increasingly knowledgeable about online events and are thinking about adding hybrid elements to their events. We are continuing to meet this need for information by providing valuable content and comprehensive consulting services and product developments – including easy linking with a preferred online event tool. By the end of 2020, around 43,500 event organizers were using XING Events' data-driven event platform.

We also acquired a new major customer with the Bits & Pretzels conference and implemented the ticketing for their first virtually-hosted event.

The collaboration was launched with the virtual Bits & Pretzels Networking Week at the end of September, with more than 5,000 people registering for the event overall.

kununu International segment

After we acquired all of our joint venture partner's shares in kununu International in January 2019, the outlook for the American business changed during 2019. As a result, we decided to correct the goodwill of €5.5 million and tax losses carried forward of €2.8 million based on amended planning and discontinue the strategic development of this business. Later in financial year 2020, we terminated our international employer branding business and ceased segment reporting at the end of financial 2020.

NET ASSETS

Non-current assets increased by €31.6 million (previous year: €37.2 million) to €245.7 million as of December 31, 2020. This is mainly due to the first-time recognition of the right-of-use assets of the new office buildings amounting to €50.9 million for the New Work Harbour and the new office building in Vienna. The impairment losses on the Honeypot goodwill (€–17.4 million) and depreciation on the platform (€–8.0 million) had an offsetting effect. The share of non-current assets in total assets increased to 72.1 percent year on year (previous year: 72.0 percent). As a result, current assets accounted for a lower proportion of total assets, decreasing to 27.9 percent (previous year: 28.0 percent).

At December 31, 2020, the Group had liquid own and third-party funds of €65.1 million (previous year: €40.0 million), plus securities for managing temporary excess liquidity amounting to €29.7 million (previous year: €29.6 million). This represents 19.1 percent (excluding securities for managing temporary excess liquidity; previous year: 13.5 percent) or 27.8 percent including securities for managing temporary excess liquidity (previous year: 23.4 percent) of the total assets of €341.0 million (previous year: €297.3 million).

Liquid funds as of December 31, 2020 included third-party cash of €3.6 million from the XING Events segment (previous year: €4.8 million). The Company has €61.5 million in own cash, which accounts for 18.0 percent of total assets (previous year: €35.2 million or 11.8 percent).

The decrease in receivables from services by €7.7 million to €18.0 million (previous year: €25.7 million) as of December 31, 2020 is mainly due to a decrease in billings. Receivables from services mainly include receivables from B2B members and membership subscriptions from Premium members. The receivables from services in 2019 were retroactively corrected for the installment receivables not due (correction 2019: €–12.3 million). This restatement will result in a lower level of receivables of €13.9 million in the 2020 financial year.

Other assets fell by €5.0 million to €8.4 million (previous year: €13.4 million). The increase is mainly attributable to the collection of non-recurring, non-operating income from the takeover of the new New Work Harbour company headquarters.

Current assets and available-for-sale financial assets (including liquid funds) cover 86.3 percent of current liabilities (previous year: 77.0 percent). The increase is due in particular to the decrease in other liabilities as a result of lower sales tax liabilities and the decrease in non-cash contract liabilities amounting to €3.6 million.

At €33.0 million, investments in the 2020 financial year (excluding acquisitions) were at a level comparable to the prior year (previous year: €35.3 million). Investments in purchased software amounting to €2.3 million in 2020 were lower than the amortization of €4.6 million.

Internally generated intangible assets include the internally generated parts of the platforms that qualify for capitalization as well as the mobile applications. Investments totaled €23.6 million (previous year: €25.0 million). Internally generated intangible assets were reduced by amortization and impairment losses of €8.0 million (previous year: €6.2 million) resulting from the discontinuation of platform modules that are no longer used.

Of the goodwill, €34.3 million relates to the E-Recruiting segment (previous year: €34.3 million), €15.4 million (previous year: €15.4 million) to the InterNations segment and €6.4 million to the Honeypot segment (previous year: €23.8 million), which was impaired by €17.4 million in the reporting year mainly due to the revenue slump triggered by the coronavirus crisis.

The value of the other intangible assets was reduced by €1.9 million through amortization during the 2020 financial year.

The increase in property, plant and equipment to €73.1 million (previous year: €24.5 million) is mainly due to the renting of new space. The lease of the new New Work Harbour was recognized for the first time in the financial year when the leased property was handed over.

FINANCIAL POSITION

Equity and liabilities

As was the case in previous years, New Work SE is financed without bank or loan liabilities. As of the closing date, the Company's equity ratio amounted to 33.1 percent compared with 34.1 percent in 2019. The decrease is due in particular to the increase in total assets, mainly as a result of higher lease liabilities (+ €47.0 million). We believe that New Work continues to be in an excellent position for future growth.

Current assets and available-for-sale financial assets (including liquid funds) cover 86.3 percent of current liabilities (previous year: 77.0 percent). The increase is due in particular to the decrease in non-cash contract liabilities amounting to €3.6 million.

Cash flows from operating activities

The cash flows from operating activities of continuing operations for the reporting year amounted to €81.2 million, down from €82.9 million in the previous year. This slight increase is mainly attributable to the €2.9 million year-on-year increase tax payments as a result of the changes in the basis of consolidation, which were down €5.1 million year-on-year.

Cash flows from investing activities

In the 2020 financial year, the cash flows from investing activities of continuing operations included slightly lower investments in platform development than in the previous year (€23.6 million compared with €25.0 million). Investments in property, plant and equipment fell from €7.6 million in the previous year to €7.1 million in 2020 due to the higher amount spent on furnishing new office space in the previous year. The main driver of the decline in cash flows from investing activities is the cash paid for acquisitions amounting to €0.7 million, compared with €25.2 million in the previous financial year.

Cash flows from financing activities

During the 2020 financial year, New Work distributed a dividend of €14.6 million (previous year: regular dividend of €12.0 million and special dividend of €20.0 million). Other drivers of cash flows from financing activities were payments for leases in the amount of €6.0 million (previous year: €5.3 million). The increase in payments for leases is due to newly signed rental agreements and rent-free periods in the previous year. Own cash and securities for managing temporary excess liquidity totaling €91.2 million as of the end of 2020 and New Work's cash-generative business model enable the Company to pay dividend on a regular basis without changing its business strategy, which is aimed at achieving growth.

Spending on research and product development

Internet companies typically spend a significant portion of their expenses on research and product development (excl. marketing), and XING is no exception. At €63.3 million, spending on research and product development in 2020 was slightly down on the previous year's figure (2019: €64.5 million) and sends a clear signal that we will continue to invest in innovations and new product developments in order to achieve a sustained increase in revenue and income. The largest single item in these expenses relates to the refinement and programming of the B2C platform (such as our platform technology). We also continued to invest heavily in B2B offerings (technology, enhancement of the product portfolio such as Employer Branding, Prescreen, etc.). The total amount capitalized for the development of new products was €23.6 million (2019: €24.9 million) in the past financial year. Amortization and impairments of capitalized development costs amounted to €19.4 million in the reporting period (2019: €16.6 million).

Additional disclosures on development costs and changes to the carrying amount for internally developed software is listed in the notes under intangible assets.

Management's summary of the Company's economic position

We are satisfied with the operating and financial results achieved in 2020, particularly in light of the coronavirus crisis with all of its negative impact on revenues and results of operations over the past financial year. Despite the significant deterioration in economic conditions and the crippling effects of this on the labor market, New Work SE continued its positive development, remains profitable and continues to boast a cash-generative business model. At the same time, we continue to make consistent and targeted investments in the future, even amid the crisis. Our business model features sustainably high margins, revenues paid mostly in advance and low capital intensity – all without taking on a significant level of financial debt.

Having achieved a clear consolidated profit of €26.1 million (pro forma: €37.4 million), we will continue to have a comfortable capital base to invest in our business and distribute dividends to our shareholders in the future.

Risk report

PRINCIPLES OF RISK MANAGEMENT

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

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

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

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

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

INTERNAL CONTROL SYSTEM

In accordance with Section 315(4) HGB, as a publicly traded company, we are obliged to describe the key features of the internal control and risk management system relevant for the consolidated financial reporting process.

We consider the internal control and risk management system to be a comprehensive system, and use the definitions of the Institut der Wirtschaftsprüfer in Deutschland e.V., Düsseldorf, concerning the financial reporting-related internal control system and the risk management system. An internal control system is defined as the principles, procedures, measures and controls which have been introduced by management in the Company, and which are designed to ensure the organizational implementation of the decisions of management for the purpose of

- ensuring the effectiveness and profitability of the Company's business (which includes protecting its assets, as well as preventing and detecting any impairment of its assets);
- ensuring that both the internal and the external financial reporting processes are proper and reliable; and
- ensuring compliance with all statutory requirements applicable to the Company.

The risk management system comprises all organizational rules and measures for recognizing risk and for handling the risks associated with business activities.

The following structures and processes are implemented at New Work SE with regard to the financial reporting processes of the integrated companies and the Group financial reporting process:

The Management Board of the Group bears overall responsibility for the internal control and risk management system with regard to the financial reporting processes of the integrated companies and the Group financial reporting process. All companies integrated in the consolidated financial statements are involved via a defined management or reporting organization. Within this reporting organization, the Group Management Board is (constantly) provided with information concerning the following measures: Definition of the risk fields which might result in developments posing a threat to the continued existence of the Company as a going concern; risk recognition and risk analysis; risk communication; allocation of responsibilities and tasks; establishment of a monitoring system; and documentation of the measures which have been taken. In addition, this reporting organization defines that material risks are reported immediately to the Group's Management Board when they occur.

The principles, the structure and procedure organization as well as the processes of the financial reporting-related internal control and risk management system are summarized in guidelines and organizational instructions throughout the Group; these are adapted and brought into line with current external and internal developments at regular intervals. With regard to the financial reporting processes of the integrated companies and the Group financial reporting process, we consider those features of the internal control and risk management system report to be material that can have a major impact on the Group's financial reporting and the overall tenor of the consolidated financial statements including the Group management. These comprise in particular the following elements:

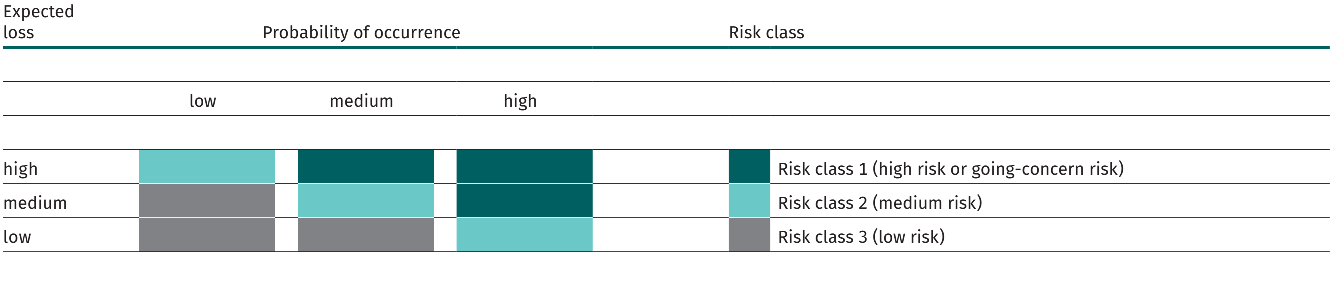
- Identification of the main risk fields and control areas which are relevant for the Group-wide financial reporting process;
- Controls for monitoring the Group-wide financial reporting process and the related results at the level of the Group Management Board also at the level of the companies included in the consolidated financial statements;
- Preventative control measures in the financial and accounting systems of the Group and of the companies included in the consolidated financial statements, as well as in operational management processes which generate major information for preparing the consolidated financial statements including the Group management report, including functional segregation and predefined approval processes in relevant areas.
- Measures that ensure proper IT-based processing of Group financial reporting-related items and data;

The tasks of the internal audit system for monitoring the financial reporting-relevant internal control and risk management system are not carried out by an "internal audit" staff department; instead, this is the responsibility of the Controlling and Accounting departments. In this context, the Group also makes use of the expertise of external specialists.

The Group has also implemented a risk management system which comprises measures for identifying and measuring material risks as well as appropriate measures for limiting risk in order to ensure the adequacy of the consolidated financial statements. The Management Board and Supervisory Board also continually look into ways of further optimizing the risk management system processes.

RISK ASSESSMENT

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



We consider a risk that is both very likely to occur and expected to cause a high loss to be a potential going-concern risk.

The probability of occurrence and the expected loss is based on the following criteria:

	quantitatively	qualitatively
Probability of occurrence		
high	51 – 100 %	at least once per year
medium	11 – 50 %	once within 24 months
low	0 – 10 %	less frequently than once within 24 months
Expected loss		
high	more than €2 million	large damage to the Company's image, large damage for customers
medium	€500 thousand to €2 million	service impacted over a long period of time
low	€100 thousand to €500 thousand	service impacted in isolated cases

SIGNIFICANT INDIVIDUAL RISKS

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

Social and political risks/Pandemics

The New Work Group generates the majority of its revenues and income by marketing digital recruiting solutions for employers (B2B e-Recruiting). Market uncertainties due to social and political instability, for example caused by internal conflicts, terrorist attacks, civil unrest, war or international conflicts or by pandemics/epidemics/highly infectious diseases (e.g. COVID-19 "coronavirus") and natural disasters could have a negative impact on the business activities, financial position and results of operations, cash flows, and revenue and operating profit targets of our B2B business units (B2B E-Recruiting and B2B Marketing Solutions & Events). Even against the backdrop of the current outbreak of the coronavirus, we do not consider this high risk to be a threat to our continued existence as a going concern since our business is predominantly based on fixed-term products.

Strategic risks

Competition

New Work SE already competes with companies that offer similar services. New competitors might enter the market in the future. Revenues would probably be negatively affected if New Work SE were to lose customers to these current or future competitors. Competitors might be able to capture market share from New Work SE by offering services that are superior to the services offered by New Work SE or through particularly aggressive and successful marketing. In addition, as a result of strategic partnerships between foreign competitors and companies with extensive reach in the D-A-CH region, competitors might be able to penetrate XING's domestic market even more rapidly and exert additional pressure on New Work SE with their prices and services. In the B2C segment, in addition to the direct competition posed by other social networks, companies that are closely related to the sector might also succeed in capturing market share from New Work SE. The increasing availability of mobile devices with Internet capability can also lead to competition from mobile communities. We categorize the competition risk existing in the B2C segment as a potential going-concern risk.

The effectiveness of the countermeasures we have taken, such as the continuous enhancement and expansion of our B2C and B2B solutions, is reflected in our clear market leadership in the D-A-CH region, with currently around 19 million members and an annual increase of around 1.7 million new members, as well as the continued revenue growth in the B2B sector. In view of the countermeasures taken, we therefore do not consider this a going-concern risk.

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

Collaboration with service providers, especially in payment and receivables management

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

Ad blockers

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

Market and sales risks

Generally, there is a risk of a significant increase in customer losses due to unforeseen external or internal factors. A weak market environment or the launch of copycat products that use publicly available XING data in particular can result in such a loss of customers. We categorize these risks as medium to high. New Work SE mainly counters them by constantly improving and extending its own services, and also by means of strategic partnerships. In addition, New Work SE permanently monitors the development in user numbers and can take a response in plenty of time by means of prepared measures and crisis plans in the event of sudden signs of customer losses.

Risks of customer support

At New Work SE, customer satisfaction enjoys maximum priority not only with regard to financial success. Because of New Work SE’s own stringent requirements regarding the quality of its platforms, user expect that the Company will refuse to accept any compromises in terms of quality. This comprises in particular the identification of incorrect profiles and tracing inappropriate or offensive comments or fraudulent activities. We categorize the risks of customer support mostly as low.

As a result of the strong identification of many user with the brand, the Company usually receives direct and rapid feedback with regard to certain processes on its platforms. This means that New Work SE is able to respond promptly where necessary and to avert membership cancellations which would result in losses in terms of revenues.

Financial risks

The XING Premium memberships offered by New Work SE generate regular cash inflows and provide the Company with adequate liquidity. In addition, New Work SE prepares a liquidity forecast. New Work SE invests its cash and cash equivalents exclusively with banks with high ratings and in short-term deposits. This means that the solvency of the Company is guaranteed at all times. Defaults in the B2C and B2B E-Recruiting segments accounted for about 7 percent of the total revenues in the previous financial year, and is thus not of material significance. We therefore categorize the counterparty credit risk and the liquidity risk as a low risk overall.

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

IT risks

Risks in network security, hardware and software

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

The Company's systems, websites, internal processes, and services could be materially impacted by failures or disruptions to its IT systems as a result of physical damage, power outages, system crashes, software problems, malware (such as viruses and worms), operating errors, abuse or malicious attacks (including denial-of-service attacks). Attacks, operating errors and abuse, for instance, might result in the destruction, alteration or loss of stored data, or might mean that data could be used for unlawful purposes or without approval. These risks include but are not limited to identity theft, credit card fraud or other cases of fraud, advertising emails and spam emails from companies which are not affiliated with New Work SE.

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

New Work SE is permanently engaged in ensuring the security of its systems and its network through the ongoing development of its technology and the deployment of its own employees in the area of network security. The measures initiated to date have proven to be effective. In view of the countermeasures taken, we therefore no longer consider this a going-concern risk. At the same time, however, the possibility of future breaches cannot be excluded.

Process and organization risks

Product development risks

New Work SE aims to achieve constant and proactive improvement of its platforms. The Company is aware that defective or low-quality products and functions can have a considerably negative impact on the Company. We categorize this risk as a high risk.

In order to minimize risk, a special team of employees has been set up to test new products and functionalities and has also been made responsible for constant quality assurance. In addition, the process of developing new functionalities and changes on the platforms will usually be accompanied by a process of exchanging information between New Work SE and its customers.

Data protection and personal rights

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

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

If New Work SE or its providers were to violate these statutory provisions on data protection, telecommunications secrecy or the protection of personal rights, it could become the subject of government investigations, data protection orders or claims for damages from customers, including non-pecuniary damages. Under certain circumstances, criminal proceedings or proceedings for administrative offenses could even be initiated against New Work SE or its management.

Any violation of data protection regulations and laws designed to protect personal rights or any processing, use or disclosure of data contrary to its intended purpose might also have an adverse effect on the Company's reputation and its ability to sign up new members and to retain the loyalty of existing members. Indeed, this might even mean that the Company will no longer be able to offer and provide some or all of its services temporarily or permanently in some countries. We categorize this risk as a medium risk.

New Work SE charges specific employees with the task of monitoring adherence to data protection legislation. Corresponding contractual and, if necessary, technical safety measures are taken to prevent infringements of the law by service providers.

The implementation of the requirements of the EU General Data Protection Regulation (EU GDPR), which came into force on 25 May 2018, has been completed. In addition, amendments to data protection provisions are identified on an ongoing basis in conjunction with the Company's legal advisers, and measures for monitoring and complying with these provisions are reviewed and revised as necessary. The Company reviews potential implications for data protection law of new functionalities of the platform before they are introduced. Such new functionalities are only released if compliance with all relevant data protection regulations is guaranteed.

Mergers and acquisitions

The Company's inorganic growth requires in some cases considerable financial investment and internal allocation of resources, both of which must be carried out extremely carefully within very short planning periods. Incorrect assessment of a target or inadequate post-merger integration might put the desired sustainable value creation in jeopardy. We counteract this risk mainly with coordinated decision-making processes and interdisciplinary processes for integrating new acquisitions into the Group. In view of the countermeasures taken, we consider this risk to be low.

MANAGEMENT'S SUMMARY OF THE COMPANY'S RISK SITUATION

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

Report on expected developments and opportunities

ECONOMIC OUTLOOK

The start of 2021 was dominated by the ongoing second wave of the coronavirus pandemic. Although three different vaccine manufacturers had already received emergency approval and several countries had already begun vaccinating their populations, high and, in some cases, rising infection rates prompted the extension and strengthening of lockdown measures, including in Germany.

Despite the risk of delays in overcoming the pandemic, the International Monetary Fund (IMF) anticipates global growth of 5.2 percent compared to 2020 and, after this recovery phase, slower medium-term growth of 3.5 percent per annum.

The Kiel Institute for the World Economy (IfW) expects gross domestic product (GDP) in Germany to rise by 3.1 percent in 2021. The Deutsche Bundesbank points out that the economic recovery will be driven primarily by private consumption. As a condition for this, it assumes that the measures introduced to limit the spread of the pandemic will be gradually relaxed in spring 2021 as a greater proportion of the population is vaccinated and that consumers will begin spending money again. As a result of this development, savings – which rose by 6.2 percentage points to 17.1 percent in 2020 – will fall sharply as life gradually returns to normal. However, uncertainties remain over future trade relations. On the one hand, negotiations on the structure of joint trade with the United Kingdom await after the completion of Brexit. On the other hand, new political leadership in the USA raises hopes of greater predictability over transatlantic trade.

While consumer prices stabilized in 2020 due to the temporary cut in VAT rates and the fall in crude oil prices, prices are expected to rise in 2021, primarily due to the introduction of carbon emissions certificates and the predicted increase in wages.

The course of the pandemic is also shaping further economic development in Austria. The Austrian National Bank expects the economy to recover strongly in 2021 with the successful implementation of anticipated medical solutions to fight the virus. GDP growth rates of 3.6 percent, 4.0 percent and 2.2 percent are forecast for the next three years to 2023. Economic indicators are also pointing to renewed growth in Switzerland, where economic researchers expect GDP to increase by 3.2 percent and 2.6 percent respectively in the next two years.

EXPECTED SECTOR-SPECIFIC ENVIRONMENT

The German labor market was also characterized by uncertainty at the start of 2021. Although the labor market defied the negative impact of the second lockdown in November 2020 by remaining fundamentally robust, delays in the vaccine rollout and unanswered questions regarding the threat posed by virus mutations continue to weigh on business decisions. The coronavirus crisis forced a transformation to new ways of working such as working from home and video conferencing that places a significant strain on future planning. Employment and unemployment have not returned to pre-crisis levels, while short-time work is also set to rise once again for the short-term. In light of this, the German Council of Economic Experts only anticipates small changes in its forecast, with the number of employees liable for social security contributions set to increase by 200,000 to 33.8 million and a slight rise in the unemployment rate to 6.0 percent (ILO unemployment rate: 4.2 percent).

The number of people in gainful employment in Austria is also predicted to climb moderately by 0.9 percent to 4.5 million. This figure is expected to grow by 1.9 percent to 4.6 million in 2022 if there has been a return to pre-crisis levels. According to Austrian National Bank forecasts, the unemployment rate will initially rise to 5.6 percent before falling steadily to 4.8 percent in 2023. In Switzerland, the survival worries of companies in construction, retail, other services and manufacturing in particular are unsettling the labor market. As a result, economic researchers anticipate a further rise in the unemployment rate to 5.2 percent in 2021 (3.3 percent according to SECO definition).

All signs point to a steady increase in the significance of e-recruiting over the next few years, despite the uncertainty over the development of the labor markets. In its study on digitalization, the CHRIS Centre run by the Universities of Bamberg and Erlangen-Nuremberg states that 54.9 percent of applicants use online job portals to obtain information about vacancies and potential employers. According to the study, recruitment portals play an exceptionally important role in the German labor market.

EXPECTED DEVELOPMENT OF NEW WORK SE

The spread of the coronavirus pandemic at the end of the first quarter of 2020 forced us to adapt to changing conditions. The negative impact of the crisis quickly became apparent, with new customer business and thus revenue growth slowing in our B2B segments in particular, as many employers and companies significantly scaled back their investments in order to prepare their finances as effectively as possible for a slowdown or decline in economic growth as a result of lockdowns and contact restrictions. Even now, there is still considerable uncertainty as to how the pandemic and thus the macroeconomic environment will develop.

Nevertheless, our long-term outlook remains positive, because the fact that the world of work is undergoing structural changes that pose numerous challenges for employees (B2C) and companies (B2B) has not changed, despite the coronavirus crisis.

In our opinion, employees must tackle the changes directly affecting them (digitalization, automation, etc.) and identify areas for further development and change. Here, we have a more important role to play as a reliable partner in a changing environment and to help our members make the right career decisions for them. With around 19 million registered members on the XING platform, we have a very good foundation on which to continue benefiting from these macrotrends in the future. Our kununu platform offers potential applicants and candidates detailed insights into more than 900,000 employers, enabling them to make an informed decision about which company best matches their own values and aspirations.

Demographic trends also represent a major challenge for companies both now and in the future.

Here too, our existing and well-established recruitment solutions mean we are excellently positioned to help employers fill jobs better and more quickly, and will remain so in future. Today, we already offer employers modern e-recruiting solutions that enable companies to rapidly identify and hire suitable talent via active sourcing on XING, for example. Positioning your employer branding is also increasingly important in times when labor markets are structurally limited. In this respect, we have established the leading destination for professional employer branding in kununu.

As a solution provider, we will continue to be able to benefit from these general conditions and expect revenues and income to rise again in the medium term.

As things currently stand, we are anticipating an economic recovery in the second half of 2021 that we expect will also have a positive impact on our new customer business. Due to the delimitation of the subscription period – usually 12 months in the B2B E-Recruiting segment – the resulting revenue growth will come into effect after this point, which is why we are cautious about planning our revenues in 2021.

Revenue and earnings targets

Based on the current environment known to us, which reflects our current knowledge of the pandemic, we can provide the following outlook for the revenue and earnings targets for the Group and the main segments. This outlook takes account of the unchanged high level of capital expenditure for establishing and enhancing our segments.

Due to the changes to the internal reporting to the company unit responsible, the segment operating result will in the future be presented without any central expenses allocated. In addition, inclusion in the basis of consolidation for the full 2020 financial year is taken into account for the 2021 forecast. Reconciliation is as follows:

in € million		B2C	B2B E-Recruiting	B2B Marketing Solutions & Events	New Work Group
2020 before restatement	Pro forma revenues	102.7	153.4	20.2	276.0
Restatement	Full-year presentation for Honeypot	0.0	0.6	0.0	0.6
	IFRS 5	0.0	0.0	0.0	– 0.1
2020 after restatement	Pro forma revenues	102.7	154.0	20.2	276.5
2020 before restatement	Pro forma segment operating result / EBITDA	30.4	104.8	5.2	92.3
Restatement	Changed allocation of central expenses	4.1	3.2	0.4	0.0
	Full-year presentation for Honeypot	0.0	– 1.7	0.0	– 1.7
	IFRS 5	0.0	0.0	0.0	0.3
2020 after restatement	Pro forma segment operating result / EBITDA	34.5	106.3	5.6	90.8

This gives the following forecast for financial year 2021:

Financial key performance indicators	Starting point for forecast	**Forecast for 2021**
Pro forma consolidated revenues	276.6	At prior-year level
Pro forma consolidated EBITDA	90.8	At prior-year level
Pro forma revenues, B2C segment	102.7	At prior-year level
Pro forma EBITDA, B2C segment	34.5	Double-digit percentage growth
Pro forma revenues, B2B E-Recruiting segment	154.0	Single-digit percentage growth
Pro forma EBITDA, B2B E-Recruiting segment	106.3	At prior-year level
Pro forma revenues, B2B Marketing Solutions & Events segment	20.2	Single-digit percentage growth
Pro forma EBITDA, B2B Marketing Solutions & Events segment	5.6	Double-digit percentage growth

This forecast already factors in the effects on the future performance of our business segments that, based on today's knowledge, can be derived from the coronavirus crisis. Any further deterioration in the economic environment due to the coronavirus crisis could have a negative impact on the forecasts presented here. Our long-term outlook remains positive. But there are currently great short- and medium-term uncertainties in connection with the development of the pandemic, the economic environment and our business.

Dividend targets

We have been pursuing a sustainable dividend policy since 2012. In the current financial year, we plan to propose to the Annual General Meeting to be held on May 19, 2021 that a dividend of €2.59 per no-par value share carrying dividend rights be paid for the financial year ended. The profit appropriation proposal will be presented to the AGM for a resolution on the appropriation of net retained profits once the audited annual financial statements have been adopted. The proposed dividend involves a total payout of €14.6 million. Own cash and available-for-sale securities totaling €91.2 million as of the end of 2020 and New Work's cash-generative business model enable the Company to pay dividends on a regular basis despite the negative impact on our growth caused by the coronavirus crisis, without impairing our long-term growth prospects. We intend to continue to make regular dividend payments.

Liquidity and financial targets

We anticipate cash funds in the 2021 financial year excluding extraordinary items such as acquisitions or special dividends to increase.

Planned capital expenditures

Following an investment volume (CAPEX) of €32.9 million (2019: €35.3 million) in the 2020 financial year, we expect a significant one-off increase in the investment volume for the 2021 financial year, due in part to the planned move into our new company headquarters (New Work Harbour) in Hamburg.

Forecast of non-financial key performance indicators

The non-financial key performance indicators being reported are important measures of the success and attractiveness of our offerings. In the B2C segment, our objective is to generate member growth in the D-A-CH region in 2021 in the high single-digit percentage range.

Relationships with corporate customers are the most important measure in the B2B E-Recruiting segment because the segment's revenue and earnings performance significantly depends on them. For this reason, the goal is to achieve a single-digit percentage increase in the number of corporate customers through subscriptions in the B2B E-Recruiting segment in the 2021 financial year (2020: –3 percent).

Non-financial key performance indicators	Forecast for 2021
B2C segment: Members in the D-A-CH region	Single-digit percentage growth
B2B E-Recruiting segment: Number of subscription-based corporate customers (B2B)	Single-digit percentage growth

Possible "Brexit" effects

The New Work Group currently has few business relationships in the United Kingdom and Ireland as a result of its focus on the German-speaking market. In its only significant transaction with these markets, New Work SE used a subsidiary headquartered in the United Kingdom as a contractual partner with a payment service provider to process credit card payments in the events business. In the reporting period, we changed the payment service provider and liquidated the UK-based subsidiary.

REPORT ON OPPORTUNITIES

In addition to numerous risks that result from operating in an extremely dynamic technology environment, there are also opportunities that may arise as a result of rapidly changing conditions and new structural trends. Alongside risk management, therefore, opportunity management is also an integral part of our business activities aimed at steadily increasing our enterprise value, safeguarding and expanding our competitive position, and achieving our goals.

Our opportunity management focuses heavily on the business units' individual strategies. Market developments and trends along with the competitive environment are discussed at regular meetings between the Management Board and the BU heads regarding business performance, and the resulting opportunities for the business units are assessed. Any opportunities identified are discussed with the individual business units as part of the planning and controlling process in order to perform a qualitative and quantitative assessment. One of the tasks of the business units themselves is to identify strategic opportunities in their respective submarkets and to develop measures for product development and its focus from these.

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

Opportunities presented by marcroeconomic trends

The economic conditions affect the development of our business to varying degrees. As our assessment of the future development of the results of operations is based on the assumptions about economic developments described in the management report, a substantial improvement or a faster than expected recovery of the economy after the coronavirus crisis could have a positive influence on our business activities. Furthermore, our e-recruiting offerings in particular could become more attractive, and as a result the targets presented in this report could be exceeded, if the lack of skilled workers becomes even worse and baby boomers retire from the workforce at a faster pace.

Opportunities presented by product development and innovation

New Work SE is a company focused on growth. Our business success therefore depends to a large extent on our speed of innovation and ability to implement ideas when developing and refining products and services for our members and corporate customers in the B2C and B2B segments. Continuous process improvements and the efficient use of our development resources as well as identification of important trends might provide further opportunities for improving growth rates. If we make progress in this area faster than expected and establish relevant offerings for our customers even faster, this would have additional positive effects on New Work SE's revenues and earnings development.

Opportunities presented by faster penetration of important growth markets

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

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

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

Remuneration report

This remuneration report follows the German Act regarding the Appropriateness of the Management Board's Remuneration (VorstAG), the recommendations of the German Corporate Governance Code and the regulations of DRS 17 adopted by the German Accounting Standards Committee (reporting on the compensation of members of executive bodies). The remuneration report contains disclosures which form part of the notes or management report in accordance with the requirements of the International Financial Reporting Standards (IFRSs). The report explains the structure and the level of remuneration applicable to the Management Board and the Supervisory Board as well as the presentation of shareholdings in the reporting year. The structure of the remuneration system is regularly reviewed by the Supervisory Board.

REMUNERATION OF THE MANAGEMENT BOARD

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

Responsibility for determining the remuneration of the Management Board

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

Components of the Management Board remuneration

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

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

The variable remuneration components comprised two parts in the reporting year: For one, the Management Board is granted performance-related remuneration that is measured by the achievement of quantitative corporate objectives relating to the current financial year, and calculated using key performance indicators reported in the consolidated financial statements. For another, shadow shares granted to the Management Board members within the scope of the Long-term Incentive Program (LTI) are a component of the variable remuneration for the Management Board.

The following applies to the performance-related remuneration of the Management Board: The quantitative corporate objectives for performance-related Management Board remuneration are based on two of the Company's budgeted financial targets for the relevant financial year, currently Group EBITDA and consolidated revenues (incl. other operating income). The degree of target achievement for the quantitative corporate objectives ranges from 0 to 200 percent. The target achievement of the quantitative corporate objectives is defined following the approval of the Company's consolidated financial statements by the Supervisory Board based on the parameters of the approved consolidated financial statements on the basis of the calculation parameters specified in the relevant Management Board contracts or the setting of targets.

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

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

Management Board remuneration in financial year 2020 pursuant to GAS 17

The total and individual remuneration of the Management Board for the 2020 financial year is detailed in the following tables.

Remuneration of Management Board members in office in 2020 (presentation of benefits pursuant to GAS 17)

All figures in € thousand	Petra von Strombeck CEO since 06/01/2020		Frank Hassler CSO since 11/01/2020		Ingo Chu CFO since 07/01/2009		Jens Pape CTO since 03/01/2011		Dr. Patrick Alberts CPO since 07/01/2018		Total	Total
	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**
Fixed remuneration	0	450	0	63	279	350	338	350	275	300	892	1,513
Fringe benefits	0	3	0	0	3	3	3	3	2	2	6	11
TOTAL	**0**	**453**	**0**	**63**	**282**	**353**	**341**	**353**	**277**	**302**	**898**	**1,523**
One-year variable remuneration, bonus (cash)	0	0	0	0	130	0	156	0	234	0	520	0
Multi-year variable remuneration, long-term incentive [1]	0	379	0	42	214	232	260	232	173	179	647	1,064
TOTAL	**0**	**832**	**0**	**105**	**626**	**585**	**757**	**585**	**684**	**481**	**2,065**	**2,587**

Remuneration of previous Management Board members in 2020 (presentation of benefits pursuant to GAS 17)

All figures in € thousand	Dr. Thomas Vollmoeller CEO until 05/31/2020		Alastair Bruce CSO until 04/09/2020		Timm Richter CPO until 06/30/2018		Total	Total
	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**
Fixed remuneration	450	185	346	101	0	0	796	286
Fringe benefits	0	0	3	1	0	0	3	1
TOTAL	**450**	**185**	**349**	**102**	**0**	**0**	**799**	**288**
One-year variable remuneration, bonus (cash)	222	158	156	0	0	0	378	158
Multi-year variable remuneration, long-term incentive [1]	396	140	268	84	0	0	664	224
TOTAL	**1,068**	**483**	**773**	**186**	**0**	**0**	**1,841**	**670**

[1] *The value of the phantom stocks shown in the table is calculated by multiplying the contractually agreed grant amount with the target achievement for 2020. The phantom stocks for the 2020 financial year are granted after the Annual General Meeting at which the adopted consolidated financial statements for the 2020 financial year are presented.*

Management Board remuneration in financial year 2020 pursuant to the German Corporate Governance Code (GCGC)
Until 2020, the GCGC recommended that individual remuneration components be disclosed individually for each Management Board member according to certain criteria and that the sample tables previously provided in the GCGC be used for this presentation, which differed in some respects from German Accounting Standard No. 17 (GAS 17). For the sake of clarity, the Company decided to continue with the previously published tables for the past financial year.

The following tables outline benefits granted for the 2019 and 2020 financial years, including fringe benefits, and the minimum and maximum possible remuneration earnable in financial year 2020. In contrast to GAS 17, the target figure, i. e., the amount granted to the Management Board member at a target achievement level of 100 percent, must be presented for one-year, performance-related remuneration.

Remuneration of Management Board members in office in 2020 (presentation of benefits pursuant to GCGC)

All figures in € thousand	Petra von Strombeck CEO since 06/01/2020				Frank Hassler CSO since 11/01/2020				Ingo Chu CFO since 07/01/2009			
	Base value		Minimum	Maximum	Base value		Minimum	Maximum	Base value		Minimum	Maximum
	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**
Fixed remuneration	0	450	450	450	0	63	63	63	279	350	350	350
Fringe benefits	0	3	3	3	0	0	0	0	3	3	3	3
TOTAL	**0**	**453**	**453**	**453**	**0**	**63**	**63**	**63**	**282**	**353**	**353**	**353**
One-year variable remuneration, bonus (cash)	0	250	0	800	0	33	0	97	146	175	0	520
Multi-year variable remuneration, long-term incentive	0	450	0	1,755	0	50	0	195	217	275	0	1,073
TOTAL	**0**	**1,153**	**453**	**3,008**	**0**	**146**	**63**	**354**	**645**	**803**	**353**	**1,945**

All figures in € thousand	Jens Pape CTO since 03/01/2011				Dr. Patrick Alberts CPO since 07/01/2018				Total	**Total**
	Base value		Minimum	Maximum	Base value		Minimum	Maximum	Base value	Base value
	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**
Fixed remuneration	338	350	350	350	275	300	300	300	892	1,513
Fringe benefits	3	3	3	3	2	2	2	2	8	11
TOTAL	**341**	**353**	**353**	**353**	**277**	**302**	**302**	**302**	**900**	**1,523**
One-year variable remuneration, bonus (cash)	175	175	0	520	150	163	0	490	471	796
Multi-year variable remuneration, long-term incentive	263	275	0	1,073	175	213	0	829	655	1,263
TOTAL	**779**	**803**	**353**	**1,945**	**602**	**677**	**302**	**1,621**	**2,026**	**3,581**

Remuneration of previous Management Board members in 2020 (presentation of benefits pursuant to GCGC)

All figures in € thousand	Dr. Thomas Vollmoeller CEO until 05/31/2020				Alastair Bruce CSO until 04/09/2020				Timm Richter CPO until 06/30/2018				Total	Total
	Base value		Minimum	Maximum	Base value		Minimum	Maximum	Base value		Minimum	Maximum	Base value	Base value
	2019	2020	2020	2020	2019	2020	2020	2020	2019	2020	2020	2020	2019	2020
Fixed remuneration	450	450	450	450	346	101	101	101	0	0	0	0	796	551
Fringe benefits	0	0	0	0	3	1	1	1	0	0	0	0	3	1
TOTAL	**450**	**450**	**450**	**450**	**348**	**102**	**102**	**102**	**0**	**0**	**0**	**0**	**799**	**552**
One-year variable remuneration, bonus (cash)	270	270	0	580	175	175	0	520	0	0	0	0	445	445
Multi-year variable remuneration, long-term incentive	400	167	0	650	271	99	0	387	0	0	0	0	671	266
TOTAL	**1,121**	**887**	**450**	**1,680**	**795**	**376**	**102**	**1,009**	**0**	**0**	**0**	**0**	**1,915**	**1,263**

Mr. Chu took a sabbatical in 2019. He therefore temporarily waived his salary. The partial payment his remuneration was offset by corresponding curtailments in the months following the sabbatical. This resulted in a €20,000 reduction in Mr. Chu's salary in the financial year ended. Because the remuneration granted to members of the Management Board for the financial year is not always paid out in the same financial year, a separate table indicates the remuneration they were allocated in financial year 2020 in line with the former GCGC recommendation. Pursuant to the previous GCGC recommendations, the fixed remuneration and the one-year, performance-related benefits must be listed as benefits received for the given financial year. The total remuneration accruing to the individual members of the Management Board for the 2020 financial year broken down by components is presented in the following table:

Remuneration of Management Board members in office in 2020 (presentation of benefits pursuant to GCGC)

All figures in € thousand	Petra von Strombeck CEO since 06/01/2020		Frank Hassler CSO since 11/01/2020		Ingo Chu CFO since 06/01/2009		Jens Pape CTO since 03/01/2011		Dr. Patrick Alberts CPO since 06/01/2018		Total	Total
	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Fixed remuneration	0	450	0	63	299	329	338	350	275	300	912	1,492
Fringe benefits	0	3	0	0	3	3	3	3	2	2	8	11
TOTAL	**0**	**453**	**0**	**63**	**302**	**332**	**341**	**353**	**277**	**302**	**920**	**1,502**
One-year variable remuneration, bonus (cash)	0	0	0	0	130	0	156	0	234	0	520	0
Multi-year variable remuneration, long-term incentive	0	0	0	0	192	136	192	136	0	0	384	272
TOTAL	**0**	**453**	**0**	**63**	**624**	**468**	**689**	**489**	**511**	**302**	**1,824**	**1,774**

Remuneration of previous Management Board members in 2020 presentation of benefits pursuant to GCGC)

All figures in € thousand	Dr. Thomas Vollmoeller CEO until 05/31/2020		Alastair Bruce CSO until 04/09/2020		Timm Richter CPO until 06/30/2018		Total	**Total**
	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**
Fixed remuneration	450	185	346	101	0	0	796	286
Fringe benefits	0	0	3	1	0	0	3	1
TOTAL	**450**	**185**	**349**	**102**	**0**	**0**	**799**	**288**
One-year variable remuneration, bonus (cash)	222	158	156	0	0	0	378	158
Multi-year variable remuneration, long-term incentive	423	277	0	0	192	136	615	413
TOTAL	**1,095**	**620**	**505**	**102**	**192**	**136**	**1,792**	**859**

Mr. Richter stepped down from the Management Board on June 30, 2018. The table shows the multi-year remuneration components paid to him after his departure. A final benefit will be paid in the 2022 financial year.

Mr. Bruce stepped down from the Management Board as of the end of April 9, 2020. Accordingly, all amounts shown in the tables are on a pro-rata temporis basis. In the reporting year, Mr. Bruce received a fixed salary of €101 thousand plus fringe benefits for the period up to April 9, 2020. This corresponds to the proportionate amount based on a fixed annual salary of €373 thousand. The table also shows the pro rata benefits granted and received from multi-year variable remuneration for the 2020 financial year up to April 9, 2020. The one-year variable remuneration was contractually settled with Mr. Bruce by way of a termination benefit upon his departure. In addition, a continued salary payment for the period from April 10, 2020 to December 31, 2020 in the amount of €272 thousand plus €2 thousand in fringe benefits and a termination benefit in the amount of €900 thousand were agreed with Mr. Bruce, which corresponds to the severance cap contained in all contracts of the Management Board. Mr. Bruce will receive benefits from the multi-year variable remuneration for the last time in financial year 2024.

Dr. Vollmoeller stepped down from the Management Board on May 29, 2020. His remuneration components are therefore presented on a pro rata basis in the tables. In the reporting year, Dr. Vollmoeller received a fixed salary of €185 thousand for the period up to May 29, 2020, based on his full year fixed salary of €450 thousand. In accordance with his employment contract expiring on December 31, 2020, Dr. Vollmoeller was granted his annual fixed salary until the termination date even after leaving the Management Board. For the one-year variable remuneration, 100 percent target attainment was agreed with Dr. Vollmoeller upon his departure. The pro rata amount of this until his departure from the Management Board was €158 thousand in the reporting year. His multi-year variable remuneration is granted pro rata temporis for the financial year ending, totalling an amount of €277 thousand. Dr. Vollmoeller will receive benefits from the multi-year variable remuneration for the last time in financial year 2024.

Transactions by persons discharging managerial responsibilities

All transactions made by persons discharging managerial responsibilities as defined in Article 19 of EU Regulation No. 596/2014 are published at www.dgap.de under Directors' Dealings and can also be found in the notes to the consolidated financial statements and in the Investor Relations section of New Work SE's website. In the past financial year, the Company was notified that the then Chairman of the Management Board, Dr. Thomas Vollmoeller, had acquired shares in New Work SE with a total volume of €102,811.50 and that Management Board member Petra von Strombeck had acquired shares in New Work SE with a total volume of €116,239.60.

Premature termination of employment as a member of the Management Board

In the event of the death of a Management Board member during the term of their director's contract, the Company is obligated to pay the proportionate annual base salary for the month of death and the following three months, but not beyond the end of the director's contract, to the heirs of the deceased Management Board member. As of December 31, 2020, all Management Board contracts also contain customary arrangements in the event of the premature termination of the contract without cause and corresponding severance cap clauses based on the recommendations set out in item G.13 of the German Corporate Governance Code.

The contract of one Management Board member in office – Mr. Chu – also contains provisions associated with a change in control at the Company that are customary for chief financial officers. In the event of a change in control, Mr. Chu has a right to be released from the director's contract provided other requirements are met. In the event of the justified exercise of this right, he is entitled to settlement of all remuneration components (basic salary, variable remuneration, remuneration from the LTI), the total amount of which is subject to the severance cap as recommended by item G.13 of the German Corporate Governance Code.

Other

No pension obligations were agreed for the members of the Management Board And none of the members in office held shares of the Company as of December 31, 2020. Likewise, no loans, interest or advances were granted to members of the Management Board and no members received or were promised benefits or similar assurances from third parties in connection with their Management Board mandate. Furthermore, no commitments were made concerning the granting of such benefits.

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

Remuneration of the Supervisory Board

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

The members of the Supervisory Board receive fixed remuneration of €40,000 thousand for each full financial year in which they serve on the Supervisory Board. The Chairman of the Supervisory Board receives twice the amount of the fixed remuneration. In addition to their fixed remuneration, the members of committees actually formed receive an additional fixed remuneration of €5,000 for each full financial year in which they serve on the respective committee. Chairmen of committees actually formed receive twice this amount for each committee chairmanship. Members of the Supervisory Board who join or leave the Supervisory Board during a financial year receive their fixed remuneration on a pro rata basis.

In addition to their fixed remuneration, the members of the Supervisory Board do not receive any performance-related remuneration. This is intended to ensure the necessary independent function of the Supervisory Board and avoid financial incentives connected with short-term success of the Company.

An overview of Supervisory Board remuneration for the 2020 financial year as provided by the Articles of Incorporation is broken down in the following table.

Current Supervisory Board members in financial year 2020

In €	**Total remuneration 2020**	Total remuneration 2019
Stefan Winners, former Chairman	34,836	85,000
Martin Weiss, Chairman	50,164	
Dr. Johannes Meier, Deputy Chairman of the Supervisory Board	45,000	45,000
Anette Weber, Chairwoman of the Audit Committee	50,000	50,000
Dr. Jörg Lübcke	45,000	45,000
Dr. Andreas Rittstieg	45,000	45,000
Jean-Paul Schmetz, Chairman of the Product and Tech Committee	50,000	50,000
TOTAL	**320,000**	**320,000**

The members of the Supervisory Board were also reimbursed for reasonable travel expenses as part of their work. No further commitments were made by the Company. None of the Supervisory Board members were granted loans, interest or advance payments by the Company. As of the December 31, 2020 reporting date, the Supervisory Board members collectively held less than 1 percent of the shares in the Company. As a rule, information on reports on transactions by persons discharging managerial responsibilities in accordance with Article 19 of EU Regulation No. 596/2014 in the past financial year is published at www.dgap.de under Directors' Dealings and can also be found in the Investor Relations section of New Work SE's website.

Other

New Work SE has taken out Directors & Officers (D&O) insurance without a deductible for the members of its Supervisory Board. This covers the personal liability risk for the Supervisory Board members in the event of the Supervisory Board being held liable for pecuniary loss within the scope of or as a result of their Supervisory Board mandate. Taking out D&O insurance without a deductible constitutes a deviation from item G.14 of the German Corporate Governance Code and was explained by the Management Board and the Supervisory Board in the Declaration of Conformity last updated in March 2021 and also published online at http://corporate.xing.com/en/investor-relations/corporate-governance.

Legal information

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

CORPORATE GOVERNANCE STATEMENT

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

REMUNERATION REPORT

The remuneration report details the amount and structure of Management Board earnings, and summarizes the principles used as the basis for the remuneration of the New Work SE Management Board. It also contains information on the principles and amount of Supervisory Board remuneration. The remuneration report also includes information concerning the shareholdings of the Management Board and of the Supervisory Board. The remuneration report is part of the management report.

TAKEOVER-RELATED DISCLOSURES

The following details in accordance with Section 315a HGB describe the situation as of December 31, 2020. The following explanation of this information also meets the requirements of an explanatory report as per Section 176(1) line 1 of the German Companies Act (AktG).

Share capital

The share capital of the Company amounted to €5,620,435 on December 31, 2020 (previous year €5,620,435), and consists of 5,620,435 no-par value shares with a notional amount of €1.00 each. The share capital is fully paid in. All shares have the same rights.

TREASURY SHARES

The Company itself held no treasury shares of New Work SE as of December 31, 2020 (previous year: none). This corresponds to 0 percent (previous year: 0 percent) of the Company's share capital.

Restrictions on voting rights or on the transfer of shares

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

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

As of December 31, 2020, the Company was aware that Burda Digital SE, Munich, held 50.24 percent of New Work SE's voting rights. The Company is not in possession of any further information or notifications in accordance with Sections 33 et seq. of the German Securities Trading Act (WpHG) concerning shareholders who directly and/or indirectly hold more than 10 percent of the capital and voting rights.

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

Any appointment and dismissal of members of the Management Board is subject to Sections 84, 85 AktG as well as item 8 of the Articles of Incorporation as amended on December 1, 2020. In accordance with item 8(1) of the Articles of Incorporation, the Management Board consists of one or more persons. The Supervisory Board determines the number of members of the Management Board. The Articles of Incorporation do not include any special rules for the appointment and dismissal of individual or all members of the Management Board. Any such appointment or dismissal is the responsibility of the Supervisory Board.

Changes to the Articles of Incorporation are made in accordance with the provisions of Sections 133 and 179 AktG. The Company's Articles of Incorporation have not taken advantage of the option of specifying further requirements applicable for changes to the Articles of Incorporation. Unless required otherwise by law, the resolutions of the Annual General Meeting shall be passed with a simple majority of the votes cast. In the event that the law stipulates a capital majority in addition to the majority vote, resolutions shall be passed with a simple majority of the share capital represented at the time the resolution was passed. In accordance with items 5.3 to 5.4 and 19 of the Articles of Incorporation, the Supervisory Board is authorized to make changes to the Articles of Incorporation to the extent that they only relate to their wording.

Powers of the Management Board to issue and buy back shares

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

Authorized and contingent capital

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

Authorization to purchase own shares

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

a. Authorization to purchase own shares

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

b. Types of purchase

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

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

2) If the shares are acquired via a public offer to purchase shares directed to all shareholders or a public invitation to submit offers to sell shares directed to all shareholders, then the purchase price offered or limits on the purchase price range per share (excluding ancillary purchase costs) must not exceed by more than 10 percent nor fall below by more than 20 percent the average of the closing prices of the Company's shares of the same class in Xetra trading (or an equivalent successor system) for the last five trading days on the Frankfurt Stock Exchange prior to the date of publication of the public offer or the public invitation to submit offers to sell the shares. If there are considerable changes to the relevant price after the publication of a purchase offer or a public invitation to submit offers to sell the shares, the purchase offer or the invitation to submit offers to sell the shares can be adjusted. In this case, the applicable price is the closing price of the Company's shares of the same class in Xetra trading (or an equivalent successor system) on the last trading day on the Frankfurt Stock Exchange prior to publication of the adjustment; the

10 percent limit for exceeding and the 20 percent limit for falling below this price must be applied to this amount. The volume of the purchase offer or the invitation to submit offers to sell shares can be limited. To the extent that the entire volume of the purchase offer or the offers submitted by shareholders in response to an invitation to submit offers to sell the shares exceeds or falls below this volume, the purchase of shares or acceptance of offers must be in relation to the shares offered. Preferential purchase or preferential acceptance of lower numbers of up to 100 tendered shares of the Company per shareholder and commercial rounding to avoid fractions of shares can be stipulated. The purchase offer or the invitation to submit offers to sell the shares may specify further conditions.

c. Use of treasury shares

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

1) The treasury shares may be sold for cash consideration in ways other than via the stock exchange or on the basis of an offer to all shareholders if the purchase price to be paid in cash is not significantly lower than the market price of the already listed shares with essentially the same rights. The number of shares sold in this way must not exceed 10 percent of the share capital, either at the time at which this authorization becomes effective or at the time at which this authorization is exercised. Other shares which have been sold or issued by disapplying pre-emptive rights during the life of this authorization upon the direct or corresponding application of Section 186(3) sentence 4 AktG must be offset against this maximum limit. Shares which have to be issued for serving option and/or conversion rights or conversion obligations arising from convertible bonds and/or option bonds or stock options, to the extent that these bonds or stock options have been issued during the life of this authorization by disapplying pre-emptive rights upon corresponding application of Section 186(3) Clause 4 AktG, also have to be offset in relation to the maximum limit.

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

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

4) The treasury shares can be used to settle pre-emptive rights to shares of the Company which have been allocated or which were granted or will be granted to members of the Management Board of the Company, selected senior executives, other key members of staff and employees of the Company, as well as members of management, selected senior executives, other key members of staff and employees of enterprises which are affiliated with the Company in accordance with Section 15 AktG as part of the share price-based shadow share program of XING SE (now: New Work SE) dated November 29, 2012, and the long-term incentive program for Management Board members of XING SE (now: New Work SE) dated January 27, 2014, as long as the Company wishes to allocate to the beneficiaries shadow shares through shares according to this program. If members of the Company's Management Board are beneficiaries in the above cases, the Supervisory Board shall decide on whether to use treasury shares to serve pre-emptive rights.

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

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

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

8) The treasury shares may be canceled without such cancellation or the performance of such action requiring a further resolution of the Annual General Meeting. They may also be canceled in a simplified procedure without a capital reduction by adjusting the proportionate theoretical interest of the other no-par value shares in the Company's share capital. If the shares are canceled using the simplified procedure, the Management Board is authorized to adjust the number of shares in the Articles of Incorporation.

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

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

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

In the event of a change in control, New Work SE grants the Management Board member Ingo Chu the right to be released from the director's contract provided other requirements are met. In the event of the justified exercise of this right, the affected Management Board member is entitled to settlement of all remuneration components (basic salary, variable remuneration, remuneration from the Shadow Share Program and/or Long-term Incentive Plan), the total amount of which is subject to the severance cap as recommended by item G.13 of the German Corporate Governance Code.

Further disclosures

The other information required in accordance with Section 315a (1) HGB relates to circumstances which do not exist at New Work SE. There are no holders of shares with special rights conferring control powers, nor are there any voting right controls attributable to employees owning a share of the Company's capital, nor are there any major agreements which are subject to the condition of a change of control following a takeover bid.

LEGAL FACTORS

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

Auditor of the financial statements

Since the audit of the 2013 consolidated and annual financial statements, New Work SE has been audited by PricewaterhouseCoopers GmbH (formerly PricewaterhouseCoopers AG, Hamburg branch office. The responsible engagement leader for the 2020 audit of the consolidated and annual financial statements is Niklas Wilke. He has held this position since 2015.

The audit report reproduced below also includes an "Assurance Report in Accordance with § 317 Abs. 3b HGB on the Electronic Reproduction of the Financial Statements and the Management Report Prepared for Publication Purposes" ("ESEF report"). The subject matter of the audit on which the ESEF report is based (ESEF documents to be audited) is not attached. The audited ESEF documents can be inspected in or retrieved from the Federal Gazette.

CONSOLIDATED FINANCIAL STATEMENTS

for the financial year from January 1 to December 31, 2020

Consolidated statement of comprehensive income

of New Work SE
for the period from January 1 to December 31, 2020

Consolidated statement of comprehensive income

In € thousand	Note no.	01/01/ – 12/31/2020	01/01/ – 12/31/2019[1]
Continuing operations			
Service revenues	8	276,524	269,168
Other operating income	8	1,984	6,358
Other own work capitalized	9	23,637	24,926
Personnel expenses	10	– 141,945	– 126,582
Marketing expenses	11	– 29,019	– 33,924
Other operating expenses	12	– 39,994	– 50,432
Impairment losses on financial assets and contract assets	13	– 3,577	– 2,058
EBITDA		**87,610**	**87,456**
Depreciation, amortization and impairment losses	14	– 56,051	– 32,851
EBIT		**31,559**	**54,605**
Finance income	15	10,219	6,290
Finance costs	15	– 942	– 1,621
EBT		**40,836**	**59,274**
Income taxes	16	– 14,722	– 16,070
Net income/loss from continuing operations		**26,114**	**43,204**
Post-tax profit or loss of discontinued operations and	17	3	– 8,181
CONSOLIDATED NET PROFIT		**26,117**	**35,023**
Earnings per share			
Earnings per share (basic)	18	€4.65	€6.23
Earnings per share (diluted)	18	€4.65	€6.23
Earnings per share – continuing operations			
Earnings per share (basic)	18	€4.65	€7.69
Earnings per share (diluted)	18	€4.65	€7.69
CONSOLIDATED NET PROFIT		**26,117**	**35,023**
Currency translation differences	19	– 83	236
OTHER COMPREHENSIVE INCOME		**– 83**	**236**
CONSOLIDATED TOTAL COMPREHENSIVE INCOME		**26,034**	**35,259**

1 *restated*

Consolidated statement of financial position

of New Work SE
as of December 31, 2020

Assets

In € thousand	Note no.	12/31/2020	12/31/2019 [1]
Intangible assets			
Purchased software	20	6,875	9,185
Internally generated software	20	72,065	67,852
Goodwill	20	56,145	73,583
Other intangible assets	20	4,984	6,875
Property, plant and equipment			
Leasehold improvements	20	1,948	1,788
Other equipment, operating and office equipment	20	7,901	9,631
Construction in progress	20	4,509	663
Lease assets	20	58,772	12,415
Financial assets			
Financial assets at amortized cost	21	2,051	680
Financial assets at fair value	21	29,726	29,585
Other non-financial assets	21	485	681
Deferred tax assets	16	205	1,112
NON-CURRENT ASSETS		**245,666**	**214,050**
Receivables and other assets			
Receivables from services	22	18,028	25,707
Contract assets	22	3,711	4,115
Other assets	22	8,420	13,426
Cash and short-term deposits			
Cash	22	61,497	35,231
Third-party cash	22	3,632	4,813
CURRENT ASSETS		**95,288**	**83,292**
		340,954	**297,342**

[1] *restated*

Equity and liabilities

In € thousand	Note no.	12/31/2020	12/31/2019[1]
Subscribed capital	23	5,620	5,620
Capital reserves	23	22,644	22,644
Other reserves	23	130	213
Retained earnings	23	84,617	73,057
EQUITY		**113,011**	**101,534**
Deferred tax liabilities	16	23,343	24,600
Contract liabilities	24	64	489
Other provisions	24	637	637
Financial liabilities at fair value	24	0	11,465
Lease liabilities	24	54,583	7,585
Other liabilities	24	4,389	4,379
NON-CURRENT LIABILITIES		**83,016**	**49,155**
Trade accounts payable	25	10,830	8,536
Lease liabilities	24	6,485	5,968
Contract liabilities	24	91,534	95,087
Other provisions	24	3,201	1,393
Financial liabilities at fair value	25	2,100	622
Income tax liabilities	25	8,278	5,878
Other liabilities	25	22,499	29,170
CURRENT LIABILITIES		**144,928**	**146,653**
		340,954	**297,342**

[1] *restated*

Consolidated statement of cash flows

of New Work SE
for the period from January 1 to December 31, 2020

Consolidated statement of cash flows

In € thousand	Note no.	01/01/ – 12/31/2020	01/01/ – 12/31/2019 [1]
Earnings before taxes		40,836	59,274
Amortization and write-downs of internally generated software	14	19,425	16,507
Depreciation, amortization and impairment losses on other fixed assets	14	36,626	16,344
Finance income	15	– 10,219	– 6,290
Finance costs	15	942	1,621
EBITDA		**87,610**	**87,456**
Interest received		237	335
Taxes paid		– 12,674	– 9,775
Profit from disposal of fixed assets		– 39	– 30
Change in receivables and other assets		11,914	532
Change in liabilities and other equity and liabilities		– 3,007	7,477
Non-cash changes from changes in basis of consolidation		0	– 5,165
Change in contract liabilities	24	– 3,978	2,864
Elimination of XING Events third-party obligation	22	1,181	– 763
Cash flows from operating activities of continuing operations		**81,244**	**82,931**
Cash flows from operating activities discontinued operations		– 294	– 3,190
CASH FLOWS FROM OPERATING ACTIVITIES		**80,950**	**79,741**
Payment for capitalization of internally generated software	20	– 23,638	– 24,996
Payment for purchase of software	20	– 2,306	– 2,729
Payments for purchase of other intangible assets	20	– 28	– 120
Proceeds from the disposal of fixed assets	20	121	102
Payments for purchase of property, plant and equipment	20	– 7,096	– 7,605
Payments for acquisition of consolidated companies (less funds acquired)	20	– 673	– 25,195
Cash flows from investing activities of continuing operations		**– 33,620**	**– 60,543**
Cash flows from investing activities of discontinued operations		0	– 70
CASH FLOW FROM INVESTING ACTIVITIES		**– 33,620**	**– 60,613**

[1] *restated*

Consolidated statement of cash flows (continued)

In € thousand	Note no.	01/01/ – 12/31/2020	01/01/ – 12/31/2019[1]
Payment of regular dividend	23	– 14,557	– 12,027
Payment of special dividend	23	0	– 20,009
Interest paid		– 46	– 272
Payment for leases	24	– 5,991	– 5,283
Cash flows from financing activities of continuing operations		**– 20,594**	**– 37,591**
Cash flows from financing activities of discontinued operations		– 131	– 117
CASH FLOWS FROM FINANCING ACTIVITIES		**– 20,725**	**– 37,708**
Currency translation differences		– 340	– 19
Change in cash and cash equivalents	22	26,265	– 18,599
Own funds at the beginning of the period	22	35,231	53,831
OWN FUNDS AT THE END OF THE PERIOD[2]		**61,496**	**35,232**
Third-party funds at the beginning of period	22	4,813	4,050
Change in third-party cash and cash equivalents	22	– 1,181	763
THIRD-PARTY FUNDS AT THE END OF THE PERIOD		**3.632**	**4.813**

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

Consolidated statement of changes in equity

of New Work SE
for the period from January 1 to December 31, 2020

Consolidated statement of changes in equity

In € thousand	Note no.	Subscribed capital	Capital reserves	Reserve for currency translation differences	Retained earnings	**Total equity**
AS OF 01/01/2019		**5,620**	**22,644**	**– 24**	**70,071**	**98,311**
Consolidated net profit		0	0	0	35,023	35,023
Other comprehensive income	19	0	0	236	0	236
Consolidated total comprehensive income		**0**	**0**	**236**	**35,023**	**35,259**
Regular dividend for 2018	23	0	0	0	– 12,027	– 12,027
Special dividend	23	0	0	0	– 20,009	– 20,009
AS OF 12/31/2019		**5,620**	**22,644**	**213**	**73,057**	**101,534**
AS OF 01/01/2020		**5,620**	**22,644**	**213**	**73,057**	**101,534**
Consolidated net profit		0	0	0	26,117	26,117
Other comprehensive income	19	0	0	– 83	0	– 83
Consolidated total comprehensive income		**0**	**0**	**– 83**	**26,117**	**26,034**
Regular dividend for 2019	23	0	0	0	– 14,557	– 14,557
AS OF 12/31/2020		**5,620**	**22,644**	**130**	**84,617**	**113,011**

Notes to the consolidated financial statements

for the period from January 1 to December 31, 2020

(A) Principles and methods

1. Information on the Company

The registered office of New Work SE 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, Germany, and the ultimate parent company of XING SE since December 18, 2012 has been Hubert Burda Media Holding Kommanditgesellschaft, Offenburg, Germany. Hubert Burda Media Holding Kommanditgesellschaft is controlled by Prof. Dr. Hubert Burda, Offenburg, Germany. The next higher-level parent company that prepares consolidated financial statements is Burda Gesellschaft mit beschränkter Haftung, Offenburg, Germany.

New Work SE offers a wide range of brands, products and services for a better working life, thus continuing the success story of XING SE. Founded by Lars Hinrichs as the openBC professional network, the Company was renamed XING in 2006 and New Work SE in 2019. Its commitment to a better world of work is also reflected in its name, with New Work serving as the visible framework for all corporate activities. The Company has been listed since 2006. New Work SE acts as a central management and control holding company and as a service department for the subsidiaries. The Company is headquartered in Hamburg and employs a total of around 1,900 staff at several locations including also Munich, Vienna and Porto. For more information, see www.new-work.se.

The consolidated financial statements and the Group management report of New Work SE for the period ending December 31, 2020 are approved for publication by the Management Board on March 25, 2021, and presented to the Supervisory Board of the Company for approval on the same day. The consolidated financial statements and the group management report are published in the electronic Federal Gazette.

2. Basis of preparation

The consolidated financial statements of New Work SE (referred to hereinafter as "New Work" or "the Company") have been prepared in accordance with the International Financial Reporting Standards (IFRSs) as published by the International Accounting Standards Board (IASB) and the additional provisions of commercial law stipulated by Section 315e(2) of the German Commercial Code (HGB). Due consideration has been given to all IFRSs and IFRICs which were adopted by the EU Commission as of December 31, 2020 and which are subject to mandatory adoption.

The consolidated financial statements are prepared in euros, the Company's functional currency. Unless otherwise specified, all figures have been rounded up or down to the nearest thousand euros (€ thousand). The tables and figures included may therefore contain rounding differences.

The consolidated statement of comprehensive income has been prepared using the total cost (nature of expense) method and a one-statement approach.

3. Changes in accounting policies

CHANGE IN ACCOUNTING POLICIES AND PRIOR-YEAR RESTATEMENT

In its consolidated financial statements for the period ended December 31, 2020, the Company is changing the presentation of trade accounts receivable for contracts already agreed and invoiced so that trade accounts receivable and corresponding liability items are reduced by payments not yet due.

As of December 31, 2019, this resulted in a reduction in receivables of €12,313 thousand as well as a corresponding reduction in current contract liabilities of €10,605 thousand and a reduction in other current liabilities of €1,708 thousand.

The following table shows the effect on the consolidated statement of financial position for financial year 2019:

In € thousand	12/31/2018 as reported	Restatement	01/01/2019 restated
Trade accounts receivable	35,523	– 11,448	24,075
Current contract liabilities	89,717	– 9,803	79,914
Current other liabilities	28,281	– 1,645	26,636

In € thousand	12/31/2019 as reported	Restatement	12/31/2019 restated
Trade accounts receivable	38,020	– 12,313	25,707
Current contract liabilities	105,692	– 10,605	95,087
Current other liabilities	30,878	– 1,708	29,170

The restatement does not result in a change in cash flows from operating activities and has no effect on net income or earnings per share.

The Company also changes the remeasurement of available-for-sale assets in the consolidated financial statements as of December 31, 2020 and reports these under finance income/finance costs, since the fund assets shown in the statement of financial position do not meet the requirements for equity instruments.

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

The following table shows the effect on the consolidated statement of comprehensive income for financial year 2019:

In € thousand	01/01/ – 12/31/2019 as reported [1]	Restatement	01/01/ – 12/31/2019 restated
Finance income	5,408	882	6,290
Finance costs	– 1,621	0	– 1,621
Earnings before taxes (EBT)	**58,392**	**882**	**59,274**
Income taxes	– 15,785	– 285	– 16,070
Net income/loss from continuing operations	**42,607**	**597**	**43,204**
Earnings per share (basic) – continuing operations	7,59 €	0,10 €	7,69 €
Earnings per share (diluted) – continuing operations	7,59 €	0,10 €	7,69 €
Net income/loss from continuing operations	**42,607**	**597**	**43,204**
Remeasurement of available-for-sale assets	597	– 597	0
Other comprehensive income	**834**	**– 597**	**236**
CONSOLIDATED TOTAL COMPREHENSIVE INCOME	**35,259**	**0**	**35,259**

1 *after IFRS 5 restatement*

The following table shows the effect on the consolidated statement of cash flows for financial year 2019:

In € thousand	01/01/ – 12/31/2019 as reported [1]	Restatement	01/01/ – 12/31/2019 restated
Earnings before taxes (EBT)	**58,392**	**882**	**59,274**
Finance income	– 5,408	– 882	– 6,290
Cash flows from operating activities of continuing operations	**79,741**	**0**	**79,741**

1 *after IFRS 5 restatement*

The effects on the statement of changes in equity include a shift between the reserve from fair value changes and retained earnings in the amount of €273 thousand (January 1, 2019: €870 thousand).

FINANCIAL REPORTING STANDARDS AMENDED OR EFFECTIVE IN FINANCIAL YEAR 2020

The following accounting standards had to be applied for the first time in financial year 2020:

- Amendments to IFRS 3 – Definition of a Business
- Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest Rate Benchmark Reform
- Amendments to IAS 1 and IAS 8 – Definition of Material
- Amendments to IFRS 16 – COVID-19-Related Rent Concessions
- Changes in references to the conceptual framework in IFRS standards

The changes listed above did not affect the reporting of New Work.

STANDARDS ISSUED BUT NOT YET EFFECTIVE:
The following new or amended standards are relevant to the business activities of the Group and had been issued but were not yet effective by the time the consolidated financial statements of New Work were published:

Initial application	New or amended standards
January 1, 2021:	Interest Rate Benchmark Reform (Phase 2) – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16
January 1, 2022:	Amendments to IAS 37 – Onerous Contracts – Cost of Fulfilling a Contract
	Annual Improvements to IFRS Standards 2018–2020
	Amendments to IAS 16 –– Property, Plant and Equipment – Proceeds before Intended Use
	Amendments to IFRS 3 – Reference to the Conceptual Framework
January 1, 2023:	Amendments to IAS 1 – Classification of Liabilities as Current or Non-current
	Amendments to IFRS 17 – Insurance Contracts
still to be decided:	Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

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

4. Basis of consolidation and principles of consolidation

In addition to New Work SE, the consolidated financial statements include the subsidiaries that are controlled by New Work SE as the parent company. Control is being assumed if the parent company can exercise control over the investee, is exposed to variable returns from the equity investment and can influence the amount of the returns due to its control. Control is assumed if the parent company directly or indirectly holds more than half of the voting rights of the subsidiary, unless it can clearly be shown that this holding does not constitute control. The subsidiaries are consolidated from the time at which the Group acquires control, and are no longer consolidated after the time at which the Group no longer exercises control. The question of whether or not the Group controls an investee is reassessed when facts or circumstances indicate that one or more of the stated criteria have resulted in a change of control.

If necessary, the annual financial statements of the subsidiaries are adjusted to align their accounting policies to the methods used in the Group. All intercompany balances, transactions, income and expenses as well as all results of intercompany transactions are eliminated in full.

The basis of consolidation in the consolidated financial statements comprises the following companies:

	Entity	Domicile	Equity interest 12/31/2020 in %	Equity interest 12/31/2019 in %	Held by	Initial consolidation
1	New Work SE (parent company)	Hamburg				
2	amiando UK Ltd. i.L.	Birmingham, United Kingdom	100	100	15	2011
3	Honeypot GmbH (formerly Beekeeper Management GmbH)[3, 4]	Berlin	100	100	1	2018
4	Eqipia GmbH	Zurich, Switzerland	100	100	14	2016
5	Grupo Galenicom Tecnologias de la Información, S.L.	Barcelona, Spain	100	100	1	2007
6	InterNations GmbH[2]	Munich	100	100	15	2017
7	kununu engage GmbH[2]	Berlin	100	100	1	2018
8	kununu GmbH	Vienna, Austria	100	100	1	2013
9	New Work XING UG (haftungsbeschränkt)[3]	Hamburg	100	100	1	2018
10	Prescreen GmbH[3]	Berlin	100	100	8	2017
11	Prescreen International GmbH	Vienna, Austria	100	100	10	2017
12	XING E-Recruiting GmbH	Vienna, Austria	100	100	13	2015
13	XING E-Recruiting GmbH & Co. KG[1]	Hamburg	100	100	1	2015
14	XING E-Recruiting Switzerland AG	Zurich, Switzerland	100	100	16	2016
15	XING Events GmbH[2]	Hamburg	100	100	1	2011
16	XING International Holding GmbH[3]	Hamburg	100	100	1	2007
17	XING Marketing Solutions GmbH[2]	Hamburg	100	100	1	2016
18	New Work Networking Spain S.L.	Barcelona, Spain	100	100	16	2007
19	New Work Portugal Unipessoal Lda.	Porto, Portugal	100	100	16	2017
20	XING Switzerland GmbH	Zurich, Switzerland	100	100	16	2008
21	New Work Young Professionals GmbH[3]	Hamburg	100	100	15	2016
22	XING GmbH & Co. KG[1]	Hamburg	100	100	1	2019
23	HalloFreelancer GmbH[3]	Hamburg	100	100	1	2019

1 *New Work SE is the entity's limited partner. XING International Holding GmbH, Hamburg is the general partner. The entities make use of the exemption under section 264b HGB.*
2 *A profit transfer agreement is in place with the respective parent company. The entities avail themselves from the exemption under section 264(3) German Commercial Code (HGB).*
3 *A guarantee statement of New Work SE exists. The entities avail themselves from the exemption under section 264(3) German Commercial Code (HGB).*
4 *The company acquired on April 1, 2019 was merged with Honeypot GmbH (formerly Beekeeper Management GmbH; No. 3), Berlin, in August 2019.*

5. Material judgments and estimates

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

Material estimates and assumptions were made particularly in connection with the following accounting policies: impairment of goodwill, capitalization of development costs for software, the settlement value for conditional purchase price obligations, the measurement of impairment of trade accounts receivable, the measurement of assets and liabilities from leases, and with regard to the recoverability of deferred taxes on loss carryforwards. With regard to the main forward-looking assumptions and other major sources of estimation uncertainty which existed on the reporting date, as a result of which there might be a risk that the carrying amounts might be adjusted in the course of the next financial year, please refer to the corresponding individual disclosures.

In addition, estimates and assumptions are made for the purpose of determining the useful lives of intangible assets and property, plant and equipment, which are subject to an annual review. The actual figures may differ from the estimates. Changes are recognized in the income statement at the time at which better information becomes available.

6. Foreign currency translation

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

7. Material accounting policies

GENERAL DISCLOSURES

Discontinued operation

A discontinued operation is a component of the Group's business whose operation and cash flows can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographical area of operations,
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

An operation is classified as discontinue upon disposal or discontinuation as soon as the operation meets the criteria to be classified as held for sale, if this is the case earlier.

When an operation is classified as a discontinued operation, the statement of comprehensive income for the comparative year is restated as if the conditions for a discontinued operation had been met from the beginning of the comparative year.

STATEMENT OF COMPREHENSIVE INCOME

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

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

The currency reserve in other comprehensive income can be reclassified to profit or loss in subsequent periods.

STATEMENT OF FINANCIAL POSITION

Business combinations

The Company recognizes business acquisitions using the acquisition method, which leads to the recognition of goodwill in the event of a positive difference. Goodwill acquired during a business combination is initially recognized at cost; it refers to the additional costs of the business combination in excess of the share of the Group in the net present value of identifiable assets, liabilities and contingent liabilities. Transaction costs are immediately expensed. Contingent consideration is measured at fair value at the time of acquisition. As long as the contingent consideration is not classified as equity, changes in the fair value are recognized in profit or loss.

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

Intangible assets

In accordance with IAS 38 and SIC-32, intangible assets which arise from the development of a single project can only be recognized if the Group can demonstrate the technical feasibility for completing the project for internal use or sale; the intent to complete the project so that the asset can be used internally or sold; that the asset will generate a future economic benefit; that the resources for completing the project are available; and outputs can be reliably measured. Expenses that do not meet these criteria are recognized in profit or loss. After the first-time application of development costs, the asset is recognized at cost less cumulative amortization and cumulative impairments. All capitalized development costs of the platforms are amortized over a five-year period using the straight-line method.

The recoverable amount of the development costs is subjected to an impairment test at least once a year, provided that the asset has not yet been used or if there are any indications of impairment over the course of the year. Intangible assets are tested for impairment as soon as there are any indications of impairment. The amortization period, the residual values and amortization method of an intangible asset with a finite useful life are reviewed regularly, at least once each financial year.

Expenses for the purchase of software and other intangible assets are recognized and written down over their expected useful life of three to nine years using the straight-line method. Amortization begins at the time at which the intangible asset can be used.

There is no interest that is directly attributable to the acquisition or production of a qualifying asset and thus could be capitalized as part of the cost of that asset.

In accordance with IFRSs, goodwill is not amortized over its economic service life. The Company is required to test goodwill for impairments at least once a year, provided there are no indications of potential impairments. If there are indications of impairment, goodwill must be tested immediately for impairment. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (CGUs) which will conceivably benefit from the synergies of the combination from the date of acquisition. Impairment is determined by calculating the recoverable amount of the CGU to which the goodwill has been allocated. If the recoverable amount of the CGU is less than the carrying amount, an impairment loss is recognized. Even if in future periods the recoverable amount exceeds the carrying amount of the CGU to which the goodwill has been allocated, impairment losses recognized on goodwill are not reversed.

The impairment test of goodwill requires an estimate to be made of the recoverable amount of the CGU to which the goodwill has been allocated. The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use. Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction, less costs to sell. Value in use is generally calculated on the basis of estimated future cash flows expected to arise from the continuing use of an asset and its disposal at the end of its useful life, using the discounted cash flow method. Cash flows are derived from the business plans and reflect current developments. They are discounted to the date of the impairment test using risk-equivalent capitalization rates.

Property, plant and equipment

In accordance with IAS 16, property, plant and equipment is recognized at cost less straight-line depreciation over a useful life of three years (IT equipment) to 13 years (office equipment) and cumulative impairment losses. Leasehold improvements are generally depreciated over the shorter of their useful life and the lease term. The carrying amounts, useful lives and depreciation methods are revised and adjusted at the close of the financial year, if necessary. Rent subsidies received are reported under deferred income or, in the case of a lease incentive received, deducted from the right-of-use asset.

Non-financial assets and liabilities from leases

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

If a lease contains extension or termination options for the lessee or the lessor, these are taken into account, provided they are reasonably certain to be exercised or not to be exercised at the reporting date; termination options held by the lessor are always regarded as not exercised.

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

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

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

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

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

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

Lease payments are generally discounted using term- and currency-specific incremental borrowing rates, as the interest rate implicit in the lease cannot usually be determined. Interest is shown in cash flows from operating activities and the principal repayment in cash flows from financing activities.

Leases with terms of up to one year and leases of low-value assets continue to be recognized as an expense. Costs incurred to achieve the condition intended by New Work and asset retirement obligations will continue to be presented under leasehold improvements.

Contract liabilities

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

Financial assets and liabilities

New Work's financial assets principally comprise cash and cash equivalents as well as receivables from services. At the initial recognition of such assets, they are measured at fair value. Directly attributable transaction costs of financial investments which are not classified as measured at fair value through profit or loss are also recognized.

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

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

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

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

Rent deposits, receivables from services, contract assets, certain other financial assets, and cash are classified and measured at amortized cost (taking into account the effective interest method, if applicable). The same is true for trade accounts payable, contract liabilities and certain other liabilities.

Dividends are recognized as income in profit or loss unless the dividends are clearly used to cover part of the investment costs.

Non-current and current liabilities from contingent purchase prices are carried at fair value with changes recognized in profit or loss. The fair value is determined based on recognized actuarial models.

Settlement date accounting is used for all regular way purchases and sales of financial assets. Financial assets are derecognized if (i) the contractual rights to cash flows from the financial asset no longer exist, or (ii) the Group retains the right to generate cash flows from the asset but is obliged to pay these cash flows immediately to a third party as part of a transfer agreement, or (iii) the right to generate cash flows from the financial assets is transferred and either (a) all material risks and opportunities are transferred or (b) all material risks and opportunities are neither transferred nor retained, but the right of control over the asset has been transferred.

The fair value of financial assets or liabilities amounts to the carrying amounts.

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

Taxes

Current tax assets and liabilities for current and previous periods are shown with the expected amount. The amount is calculated on the basis of the tax rates and laws applicable as of the reporting date of the given period.

Deferred taxes result from temporary differences between the carrying amount of an asset or a liability in the statement of financial position and its tax assessment base as well as from tax loss carryforwards. They are calculated using the balance sheet liability method, and are based on the application of the tax rates expected in the individual countries at the time of realization. These are based on the legal regulations applicable on the reporting date. The effect of changes to tax law which affect deferred tax assets and deferred tax liabilities must be recognized in the statement of comprehensive income in the period in which the change becomes effective. Tax assets resulting from tax losses carried forward are recognized to the extent that it is probable in the near future that there will be a tax result against which the tax losses carried forward can be offset. The deferred tax assets are tested annually to establish whether they are realizable.

The Group offsets current tax assets and liabilities and deferred tax assets and liabilities if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Share-based payment

Share-based entitlements at New Work are generally cash-settled. The fair value is calculated at the grant date and recognized as an expense over the vesting period. It is determined using the market price of New Work shares. Changes in fair value are recognized in profit or loss. New Work has an option to settle through shares which, according to current planning, will not be exercised.

Post-employment benefits

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

Provisions

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

(B) Segment reporting

REPORTABLE SEGMENTS

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

The B2C reporting segment comprises the B2C, kununu D-A-CH, HalloFreelancer and InterNations operating segments. They serve the members of our social networking platforms who use www.xing.com, kununu.com or internations.org to network with other professionals, find a suitable job, obtain information about potential employers, or read about career-related topics. These services are monetized mainly through paid memberships (for example Premium, ProJobs, ProCoach, Albatross).

The B2B E-Recruiting segment serves B2B customers who seek access to employees and talent. The E-Recruiting and Honeypot operating segments are allocated to this segment. This service is monetized through the development, marketing and sale of the XING TalentManager, XING Talentpool-Manager, XING job ads, the Prescreen applicant tracking tool, XING ReferralManager products, the XING employer branding profile, the XING Talent Service and kununu, and the products offered by Honeypot.

The B2B Marketing Solutions & Events segment comprises the Marketing Solutions and Events operating segments. They serve advertising and events clients. This service is monetized via advertising income and ticketing. Remuneration is also paid for acquired B2C segment members.

Assets, liabilities and investments are not segmented on the basis of the operating segments because these indicators are not used as control parameters at segment level. For example, a large share of the investments relates to the internally developed platform that cannot be allocated to the segments. Segment data is calculated on the basis of the accounting policies applied in the consolidated financial statements. Costs are allocated to the originating divisions. Business transactions between the companies in the segments are conducted on an arm's length basis. As the measure of segment earnings New Work uses the operating result for the segment, calculated as gross profit or loss less costs that are directly attributable to the segment (staff, marketing, development and other expenses). Expenses that are not directly attributable to a segment (for example central IT, administrative and ancillary rental expenses) are presented in the reconciliation statement, along with impairment losses and reversals of impairments and the operating result from central functions that do not constitute a segment. Extraordinary items and items arising from purchase price allocation are eliminated. Adjusted extraordinary items include restructuring expenses, gains/losses on disposal, impairment losses, and other non-operating expenses or income.

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

In € thousand	B2C		B2B E-Recruiting		B2B Marketing Solutions & Events		Total segments		Consolidation of intersegment revenues/expenses		New Work Group	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019 [1]	**2020**	2019	**2020**	2019 [1]
Revenues	**102,699**	**103,194**	**153,437**	**140,044**	**19,817**	**25,529**	**276,524**	**269,167**	**0**	**0**	**276,524**	**269,167**
Intragroup revenues	0	0	0	0	340	549	340	549	– 340	– 549	0	0
Total revenues	**102,699**	**103,194**	**154,008**	**140,444**	**20,157**	**26,078**	**276,864**	**269,716**	**– 340**	**– 549**	**276,524**	**269,167**
Intragroup segment expenses	– 340	– 549	0	0	0	0	– 340	– 549	340	549	0	0
Other segment expenses	– 72,780	– 75,326	– 51,430	– 47,266	– 15,274	– 16,759	– 139,484	– 139,351	0	0	– 139,484	– 139,351
Segment operating result	**29,579**	**27,320**	**102,578**	**93,178**	**4,883**	**9,319**	**137,040**	**129,817**	**0**	**0**	**137,040**	**129,817**
Other operating income/expenses											– 49,430	– 42,361
EBITDA											**87,610**	**87,456**

[1] *restated, compare note 17*

Revenues by geographical region are distributed as follows:

In € thousand	**01/01/ – 12/31/2020**	01/01/ – 12/31/2019
D-A-CH	259,719	255,057
International	16,805	14,111
	276,524	**269,168**

Geographical distribution is made based on the domicile of the service recipient. Revenue in the D-A-CH region is generated predominantly in Germany. The Company is not reliant on major customers because a significant percentage of Group revenues is not generated with any single customer.

As was the case last year, the non-current assets (excluding deferred tax assets) of €210,899 thousand (previous year: €180,200 thousand) are attributable exclusively to the D-A-CH region.

(C) Consolidated statement of comprehensive income disclosures

8. Total operating income

In the reporting period, total operating income was €278,508 thousand (previous year: €275,526 thousand).

In financial year 2020, revenues amounted to €276,524 thousand (previous year: €269,168 thousand). The breakdown of revenues and the corresponding development according to business units and regions are shown in segment reporting. Revenues include €2,192 thousand (previous year: €1,817 thousand) in revenue from barter deals.

Revenues in 2020 included prior-period revenues from contract liabilities amounting to €91,534 thousand (previous year: € 95,087 thousand). The transaction price corresponds to the amount of contractual liabilities.

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

In € thousand	**01/01/–12/31/2020**	01/01/–12/31/2019
Income from non-cash benefits	866	1.032
Earnings from returned bank transfers and dunning fees	325	490
Income from currency translation	324	351
Prior-period income	140	223
Other	329	4,262
	1,984	**6,358**

Other income mainly includes reimbursed sales commissions. In the previous year, Other income included non-recurring, non-operating income of €3,750 thousand from the acquisition of the new New Work Harbour.

9. Own work capitalized

Own work capitalized breaks down as follows:

In € thousand	**01/01/–12/31/2020**	01/01/–12/31/2019
Personnel expenses	21,310	20,457
Freelancer expenses	1,248	3,422
Ancillary costs	1,079	1,047
	23,637	**24,926**

Ancillary costs mainly include expenses for rent and IT equipment.

10. Personnel expenses

The following table breaks down the personnel expenses:

In € thousand	**01/01/–12/31/2020**	01/01/–12/31/2019[1]
Salaries and other types of remuneration	115,392	105,256
Social security contributions (employer portion)	21,322	18,612
Termination benefits	3,754	776
Pension costs (defined-contribution plan)	922	800
Provisions for vacation	72	650
Other	483	488
	141,945	**126,582**

[1] *restated*

Personnel expenses rose from €126,582 thousand by €15,363 thousand to €141,945 thousand (+ 12 percent). The increase in expenses is due mainly to the higher number of people employed on full-time basis by the Group. Furthermore, significantly higher severance payments were recognized due to restructuring.

11. Marketing expenses

Marketing expenses are broken down as follows:

In € thousand	01/01/– 12/31/2020	01/01/– 12/31/2019 [1]
Marketing costs	23,047	25,716
Sales commissions	5,235	5,202
Events	738	3,006
	29,019	**33,924**

[1] *restated*

Marketing costs include, in particular, costs of online advertising, traditional display advertising, TV advertising as well as trade fair costs.

12. Other operating expenses

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

In € thousand	01/01/– 12/31/2020	01/01/– 12/31/2019 [1]
IT services, management services	12,100	19,618
Server hosting, administration and traffic	8,150	6,938
Other personnel expenses	5,790	4,756
Occupancy expenses	3,162	3,210
Payment transaction costs	2,310	2,688
Training costs	1,664	1,805
Travel, entertainment and other business expenses	1,194	5,014
Legal consulting fees	1,036	1,147
Accounting fees	832	738
Telephone/cell phone/postage/courier	758	669
Exchange rate losses	596	458
Insurance and contributions	555	519
Financial statements preparation and auditing costs	531	366
Expenses attributable to prior periods	396	286
Supervisory Board remuneration	320	324
Rents/leases	313	501
Office supplies	266	456
Other	20	939
	39,994	**50,432**

[1] *restated*

In the reporting period, €313 thousand (previous year: €501 thousand) in expenses for renting of low-value assets were recognized. In addition, €243 thousand (previous year: €371 thousand) in occupancy expenses related to the short-term renting of office space and employee apartments.

13. Impairment losses on financial assets and contract assets

Impairment losses (including reversals) on financial assets and contract assets include expenses for bad debts of €3,700 thousand (previous year: €2,212 thousand) as well as income from reversals of €123 thousand (previous year: €154 thousand), with the latter resulting exclusively from operating activities.

14. Depreciation, amortization and impairment losses

Depreciation, amortization and impairment losses include €7,003 thousand (previous year: €4,828 thousand) in depreciation of lease assets and impairment losses of €631 thousand (previous year: €0) due to lower occupancy of rental space. Impairment losses of €7,998 thousand (previous year: €6,221 thousand) were recognized on internally generated software. Due to the change in the estimate of the useful life described in note 20 (Intangible assets), amortization was €3,393 thousand lower; this will be recognized in later periods. Furthermore, due to the change in the estimate of the useful life described in note 20 (Property, plant and equipment), depreciation of servers and laptops decreased by €172 thousand and €106 thousand, respectively; this will be recognized in later periods. In the financial year, an impairment loss of €17,438 thousand was recognized on the goodwill of the Honeypot CGU, for more information see note 19 (Intangible assets).

15. Finance income and finance costs

The financial result can be broken down as follows:

In € thousand	**01/01/–12/31/2020**	01/01/–12/31/2019[1]
Finance income	10,219	6,290
Finance costs	–942	–1,621
	9,277	**4,669**

[1] *restated*

Finance income mainly includes income of €9,841 thousand (previous year: €5,071 thousand) from the reversal of contingent purchase price liabilities.

Finance costs include €589 thousand (previous year: €1,342 thousand) from the unwinding of discounts on provisions and liabilities, and €301 thousand (previous year: €111 thousand) from the unwinding of discounts on lease liabilities.

16. Income taxes

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

In € thousand	**01/01/–12/31/2020**	01/01/–12/31/2019[1]
Corporation tax (including solidarity surcharge)	10,908	8,215
Trade tax	4,164	3,704
Deferred taxes	–350	4,151
	14,722	**16,070**

[1] *restated*

An amount of €6,998 thousand (previous year: €5,649 thousand) for corporation tax was incurred outside Germany.

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

In € thousand	01/01/–12/31/2020	01/01/–12/31/2019 [1]
Recognition/amortization of internally developed software	1,360	2,740
Goodwill identified for tax purposes	87	– 198
Recognition of tax losses carried forward	9	2,607
Temporary differences in fixed assets	0	7
Contract assets	– 25	94
Amortization of the brand/domain	– 170	– 249
Amortization of customer relations	– 175	– 529
Amortization of acquired technology	– 326	– 471
Lease assets/liabilities	– 495	178
Other	– 615	– 28
	– 350	**4,151**

[1] *restated*

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

In € thousand	01/01/–12/31/2020	01/01/–12/31/2019 [1]
Earnings before taxes (EBT)	40,836	59,274
Expected tax result	13,180	19,134
Tax effects attributable to		
different foreign tax rates	– 1,969	– 979
Outside basis differences	121	0
Tax-free income	– 3,180	– 1,212
Tax loss carryforwards	483	– 1,536
Impairment of goodwill	5,629	220
Taxes, previous years	0	– 254
Non-deductible expenses	459	697
ACTUAL TAX RESULT	**14,722**	**16,070**

[1] *restated*

The amount does not include tax expense from discontinued operations of €2 thousand (previous year: €1,921 thousand).

The tax-free income relates to the reversal of contingent purchase price obligations. The effects from tax loss carryforwards result from unrecognized deferred taxes on loss carryforwards.

The theoretical tax rate is determined as follows:

In %	12/31/2020	12/31/2019
Corporation tax including solidarity surcharge (effective)	15.83	15.83
Trade tax rate	16.45	16.45
THEORETICAL TAX RATE	**32.28**	**32.28**

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

In € thousand	12/31/2020	12/31/2019
Intangible assets		
Software and licenses	– 715	– 1,137
Internally developed software	– 23,262	– 21,903
Brand/domain	– 610	– 948
Customer relations	– 563	– 738
Loss carryforwards	0	9
Financial assets at fair value	84	130
Goodwill (for tax purposes)	1,067	1,155
Financial assets/liabilities	– 698	– 723
Lease assets	741	368
Other	818	299
NET DEFERRED TAX ASSETS/LIABILITIES	**– 23,138**	**– 23,488**

Deferred tax assets amounting to €205 thousand (previous year: €1,112 thousand) were netted against deferred tax liabilities. Temporary differences of €1,333 thousand (previous year: €1,508 thousand) were recognized in connection with equity interests held in subsidiaries for which no deferred tax liabilities were recognized.

17. Discontinued operation

In the reporting year, the Management Board took the decision to liquidate kununu US LLC, Boston, USA. The prior-year figures in the consolidated statement of comprehensive income have been restated accordingly to present the discontinued operation separately from continuing operations. Revenues include €78 thousand (previous year: €381 thousand) and expenses include €372 thousand (previous year: €2,265 thousand) from discontinued operations. The profit or loss before tax of the discontinued operation amounts to €5 thousand (previous year: €–6,260 thousand).

18. Earnings per share

Earnings per share are determined as follows:

	12/31/2020	12/31/2019 [1]
Consolidated profit or loss attributable to the shareholders of New Work SE in € thousand	26,117	35,023
Consolidated profit or loss from continuing operations attributable to the shareholders of New Work SE in € thousand	26,114	43,204
Weighted average number of issued shares (basic and diluted)	5,620,435	5,620,435
Consolidated earnings per share attributable to the shareholders of New Work SE		
Earnings per share (basic)	€4.65	€6.23
Earnings per share (diluted)	€4.65	€6.23
Basic earnings per share – continuing operations	€4.65	€7.69
Diluted earnings per share – continuing operations	€4.65	€7.69

[1] *restated*

19. Other comprehensive income

Other comprehensive income includes exchange rate differences arising from the translation of foreign financial statements of €–83 thousand (previous year: €236 thousand); these may be reclassified to profit or loss under certain conditions.

(D) Consolidated statement of financial position disclosures

20. Non-current assets

INTANGIBLE ASSETS

As of the reporting date, the intangible assets include brand rights, the customer base, purchased software as well as internally generated software and goodwill.

Internally generated software in the amount of €23,638 thousand (previous year: €24,996 thousand) was capitalized as internally generated intangible assets in financial year 2020 because the criteria set out in IAS 38 were satisfied. The development work mainly concerned various projects to develop the new XING mobile platform and enhance the HalloFreelancer and ATS (Prescreen) product. As a result of determining the value in use, amortization and impairments of internally generated software include impairment losses of €7,998 thousand (previous year: €6,221 thousand) on platform components no longer used. As was the case in the previous year, no reversals of impairment losses charged on internally generated software were recognized. Impairment losses on acquired software in the reporting year amounted to €877 thousand (previous year: €0 thousand). No reversals of impairment losses were necessary, as a result of which none were recognized, as in the previous year.

At the beginning of financial year 2020, the useful life of the XING platform was fixed at a further five years until December 31, 2024. As of the previous year's reporting date, the useful life was assumed to run until December 31, 2023. As a result, amortizations in the 2020 financial year were €3,393 thousand lower; these will be recognized in later periods. The remaining useful life of the internally developed web site is thus 48 months as of December 31, 2020. Modules that are no longer active are written down for impairment by regularly reviewing the platform modules that have been activated.

The research and development costs recognized in profit or loss, which do not meet the capitalization criteria of IAS 38, amounted to €63,258 thousand (previous year: €64,517 thousand).

No impairment losses were recognized on other intangible assets (previous year: €392 thousand). Mandatory annual impairment testing was performed as of the end of the 2020 financial year.

Goodwill from the acquisition of kununu GmbH in the amount of €2,169 thousand, BuddyBroker AG in the amount of €4,914 thousand, Intelligence Competence Center (Deutschland) AG in the amount of €6,059 thousand and Prescreen GmbH in the amount of € 21,201 thousand continued to be allocated to the B2B E-Recruiting segment for purposes of impairment testing. The segment is the CGU in which the goodwill is monitored for internal management purposes (see "Segment information").

The goodwill resulting from the acquisition of Honeypot GmbH totaling €6,366 thousand was allocated to the Honeypot segment, which is shown as part of the B2B E-Recruiting segment.

The goodwill resulting from the acquisition of InterNations GmbH totaling €15,435 thousand was allocated to the InterNations segment, which is shown as part of the B2C operating segment.

E-Recruiting

The recoverable amount of the E-Recruiting CGU has been determined on the basis of the calculation of the value in use. We have used cash flow forecasts for this calculation which are based on the actual operating results as well as a business plan approved by the management. Based on the inputs from the measurement procedure used, the fair value measurement was classified as a fair value that is not based on observable market data. In measuring value in use as the recoverable amount, the Company projected cash flows for the next five years based on past experience, the most recent operating results, and management's best estimate of future developments, as well as market participants' expectations. The result projected on the basis of these estimates is largely influenced by price trends in the competitive environment and expected economic developments. The value in use is mainly determined by the final value (present value of the perpetual annuity) that is particularly sensitive to changes in the assumptions about the long-term growth rate, the gross margin and the discount rate. The growth rates take account of external macroeconomic data.

InterNations and Honeypot

The recoverable amount of the CGUs InterNations and Honeypot has been determined on the basis of the calculation of the fair value less costs to sell, which was estimated using discounted cash flows. The fair values determined for the operating segments have been allocated to Level 3 of the hierarchy levels for fair values. The future cash flows are based on the actual operating results as well as specific estimates which refer to a detailed planning period. For the terminal value, the cash surpluses are estimated while taking into consideration the development of revenues and earnings. In measuring fair value less costs to sell as the recoverable amount, the Company projected cash flows for the next seven to eleven years based on past experience, the most recent operating results, and management's best estimate of future developments, as well as market participants' expectations. The operating segments are active in a relatively young market for which significant growth rates are predicted in the near future. For this reason, a longer and more detailed planning period is necessary than would be the case for a "settled" unit. The increased default risk for these units is taken into account by means of statistically observable survival rates. The value in use is mainly determined by the present value of the terminal value, which is particularly sensitive to changes in the assumptions about the long-term growth rate, the discount rate and the long-term EBITDA margin. The growth rates take account of external macroeconomic data.

The following assumptions apply to the calculation of the recoverable amount based on the CGUs' value in use or fair value less costs to sell:

	E-Recruiting		InterNations		Honeypot	
In %	**12/31/2020**	12/31/2019	**12/31/2020**	12/31/2019	**12/31/2020**	12/31/2019
Discount rate (before taxes)	11.0	9.4	–	–	–	–
Discount rate (after taxes)	–	–	10.7	10.5	8.4	7.0
Sustainable growth rate	2.0	2.0	2.0	2.0	2.0	2.0
Sustainable EBITDA margin [1]	61.7	61.7	30.0	30.0	22.0	30.0

[1] *Before income from own work capitalized*

The discount rate is a pre-tax or post-tax figure (WACC); it reflects current market assessments of the risks specific to the operating segments and is based on the weighted average cost of capital of the respective companies in the peer group.

In the case of the E-Recruiting and InterNations CGUs, the Management Board believes that both revenues and the EBITDA margin can be increased in the future. The impairment test did not reveal any indication of impairment. Within the scope of a sensitivity analysis for the CGUs, to which significant goodwill has been allocated, a one percentage point increase in the discounting rates (after tax), a decrease in the sustainable gross profit margin or a one percentage point decrease in the long-term growth rate has been assumed. On this basis, New Work has determined that an impairment loss would not result for any of the two CGUs.

The business activities of the Honeypot CGU were severely impacted by the COVID-19 pandemic in 2020. The lockdown period in the first quarter of the financial year provided an indication that the goodwill may be impaired and an impairment test was therefore required in the quarterly reporting as of March 31, 2020. The impairment test performed in the context of the Q1 reporting resulted in a goodwill impairment loss of €5,797 thousand. Due to the continuing pandemic, the annual impairment test at the end of the financial year resulted in a further goodwill impairment loss of €11,641 thousand (previous year: €0), giving rise to a total impairment loss of €17,438 thousand in the financial year.

The assumptions taken as a basis in performing the impairment test in the context of the Q1 reporting were updated to reflect the lower revenue growth budgeted for the years 2021 to 2023. Due to the high degree of uncertainty, it was extremely challenging to forecast the full extent and the duration of the impact of the COVID-19 pandemic on the business activities of the Honeypot CGU.

The recoverable amount of the Honeypot CGU at the time of the impairment test at financial year-end amounted to €12,449 thousand compared with a recoverable amount in the Q1 financial statements of €26,396 thousand. The recoverable amount was therefore lower than the CGU's carrying amount of €18,008 thousand after the carrying amount had already been written down by €5,797 thousand from €23,805 thousand in the Q1 financial statements. The carrying amount of this CGU's goodwill was reduced initially from €23,805 thousand at the beginning of financial year 2020 to €18,008 thousand in the Q1 financial statements and by a further €11,641 thousand to €6,366 thousand at financial year-end. This results in a total impairment loss of €17,438 thousand in the financial year.

Fair value less costs to sell is mainly determined by the present value of the terminal value, which is particularly sensitive to changes in assumptions about the sustainable EBITDA margin and the discount rate. If the sustainable EBITDA margin had been 5 percent lower (17 percent), the impairment loss would have been €3,845 thousand higher. An increase of 1 percent in the after-tax discount rate would have resulted in an impairment loss that was €2,934 thousand higher.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of IT hardware, other operating and office equipment, leasehold improvements and lease assets.

Impairment losses on other equipment, operating and office equipment totaled €80 thousand (previous year: €30 thousand). As the assets were actually used for a longer period of time, the useful life for servers and laptops was raised from three years to four and five years, respectively, in financial year 2020. The resulting lower depreciation in the 2020 financial year amounts to €278 thousand, which will be recognized in subsequent periods.

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

Consolidated statement of changes in fixed assets

	Cost					
In € thousand	01/01/2020	Additions	Disposals	Reclassifi-cations	Currency differences	12/31/2020
1. INTANGIBLE ASSETS						
1. Software and licenses	36,610	2,305	– 1	0	0	38,914
2. Internally generated software	132,714	23,638	0	0	0	156,352
3. Goodwill	93,271	0	0	0	0	93,271
4. Other intangible assets	25,523	29	0	– 71	0	25,481
	288,119	**25,972**	**– 1**	**– 71**	**0**	**314,018**
2. PROPERTY, PLANT AND EQUIPMENT						
1. Leasehold improvements	4,182	754	0	0	0	4,936
2. Other equipment, operating and office equipment	38,782	2,497	– 713	71	– 1	40,636
3. Construction in progress	663	3,846	0	0	0	4,509
4. Lease assets	35,081	54,467	– 477	0	1	89,072
	78,708	**61,565**	**– 1,190**	**71**	**0**	**139,154**
TOTAL	**366,827**	**87,537**	**– 1,192**	**0**	**0**	**453,171**

	Cost						
In € thousand	01/01/2019	Additions	Changes triggered by acquisitions	Disposals	Reclassifi-cations	Currency differences	12/31/2019
1. INTANGIBLE ASSETS							
1. Software and licenses	32,503	2,417	1,668	– 1	23	0	36,610
2. Internally generated software	107,718	24,996	0	0	0	0	132,714
3. Goodwill	64,613	0	28,448	0	0	210	93,271
4. Other intangible assets	20,660	196	4,720	0	– 23	– 30	25,523
	225,494	**27,609**	**34,836**	**– 1**	**0**	**180**	**288,119**
2. PROPERTY, PLANT AND EQUIPMENT							
1. Leasehold improvements	2,980	1,184	20	– 2	0	0	4,182
2. Other equipment, operating and office equipment	32,922	5,993	130	– 358	57	38	38,782
3. Construction in progress	223	497	0	0	– 57	0	663
4. Lease assets	28,615	6,155	220	0	0	91	35,081
	64,740	**13,829**	**370**	**– 360**	**0**	**129**	**78,708**
TOTAL	**290,234**	**41,438**	**35,206**	**– 360**	**0**	**308**	**366,827**

Depreciation, amortization and impairment losses					Carrying amounts	
01/01/2020	Additions	Disposals	Currency differences	**12/31/2020**	**12/31/2020**	12/31/2019
– 27,425	– 4,615	1	0	– 32,039	6,875	9,185
– 64,862	– 19,425	0	0	– 84,287	72,065	67,852
– 19,688	– 17,438	0	0	– 37,126	56,145	73,583
– 18,647	– 1,850	0	0	– 20,497	4,984	6,875
– 130,622	**– 43,328**	**1**	**0**	**– 173,948**	**140,069**	**157,496**
– 2,394	– 594	0	0	– 2,988	1,948	1,788
– 29,151	– 4,194	609	1	– 32,735	7,901	9,631
0	0	0	0	0	4,509	663
– 22,666	– 7,634	0	0	– 30,300	58,772	12,415
– 54,211	**– 12,422**	**609**	**1**	**– 66,023**	**73,130**	**24,497**
– 184,833	**– 55,750**	**610**	**1**	**– 239,971**	**213,199**	**181,992**

Depreciation, amortization and impairment losses					Carrying amounts	
01/01/2019	Additions	Disposals	Currency differences	12/31/2019	12/31/2019	12/31/2018
– 23,872	– 3,553	0	0	– 27,425	9,185	8,631
– 48,355	– 16,507	0	0	– 64,862	67,852	59,363
– 14,835	– 4,853	0	0	– 19,688	73,583	49,778
– 15,657	– 2,977	0	– 13	– 18,647	6,875	5,003
– 102,719	**– 27,890**	**0**	**– 13**	**– 130,622**	**157,496**	**122,775**
– 1,956	– 438	0	0	– 2,394	1,788	1,024
– 29,151	– 5,107	280	0	– 29,151	9,631	8,597
0	0	0	0	0	663	223
– 22,666	– 5,101	0	0	– 22,666	12,415	11,050
– 54,211	**– 10,646**	**280**	**0**	**– 54,211**	**24,497**	**20,893**
– 184,833	**– 38,536**	**280**	**– 13**	**– 184,833**	**181,992**	**143,667**

NON-FINANCIAL OTHER ASSETS AND LIABILITIES

The incremental borrowing rate used to discount lease assets and liabilities is between 0.44 percent and 1.31 percent for the current leases. The leases have terms between one and ten years. Each lease is assessed individually.

Lease liabilities amounted to €61,069 thousand as of December 31, 2020 (previous year: €13,553 thousand).

21. Financial assets

FINANCIAL ASSETS AT FAIR VALUE

New Work SE acquired several funds in 2017 for the purpose of investing excess liquidity. The fair values of the instruments, all of which are allocated to Level 1, correspond to their nominal values, multiplied by the prices prevailing on December 31, 2020. All of the securities are available for sale. New Work SE recognizes changes in fair value in finance income and finance costs. The corresponding restatement in accordance with IAS 8 is described in note 3.

OTHER NON-FINANCIAL ASSETS

The other non-financial assets mainly include prepayments for software maintenance and licenses.

22. Current assets

RECEIVABLES FROM SERVICES

As was the case in the previous year, receivables arising from New Work services recognized as of December 31, 2020, were due within one year. The previous year's figure was restated (see note 3).

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

In € thousand	**12/31/2020**	12/31/2019 [1]
Total amount of receivables from services	20,318	27,672
Loss allowances on receivables	– 2,290	– 1,965
RECEIVABLES FROM SERVICES	**18,028**	**25,707**

[1] *restated*

Receivables from services are impaired as follows:

12/31/2020	Not yet due	Past due < 30 days	Past due < 90 days	Past due > 90 days	**Total**
Impairment ratio	1.2 %	6.3 %	26.0 %	43.3 %	11.3 %
Gross carrying amount (in € thousand)	6,491	9,271	2,000	2,556	20,318
Impairment (in € thousand)	– 78	– 587	– 519	– 1,106	– 2,290

12/31/2019	Not yet due	Past due < 30 days	Past due < 90 days	Past due > 90 days	Total
Impairment ratio	2.4 %	3.1 %	8.9 %	21.7 %	7.1 %
Gross carrying amount (in € thousand)	9,379	9,079	4,201	5,013	27,672
Impairment (in € thousand)	– 226	– 278	– 372	– 1,089	– 1,965

In financial year 2020, previously impaired receivables of €123 thousand (previous year: €155 thousand) were recognized in profit or loss.

CONTRACT ASSETS

The contract assets of €3,711 thousand (previous year: €4,115 thousand) only include directly attributable costs to obtain a contract. They include sales commission paid to employees and agencies. The following table shows the amount recognized and the annual straight-line amortization.

In € thousand	Amount recognized 2020	Amortization 2020	Amount recognized 2019	Amortization 2019
Personnel expenses	3,589	3,735	4,015	3,851
Marketing expenses	991	921	753	709
	4,580	**4,656**	**4,768**	**4,560**

OTHER ASSETS

The following table shows the composition of other assets:

In € thousand	12/31/2020	12/31/2019
Deferred cost	4,027	3,463
Deductible input tax	2,249	0
Receivables due from credit card companies	592	1,200
Receivables due from personnel	518	34
Advances paid	191	3,477
Other assets	843	5,252
	8,420	**13,426**

The decrease in other assets mainly results from the previous year's non-recurring, non-operating income of €3,750 thousand from the acquisition of the new New Work Harbour.

CASH

Cash and short-term deposits as of the reporting date consisted of bank balances of €65,122 thousand (previous year: €40,035 thousand) and cash-in-hand of €7 thousand (previous year: €9 thousand). Bank balances include a figure of €3,632 thousand (previous year: €4,813 thousand) relating to third-party cash held by XING Events.

23. Equity

SUBSCRIBED CAPITAL

The share capital amounted to €5,620,435 as of December 31, 2020 (previous year: €5,620,435) and is composed of 5,620,435 no-par value registered shares with a notional value of €1.00 each. All of the subscribed capital is fully paid in. All shares have the same rights.

TREASURY SHARES

As in the previous year, the Company did not hold any treasury shares as of the reporting date.

AUTHORIZED CAPITAL 2018

Pursuant to the resolution of the Annual General Meeting of May 16, 2018, the Management Board has been authorized, with the approval of the Supervisory Board, to increase the share capital of the Company by up to €2,810,217.00 until (and including) May 15, 2023, by way of issuing, on one or more occasions, new no-par-value registered shares in return for cash and/or non-cash contributions (Authorized Capital 2018). The number of shares must be increased in the same ratio as the share capital. A pre-emptive right must be granted to the shareholders. The new shares can also be taken up by one or more credit institutions specified by the Management Board on condition that they are offered to the shareholders (indirect pre-emptive right). The Management Board however is authorized, with the approval of the Supervisory Board, to disapply the pre-emptive right of shareholders:

1) in order to settle fractional amounts;

2) if the shares are issued in return for a non-cash contribution, in particular for the purpose of acquiring companies, parts of companies, other assets or in connection with business combinations, or for the purpose of acquiring receivables, rights or industrial property rights including copyrights and know-how;

3) if the shares of the Company are issued in return for a non-cash contribution and if the issue price of each share is not significantly lower than the market price of the shares which are already listed and which essentially carry the same rights at the time at which the issue price is definitively fixed. This authorization is applicable only under the condition that the new shares issued while disapplying pre-emptive rights in accordance with Sections 203(2) sentence 1 and (2) sentence 1 and 186(3) sentence 4 AktG may not exceed a total of 10 percent of the share capital, either at the time this authorization enters into force or – if this amount is lower – at the time this authorization is exercised. The following are to be counted against the aforementioned 10 percent limit: (i) new shares issued while disapplying pre-emptive rights during the term of this authorization up to its exercise on the basis of another authorization from authorized capital in accordance with Sections 203(2) sentence 1 and (2) sentence 1 and 186(3) sentence 4 AktG, (ii) those shares issued or to be issued to settle conversion or option rights or conversion or option obligations, or tender rights of the issuer arising from convertible and/or option bonds, profit-participation rights and/or income bonds (or a combination of these instruments) (“bonds”), insofar as the bonds are issued while disapplying pre-emptive rights during the term of this authorization up to its exercise in accordance with Sections 221(3) sentence 2 and 186(3) sentence 4 AktG, and (iii) treasury shares that were sold while disapplying pre-emptive rights during the term of this authorization up to its exercise in accordance with Sections 71(2) No. 8 sentence 5 half-sentence 2 and 186(3) sentence 4 AktG. Shares applied to the limit are no longer included in the limit if authorizations to issue new shares from authorized capital, to issue bonds, or to sell treasury shares are re-issued by the Annual General Meeting by applying Section 186(3) sentence 4 AktG accordingly after exercise of such authorizations that led to the shares being applied to the limit.

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

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

6) if the shares are offered to employees of the Company and/or employees and/or members of management of a company which is affiliated with the Company in accordance with Section 15 AktG or if the shares are transferred to such persons. The new shares can also be issued to a credit institution or equivalent company, which takes up the shares with the undertaking to forward them exclusively to the relevant beneficiaries. The number of shares issued in this way while disapplying pre-emptive rights must not exceed 2 percent of the share capital, either at the time at which this authorization becomes effective or at the time at which this authorization is exercised.

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

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

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

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

CONTINGENT CAPITAL 2018

The share capital of the Company has been increased by up to €1,124,087.00 out of contingent capital by issuing up to 1,124,087 new no-par-value registered shares (Contingent Capital 2020). The contingent capital increase is implemented only to the extent that the holders of convertible and/or option bonds issued by New Work SE and its Group companies until May 15, 2023 based on the authorization adopted by the Annual General Meeting on May 16, 2018, exercise their conversion or option rights or to the extent that conversion and option obligations arising from such bonds are fulfilled and no other forms of fulfillment are used. Provided that they are created before the start of the Annual General Meeting, the new shares participate in profit from the start of the preceding financial year. Otherwise, they will participate in profit from the start of the financial year in which they are created. The Management Board is authorized, with the approval of the Supervisory Board, to fix the further details for carrying out the contingent capital increase. As of December 31, 2020, no shares have been issued out of Contingent Capital 2019.

As of December 31, 2020, no valid stock options requiring share-based settlement had been issued to employees, senior executives and the Management Board – the same as in the previous year.

CAPITAL RESERVES

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

As of December 31, 2020, the capital reserves pursuant to HGB amounted to €31,434 thousand (previous year: €31,434 thousand), of which €48 thousand is freely available in accordance with Section 272 (2) no. 4 HGB and results from the capital reduction approved in 2011.

OTHER RESERVES

The other reserves include the effects attributable to currency translation of the financial statements of foreign subsidiaries.

OTHER

Under German stock corporation law, the dividend eligible for distribution to shareholders is based on the net retained profits which New Work SE disclosed in its annual financial statements prepared in accordance with the regulations of the German Commercial Code. Based on a resolution adopted by the Annual General Meeting on May 29, 2020, a dividend of €2.59 per share was paid for the 2019 financial year (2018: €2.14 per share, plus a special dividend of €3.56 per share). With 5,620,435 shares carrying dividend rights, this corresponds to a total payout in 2020 of €14,557 thousand (2019: €32,036 thousand including the special dividend).

Own cash and securities to manage temporary liquidity in the amount of €91,223 thousand as of December 31, 2020, and the Group's cash-generative business model enable the Company to pay dividends on a regular basis without changing its business strategy, which is aimed at achieving growth. Subject to the approval of the Supervisory Board, we will therefore propose to the next Annual General Meeting to be held on May 19, 2021 that the shareholders be paid a stable regular dividend of €2.59 per share (previous year: €2.59). This corresponds to a payout of €14,557 thousand. The remaining net retained profits of €22,723 thousand is to be carried forward to new account.

24. Non-current liabilities/provisions

CONTRACT LIABILITIES

The non-current contract liabilities in the amount of €64 thousand (previous year: €489 thousand) include member subscriptions for future periods in our B2C business and products in the B2B E-Recruiting segment with a remaining term of one to two years.

OTHER PROVISIONS

For assessing the amounts of the provisions, management focuses on the past experience for figures from similar transactions and takes account of all indications arising from events up to the point at which the consolidated financial statements are prepared. The other non-current provisions are broken down as follows:

In € thousand	01/01/2020	Use	Reversal	Unwinding of discounts	Addition	12/31/2020
Non-current provisions						
Asset retirement obligations	624	0	0	0	0	624
Other provisions	13	13	0	0	13	13
	637	**13**	**0**	**0**	**13**	**637**

LEASE LIABILITIES

The lease liabilities comprise only leases for office space. In the reporting year, non-current assets amounted to €54,583 thousand (previous year: €7,585 thousand), while current assets amounted to €6,485 thousand (previous year: €5,968 thousand).

OTHER LIABILITIES

Other non-current liabilities of €4,389 thousand (previous year: €4,379 thousand) mainly include obligations arising from employee remuneration.

25. Current liabilities/provisions

TRADE ACCOUNTS PAYABLE

As was the case in the previous year, all trade accounts payable recognized as of the reference date December 31, 2020 were due within one year (€10,830 thousand; previous year: €8,536 thousand). The trade accounts payable are not interest-bearing, and are generally due within 10 to 30 days.

New Work generates a significant share of revenues under a prepaid business model from online fixed-term products. Due to the contractual arrangements billed mostly on an annual basis, contract liabilities increase or decrease with growing revenues at the end of the year. In the reporting period, these decreased by €3,836 thousand to €92,034 thousand. They are amortized using the straight-line method over the term of the contract.

In the reporting period, €95,087 thousand in revenues were recognized that in the prior-year period were reported as contract liabilities.

OTHER PROVISIONS

For assessing the amounts of the provisions, management focuses on the past experience for figures from similar transactions and takes account of all indications arising from events up to the point at which the consolidated financial statements are prepared. The other current provisions are broken down as follows:

In € thousand	01/01/2020	Use	Reversal	Unwinding of discounts	Addition	**12/31/2020**
Current provisions						
Financial statements preparation and auditing costs	559	250	1	0	361	669
Personnel expenses	437	431	6	0	1,977	1,976
Legal and consulting costs	194	76	7	0	108	219
Other contributions	203	114	3	0	250	336
	1,393	871	17	0	2,696	3,201

FINANCIAL LIABILITIES AT FAIR VALUE

Financial liabilities of €2,100 thousand (previous year: €622 thousand) relate to contingent purchase price payments arising from business combinations. As was the case in the previous year, there is no collateral for liabilities in the form of liens or similar rights.

INCOME TAX LIABILITIES

Corporation tax liabilities and trade tax liabilities of €8,278 thousand (previous year: €5,878 thousand) were reported as of December 31, 2020.

OTHER LIABILITIES

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

In € thousand	**12/31/2020**	12/31/2019 [1]
Liabilities from personnel expenses	10,579	10,950
Liabilities of XING Events due to event organizers	3,630	5,897
Liabilities for Supervisory Board remuneration	320	320
VAT liabilities	225	604
Miscellaneous liabilities	7,743	11,399
OTHER CURRENT LIABILITIES	**22,497**	**29,170**

[1] *restated*

The liabilities and provisions for personnel expenses mainly comprise liabilities arising from bonuses and incentive payments, as well as vacation allowances, provisions for termination benefits and other personnel obligations as well as social security liabilities. Other liabilities mainly include liabilities for other third-party services and creditors with debit balances.

(E) Other disclosures

ADDITIONAL INFORMATION ON THE CONSOLIDATED STATEMENT OF CASH FLOWS

As of December 31, 2020, funds consist exclusively liquid funds of €65,129 thousand (previous year: €40,044 thousand), and comprise own funds of €61,497 thousand (previous year: €35,231 thousand) and third-party cash of €3,632 thousand (prior year: €4,813 thousand). Third-party funds comprise cash in connection with obligations from the Events segment. Funds consist mainly of bank balances.

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

Finance costs include interest expense of €301 thousand (previous year: €113 thousand) from lease payments and are recognized in cash flow from operating activities. The amount paid for leases is recognized in cash flows from financing activities and amounts to €5,991 thousand (previous year: €5,283 thousand).

The non-cash increases relate to the addition of lease liabilities from leases for office space.

CONTINGENT LIABILITIES AND FINANCIAL OBLIGATIONS

As was the case last year, there were no contingent liabilities, e.g. arising from guarantees, as of the reporting date. There is no significant purchase order commitment for intangible assets or property, plant and equipment; this is also applicable for long-term obligations to purchase assets.

The determination as to whether an agreement includes a lease is based on the financial content of the agreement at the time at which this agreement is concluded, and involves an assessment as to whether fulfillment of the contractual agreement depends on the use of a certain asset or certain assets, and whether the agreement confers a right to use the asset.

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

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

In € thousand	Up to 1 year	1 – 2 years	2 – 5 years	More than 5 years	Total contract payments	Thereof leases not yet commenced	Discount	Carrying amount of liabilities
Contractual payment obligations from leases, 12/31/2020	8,273	9,583	21,518	36,633	76,007	1,271	– 13,667	61,069
Contractual payment obligations from leases, 12/31/2019	6,148	6,968	20,762	39,969	73,847	60,107	– 187	13,553

PRINCIPLES OF RISK MANAGEMENT

The Management Board of the Company is responsible for the development and supervision of the Group risk management system. The Management Board has tasked the Legal department with the monitoring and development of the Group's risk management policies. The Legal department regularly reports to the Management Board on its activities. The Group's risk management policies have been developed in order to identify and analyze the risks for the Group with the aim of introducing appropriate risk limits and controls and monitoring the development of risks and compliance with limits. The risk management policies and the risk management system are regularly reviewed to enable the Group to reflect any changes in market conditions and the Group's activities. The existing training and management standards as well as the related processes are intended to safeguard an effective control environment in which all of the Group's employees understand their respective tasks and responsibilities.

The Audit Committee monitors, on the one hand, the Management Board's compliance with the Group risk management policies and processes and, on the other, the effectiveness of the risk management system in terms of the risks which the Group is exposed to. Moreover, there are no material risk concentrations in respect of the risks outlined below.

CAPITAL RISK MANAGEMENT AND NET DEBT

The Group manages its capital with the aim of ensuring that all companies in the Group are able to operate on the basis of the going concern principle while also optimizing income, where applicable also by using debt. Own cash and securities to manage temporary excess liquidity in the amount of €91,223 thousand as of December 31, 2020, and the Group's cash-generative business model enable the Company to pay dividends on a regular basis without changing its business strategy, which is aimed at achieving growth.

New Work's liabilities also include contract liabilities that, due to the business model, do not lead directly to an outflow of cash. New Work SE has no significant borrowings and therefore does not require external capital. The financial liabilities exclusively stem from contingent purchase price obligations.

CLASSES OF FINANCIAL INSTRUMENTS

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

In € thousand	Measurement category [1]	12/31/2020	12/31/2019 [2]
Non-current financial assets at amortized cost	Amortized cost	2,051	680
Non-current financial assets at fair value	FAFVtPL	29,726	29,585
Current receivables from services	Amortized cost	18,028	25,707
Current other assets	Amortized cost	8,420	13,426
Cash	Amortized cost	65,129	40,044
Non-current financial liabilities at fair value	FLFVtPL	0	11,465
Current trade accounts payable	Amortized cost	10,830	8,536
Current financial liabilities at fair value	FLFVtPL	2,100	622
Current other liabilities	Amortized cost	8,278	5,878

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

2 *restated*

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

The financial liabilities at fair value result from earn-out obligations in connection with acquisitions, for which changes in value are reported in the financial result. As of December 31, 2020, the liability arising from the acquisition of Prescreen GmbH amounted to €2,100 thousand (previous year: €4,255 thousand). No earn-out liability has been recognized for the other acquisitions as of December 31, 2020 (previous year: InterNations GmbH €862 thousand, Honeypot GmbH €6,970 thousand).

All of the earn-out obligations are classified as Level 3 financial instruments. Here, the discounted present value is estimated based on the estimated cash outflow forecast by management in its business plan. This includes in particular estimates regarding revenue growth and EBITDA. Of the earn-out obligations, €9,841 thousand (previous year: €5,071 thousand) were reversed through finance income (InterNations GmbH: €207 thousand; Prescreen €2,327 thousand; Honeypot: €7,307 thousand). Changes from the unwinding of discounts total €528 thousand (previous year: €1,268 thousand).

For all financial assets and liabilities, the fair values, to the extent that they can be determined, correspond to the carrying amounts. As was the case in the previous year, no financial assets were used as collateral for liabilities of the Group in the financial year.

EXCHANGE RATE AND INTEREST RATE MANAGEMENT

The Group was exposed to the volatility of the Swiss franc and the US dollar in the reporting period. Income from exchange rate effects amounted to €311 thousand (previous year: €490 thousand). Expenses from exchange rate effects had an offsetting effect of €689 thousand (previous year: €448 thousand). Revenues are generated mainly in euros. With the exception of contingent purchase price obligations, there are no interest-bearing liabilities.

Bank deposits are held with various financial institutions. An exempt amount is usually promised and this is mostly consumed in cash management. Deposits over and above this amount are held in safe custody at a negative interest rate of 0.5% to 1.5% p.a. The Group is exposed to market risks (currency, interest rate or other price risks). The financial assets at fair value are determined by numerous factors. As obtaining information and performing the sensitivity analysis would require a disproportionately high level of effort, the Group does not perform in-depth sensitivity analyses with regard to possible market risks.

With regard to consolidated earnings before tax, a change in interest rates will primarily have an impact on cash. If interest rates had increased by 100 basis points during the reporting period, interest income would have changed by €780 thousand (previous year: €737 thousand) on the basis of an average investment volume of €78,020 thousand (previous year: €73,674 thousand).

CREDIT AND FAIR VALUE RISK MANAGEMENT

Credit risk is defined as the risk of a loss to the Group which is incurred if a contracting party fails to meet its contractual obligations. The Group defines fair value risk as the risk of changes in the value of financial assets.

Material financial assets only existed as of the reporting date in the form of subscription claims against users of the XING platform (receivables from services from members in Network/Premium or companies in E-Recruiting) as well as bank balances (cash and short-term deposits).The Group uses the simplified approach under IFRS 9 to measure expected credit losses. Therefore, the lifetime expected credit losses are used for all trade accounts receivable and contract assets.

Impairment losses on financial assets and contract assets of €3,700 thousand (previous year: €2,212 thousand) were recognized in profit or loss.

With regard to the receivables, the risk is reduced by the fact that most of the receivables consist of a large number of relatively minor amounts, of less than €10 thousand in each case. As of the reporting date, the remaining term of all these receivables was less than one year. The maximum counterparty credit risk of €18,028 thousand is equal to the carrying amount of the receivables (previous year: €25,707 thousand).

In the case of bank balances, reputable commercial banks rated AAA to A3 are used for investment and payments. The remaining term of the bank balances is less than three months.

The Group believes that current counterparty credit and fair value risks are low. As was the case last year, there were no defaults in relation to cash and short-term deposits.

ASSESSMENT OF THE EXPECTED CREDIT LOSSES FOR CORPORATE CUSTOMERS

The Group applies proven default estimates and allocates each risk to a default risk classification on the basis of data which has been found to predict the applicable loss risk. This data includes, but is not limited to, external ratings, audited annual financial statements, management calculations and cash flow forecasts as well as available press information relating to customers.

Default risks have been segmented within each default risk classification on the basis of the relevant geographical location and sector. For each segment, a credit default rate is calculated for the expected credit loss.

LIQUIDITY RISK MANAGEMENT

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

As a result of the current bank balances and securities available to manage temporary excess liquidity, there are no major liquidity risks. No credit lines with banks exist as of the reporting date.

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

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

The other liabilities for the current financial year are determined on the basis of the fair value for the phantom stocks granted in that year based on a target achievement level of 84.30 (previous year: 98.98) percent. Overall, personnel expenses of €1,288 thousand (previous year: €1,311 thousand) for cash-settled share-based payment were recognized in the income statement for the 2020 financial year. Provisions of €5,225 thousand (previous year: €4,778 thousand) were recognized as of December 31, 2020 for entitlements arising from the long-term incentive programs, taking into account the share price performance.

The following table shows an overview of shadow shares granted under the plan:

	Average exercise price per shadow share in 2020 in €	Number of shadow shares in 2020	Average exercise price per shadow share in 2019 in €	Number of shadow shares in 2019
As of January 1	290.12	16,745	280.39	15,402
Granted in the financial year	244.24	5,370	287.26	4,538
Exercised in the financial year	244.24	2,692	312.28	3,198
As of December 31	280.00	19,423	290.12	16,745

No shadow shares expired in the periods presented. Shadow shares outstanding at year-end have the following expected expiry dates and exercise prices:

Grant date	Expiry date	Exercise price in €	Shadow shares, December 31, 2020	Shadow shares, December 31, 2019
2016	2020	291.88	0	2,692
2017	2021	291.46	4,614	4,614
2018	2022	290.55	4,901	4,901
2019	2023	287.26	4,538	4,538
2020	2024	244.24	5,370	0
Average remaining contractual term of the shadow shares outstanding at the end of the reporting period			2.05	2.17

RELATIONS WITH RELATED PARTIES

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

The Management Board and the Supervisory Board received total remuneration of €4,694 thousand and €320 thousand (previous year: €3,906 thousand and €320 thousand) for their work in the financial year ended. Of this amount, benefits payable in the short term (excluding termination benefits) amounted to €2,506 thousand (previous year: €2,595 thousand), while benefits payable in the long term totaled €1,288 thousand (previous year: €1,311 thousand). An amount of €900 thousand was recognized for termination benefits for members of the Executive Board (excluding indemnities). To reflect the change in value in claims to date to cash-settled share-based payment, an amount of €29 thousand was recognized in personnel expenses in the financial year (previous year: €–28 thousand). Receivables due from Mr. Chu amounted to €21 thousand in the previous year. Further information is included in the remuneration report, which is an integral part of the Group management report.

Since December 18, 2012, Burda Digital SE, Munich (a subsidiary of Hubert Burda Media Holding Kommanditgesellschaft, Offenburg; formerly Burda Digital GmbH) has held more than 50 percent of the share capital of New Work SE. New Work SE is accordingly a dependent company in accordance with Section 312 (2) Clause 1 in conjunction with Section 17 (2) AktG. Because a control agreement does not exist between New Work SE and Hubert Burda Media Holding Kommanditgesellschaft, Offenburg, the Management Board of New Work SE prepares a report regarding relations with affiliated companies in accordance with Section 312 (2) Clause 1 AktG. In the 2020 financial year, New Work SE or the companies controlled by it and Hubert Burda Media Holding Kommanditgesellschaft, Offenburg, or its affiliated companies as in the previous year purchased products and services from each other subject to arm's length conditions.

The shareholder Burda Digital SE, Munich, received €7,433 thousand (previous year: €16,021 thousand) in dividend payments. Other transactions with Burda Digital SE totaled €6 thousand (previous year: €1 thousand).

Services in the amount of €623 thousand (previous year: €2,514 thousand) were provided to affiliated companies of Burda Media Holding Kommanditgesellschaft, Offenburg, Germany. Services purchased from affiliated companies totaled €1,189 thousand (previous year: €2,479 thousand). The receivables from services show net amounts of €81 thousand (previous year: €1,999 thousand) due from affiliated companies, and the trade accounts payable show net amounts of €37 thousand (previous year: €287 thousand) due to affiliated companies.

Expenses incurred with other related parties in the reporting years amounted to €6 thousand (previous year: €18 thousand).

NUMBER OF EMPLOYEES

New Work employed an average of 1,965 persons (previous year: 1,797) as well as five members of the Management Board (previous year: five) during financial year 2020. As of December 31, 2020, a total of 1,919 persons (previous year: 1,923) as well as five Management Board members (previous year: five) were employed by the Group.

NOTIFICATIONS RECEIVED IN ACCORDANCE WITH SECTION 33 WPHG

With regard to the notification obligation in accordance with Section 33 WpHG, please refer to the comments in the notes to the annual financial statements of New Work SE.

MEMBERS OF THE SUPERVISORY BOARD

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

Martin Weiss
Managing Director ("member of the Management Board") of Hubert Burda Media Holding Geschäftsführung SE, Offenburg, Germany (since May 29, 2020)

Further Supervisory Board posts/memberships in control bodies:

- Member of the Supervisory Board of Vinted Ltd, London, United Kingdom
- Chairman of the Board, Immediate Media Co. Ltd., London, United Kingdom

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

Further Supervisory Board posts/memberships in control bodies:

- Member of the Advisory Board of Cyberport GmbH, Dresden, Germany
- Member of the Supervisory Board of ino24 AG, Pfleidelsheim, Germany (since July 8, 2020)

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

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

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

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

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

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

Anette Weber
Group CFO, Bucherer AG, Lucerne, Switzerland

Further Supervisory Board posts/memberships in control bodies:
- Non-Executive Board Member, GN Store Nord, Copenhagen, Denmark (since March 11, 2020)

Stefan Winners
Managing Director Two Wins GmbH, Munich, Germany (until May 29, 2020)

Further Supervisory Board posts/memberships in control bodies:
- Chairman of the Supervisory Board of HolidayCheck Group AG Munich, Germany (until April 15, 2020)
- Member of the Supervisory Board and the Advisory Board of Giesecke & Devrient GmbH, Munich, Germany
- Member of the Board of Directors, Cyndx Holdco, Inc., Delaware, USA

MEMBERS OF THE MANAGEMENT BOARD
In the 2020 financial year, the following persons were appointed to the Management Board:

Petra von Strombeck
CEO (since May 29, 2020), Hamburg, Germany

Supervisory Board posts/memberships in control bodies: none

Dr. Patrick Alberts
CPO, Hamburg, Germany

Supervisory Board posts/memberships in control bodies: none

Ingo Chu
CFO, Hamburg, Germany

Supervisory Board posts/memberships in control bodies: none

Frank Hassler
CSO (since November 1, 2020), Kressborn, Germany

Supervisory Board posts/ memberships in control bodies:
- Member of the Advisory Board of Uniconta Deutschland GmbH, Hamburg, Germany

Jens Pape
CTO, Hamburg, Germany

Supervisory Board posts/memberships in control bodies: none

Dr. Thomas Vollmoeller
CEO (until May 29, 2020), Hamburg, Germany

Supervisory Board posts/memberships in control bodies:
- Member of the Supervisory Board of Ravensburger AG, Ravensburg, Germany
- Member of the Administrative Board of Conrad Electronic SE, Hirschau, Germany
- Chairman of the Supervisory Board of eDreams ODIGEO S.A., Luxembourg (since January 1, 2020)

Alastair Bruce
CSO (until April 20, 2020), Hamburg, Germany

Supervisory Board posts/memberships in control bodies:
- Member of the Advisory Board of Melitta Unternehmensgruppe Bentz KG, Minden, Germany
- Member of the Board of Directors of EHI Retail Institute GmbH, Cologne, Germany

FEES AND SERVICES OF PRICEWATERHOUSECOOPERS GMBH AND AFFILIATED COMPANIES

In financial year 2020, costs of €265 thousand were recognized for auditing services (of which €41 thousand is attributable to affiliated companies of the PwC group). Other assurance services (Management Board remuneration) used in the previous year totaled €5 thousand. No tax consulting or other services were used.

DIRECTORS' DEALINGS

In accordance with Article 19 of the Market Abuse Regulation (MAR), members of the Management Board and Supervisory Board are subject to a legal requirement for disclosing the acquisition or disposal of shares of New Work SE or related financial instruments if the value of the transactions carried out within a calendar year by the member and the member's related parties is equal to or exceeds the figure of €5,000. The transactions reported to New Work SE had been properly disclosed, and can be downloaded from the Company's web site (https://www.new-work.se/en/investor-relations/new-work-se-share/).

STATEMENT CONCERNING THE CORPORATE GOVERNANCE CODE

In March 2021, the Management Board and the Supervisory Board of New Work SE published the statement specified in accordance with Section 161 AktG and made it available by publishing it on the Company's web site (https://www.new-work.se/en/investor-relations/corporate-governance/).

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

No further reportable events of significance for New Work SE occurred after the reporting period.

Responsibility statement

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

Hamburg, March 25, 2021

The Management Board

Petra von Strombeck

Dr. Patrick Alberts

Ingo Chu

Frank Hassler

Jens Pape

The auditor's report reproduced below also includes an "Assurance Report in Accordance with § 317 Abs. 3b HGB on the Electronic Reproduction of the Financial Statements and the Management Report Prepared for Publication Purposes" ("ESEF report"). The subject matter of the audit on which the ESEF report is based (ESEF documents to be audited) is not attached. The audited ESEF documents can be inspected in or retrieved from the Federal Gazette.

Independent auditors' report

To New Work SE, Hamburg

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

AUDIT OPINIONS

We have audited the consolidated financial statements of New Work SE, Hamburg, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from January 1 to December 31, 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of New Work SE for the financial year from January 1 to December 31, 2020. In accordance with the German legal requirements, we have not audited the content of those parts of the group management report listed in the "Other Information" section of our auditor's report.

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

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to § [Article] 315e Abs. [paragraph] 1 HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at December 31, 2020, and of its financial performance for the financial year from January 1 to December 31, 2020, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the content of those parts of the group management report listed in the "Other Information" section of our auditor's report.

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

BASIS FOR THE AUDIT OPINIONS

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

KEY AUDIT MATTERS IN THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from January 1 to December 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

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

➡ 1. Recoverability of goodwill
➡ 2. Allocation of revenue

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

1. Matter and issue
2. Audit approach and findings
3. Reference to further information

Hereinafter we present the key audit matters:

➡ 1. Recoverability of goodwill

1. In the Company's consolidated financial statements goodwill amounting to €56.1 million (16.6% of total assets) is reported under the "Intangible assets" balance sheet line item.

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

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

The present value of the future cash flows from the respective group of cash-generating units normally serves as the basis of valuation. The present values are calculated using discounted cash flow models. For this purpose, the adopted medium-term business plan of the Group forms the starting point for the future projections based on assumptions about long-term rates of growth. Expectations relating to future market developments and assumptions about the development of macroeconomics factors are also taken into account. The discount rate used is the weighted average cost of capital for the relevant group of cash-generating units. As a result of the impairment test, no further impairment loss was identified in addition to the impairment loss of €17.4 million recognized for the goodwill of Honeypot.

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

2. As part of our audit, we assessed the methodology employed for the purposes of performing the impairment test, among other things. After matching the future cash inflows used for the calculation against the adopted medium-term business plan of the Group, we assessed the appropriateness of the calculation, in particular by coordinating it with general and sector-specific market expectations. We also assessed the appropriate consideration of the cost of corporate functions. In the knowledge that even relatively small changes in the discount rate applied can have a material impact on the value of the entity calculated using this method, we focused our testing in particular on the parameters used to determine the discount rate applied, and evaluated the calculation method. We assessed the sensitivity analyses performed by the Company, in order to reflect the uncertainty inherent in the projections. Taking into account the information available, we determined that the carrying amounts of the cash-generating units, including the goodwill, after recognizing the impairment of the goodwill of Honeypot were adequately covered by the discount future cash flows.

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

3. The Company's disclosures on goodwill are contained in note 18 of the notes to the consolidated financial statements.

➡ 2. Allocation of revenue

1. In the Company's consolidated financial statements revenue amounting to €276.6 million is reported in the consolidated statement of comprehensive income. Revenue form products involving prepayments form customer, such as Premium and Pro Jobs memberships, Employer Branding Profiles and XING Talent Manager, is recognized as of the date on which it is generated, taking into account the pro-rata duration of the respective contract as at the balance sheet date. Prepayments received for periods after the balance sheet date are recognized in the liabilities side of the balance sheet under the line item "contract liabilities".

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

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

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

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

OTHER INFORMATION

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

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

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

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

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

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

RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS AND THE SUPERVISORY BOARD FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE GROUP MANAGEMENT REPORT

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

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE GROUP MANAGEMENT REPORT

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to §315e Abs. 1 HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

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

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

Other legal and regulatory requirements

ASSURANCE REPORT IN ACCORDANCE WITH §317 ABS. 3B HGB ON THE ELECTRONIC REPRODUCTION OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE GROUP MANAGEMENT REPORT PREPARED FOR PUBLICATION PURPOSES

Conclusion

We have performed an assurance engagement in accordance with §317 Abs. 3b HGB to obtain reasonable assurance about whether the reproduction of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the attached electronic file NewWork_SE_KA_KLB_ESEF-2020-12-31.zip and prepared for publication purposes complies in all material respects with the requirements of §328 Abs. 1 HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance engagement only extends to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained within this reproduction nor to any other information contained in the above-mentioned electronic file.

In our opinion, the reproduction of the consolidated financial statements and the group management report contained in the above-mentioned attached electronic file and prepared for publication purposes complies in all material respects with the requirements of §328 Abs. 1 HGB for the electronic reporting format. We do not express any opinion on the information contained in this reproduction nor on any other information contained in the above-mentioned electronic file beyond this reasonable assurance conclusion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the financial year from January 1 to December 31, 2020 contained in the "Report on the Audit of the Consolidated Financial Statements and on the Group Management Report" above.

Basis for the reasonable assurance conclusion

We conducted our assurance engagement on the reproduction of the consolidated financial statements and the group management report contained in the above-mentioned attached electronic file in accordance with §317 Abs. 3b HGB and the Exposure Draft of IDW Assurance Standard: Assurance in Accordance with §317 Abs. 3b HGB on the Electronic Reproduction of Financial Statements and Management Reports Prepared for Publication Purposes (ED IDW AsS 410) and the International Standard on Assurance Engagements 3000 (Revised). Accordingly, our responsibilities are further described below in the "Group Auditor's Responsibilities for the Assurance Engagement on the ESEF Documents" section. Our audit firm has applied the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QS 1).

Responsibilities of the executive directors and the supervisory board for the ESEF documents

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic reproduction of the consolidated financial statements and the group management report in accordance with §328 Abs. 1 Satz 4 Nr. 1 HGB and for the tagging of the consolidated financial statements in accordance with §328 Abs. 1 Satz 4 Nr. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of §328 Abs. 1 HGB for the electronic reporting format, whether due to fraud or error.

The executive directors of the Company are also responsible for the submission of the ESEF documents together with the auditor's report and the attached audited consolidated financial statements and audited group management report as well as other documents to be published to the operator of the German Federal Gazette [Bundesanzeiger].

The supervisory board is responsible for overseeing the preparation of the ESEF documents as part of the financial reporting process.

Group auditor's responsibilities for the assurance engagement on the ESEF documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of §328 Abs. 1 HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material non-compliance with the requirements of §328 Abs. 1 HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance conclusion.
- Obtain an understanding of internal control relevant to the assurance engagement on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance conclusion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815 in the version applicable as at the balance sheet date on the technical specification for this electronic file.
- Evaluate whether the ESEF documents enables a XHTML reproduction with content equivalent to the audited consolidated financial statements and to the audited group management report.
- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

FURTHER INFORMATION PURSUANT TO ARTICLE 10 OF THE EU AUDIT REGULATION

We were elected as group auditor by the annual general meeting on May 29, 2020. We were engaged by the supervisory board on June 3, 2020. We have been the group auditor of the New Work SE, Hamburg, without interruption since the financial year 2013.

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

German public auditor responsible for the engagement

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

Hamburg, March 25, 2021

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

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

Financial calendar

Publication annual financial report 2020	March 25, 2021
Capital Markets Day	March 31, 2021
Publication quarterly financial report Q1	May 6, 2021
Annual General Meeting	May 19, 2021
Publication half-yearly financial report	August 5, 2021
Publication quarterly financial report Q3	November 4, 2021

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Rounding differences may occur

This Annual Report is available in both German and English.

In the event of diversity in interpretation, the German version shall prevail. Both versions and further press information are available for download at https://www.new-work.se/en/investor-relations/reports.

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