

XING<sup>X</sup>

ANNUAL  
REPORT  
2015



# XING AG

## Key figures

	Unit	2015	2014	2013	2012	2011
Revenues <sup>1)</sup>	€ million	122.9	101.4	84.8	73.3	66.2
Network / Premium segment	€ million	73.0	61.3	54.7	51.6	49.3
E-Recruiting segment	€ million	41.4	32.9	23.7	16.7	13.3
Events segment	€ million	6.2 <sup>9)</sup>	5.1	4.9	3.9	2.5
EBITDA reported	€ million	36.6	29.2	22.8	20.1	22.2
EBITDA margin reported	in %	30	29	27	27	34
Adjusted EBITDA	€ million	36.6	31.6 <sup>6)</sup>	24.3 <sup>5)</sup>	22.0 <sup>4)</sup>	22.2
Adjusted EBITDA margin	in %	30	31 <sup>6)</sup>	29 <sup>5)</sup>	30 <sup>4)</sup>	34
Consolidated net profit / loss reported	€ million	17.6	6.2	9.1	7.7	-4.7
Adjusted consolidated net profit / loss	€ million	17.6	15.7 <sup>7)</sup>	10.5 <sup>5)</sup>	9.2 <sup>4)</sup>	9.4 <sup>2)</sup>
Earnings per share (diluted) reported	in €	3.15	1.10	1.65	1.43	neg
Adjusted earnings per share (diluted)	in €	3.15	2.80 <sup>7)</sup>	1.90 <sup>5)</sup>	1.71 <sup>4)</sup>	1.73 <sup>2)</sup>
Regular dividend per share	in €	1.03	0.92	0.62	0.56	0.56
Cash flow from operations reported	€ million	35.8	34.2	23.8	18.9	13.9
Cash flow from operations adjusted	€ million	39.8 <sup>10)</sup>	34.2	23.8	18.9	18.7 <sup>3)</sup>
Equity	€ million	60.5	43.4	62.0	51.8	42.6
XING users Germany, Austria, Switzerland (D-A-CH), total	million	10.13	8.33	6.93	6.09	5.28
thereof platform members (D-A-CH)	million	9.60	8.01	6.93	6.09	5.28
thereof subscribers (D-A-CH)	thousand	881	835	807	783	758
B2B customers						
in the E-Recruiting segment	thousand	17,930	17,197	16,031	15,731	n/a
in the Events segment	thousand	1,879	2,196	2,246	1,874	n/a
Employees		792	649	571	513	456

1) incl. other operating income

2) Adjusted for the one-time write down of the market entry costs in Spain and Turkey in the amount of €14.4 million.

3) Adjusted for extraordinary items and prior-period cash inflows and outflows (€+4.8 million) for the payment of taxes from previous years in 2011 (€-3.5 million) arising from the renegotiation of contracts with credit card acquirers and due to an increase in liabilities for income tax in 2010 (€-3.3 million).

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

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

6) Adjusted for €2.4 million in non-operating expenses arising from the earn-out obligation of kununu GmbH.

7) Adjusted for €2.4 million in non-operating expenses arising from the earn-out obligation of kununu GmbH and the €7.1 million impairment of XING Events.

8) Proposal to the Annual General Meeting (06/02/2016)

9) incl. intercompany revenues

10) Due to changes in the IFRS guidance on accounting for purchase price obligations from earn-out arrangements arising from the acquisition of companies, earn-out payments must be recognized under cash flows from operating activities. At XING, this change affects the earn-out obligation for the kununu transaction. The effect is €-3.9 million. The cash flows from operating activities for the reporting period, excluding the non-operating kununu effect, thus amounted to €39.8 million.

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# **XING is the social network for business professionals.**

**XING is the social network for business professionals. Across all of its platforms, XING has more than 10 million users in its core markets of Germany, Austria and Switzerland.**

**XING is a platform where professionals from all kinds of different industries can meet up, find jobs, colleagues, new assignments, cooperation partners, experts, generate business ideas and find information about the latest trends in their industry. Members can meet and exchange views in around 74,000 specialist groups, while also getting together at XING events. The platform is operated by XING AG. The Company was established in 2003 in Hamburg, has been listed since 2006 and has been a TecDAX member since September 2011.**

**With kununu.com, the leading employer review platform in the German-speaking market, XING has further expanded its position as the market leader in social recruiting.**

**In early 2015, XING also acquired the [www.jobbörse.com](http://www.jobbörse.com) job crawler, thus adding the biggest job search engine in the German-speaking market to the XING Group.**

**Please visit [www.xing.com](http://www.xing.com) for further details.**

# 01. XING – Our success story

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## Member figures in D-A-CH



**9.6 million**  
XING members in D-A-CH

**8.1 million**  
XING members in Germany

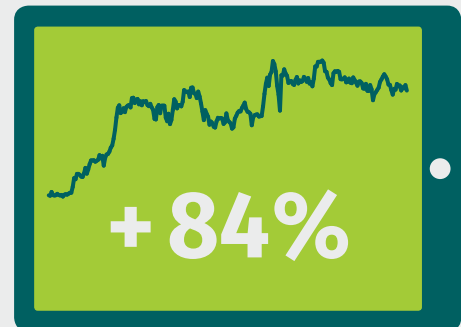
**0.8 million**  
XING members in Switzerland

**0.8 million**  
XING members in Austria

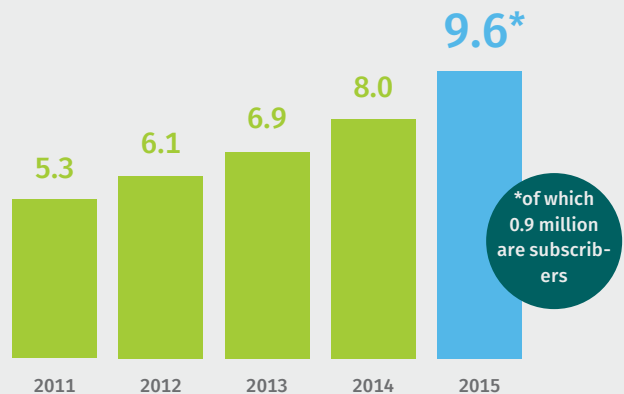
**0.6 million**  
Students on XING in D-A-CH

*Rounding differences possible*

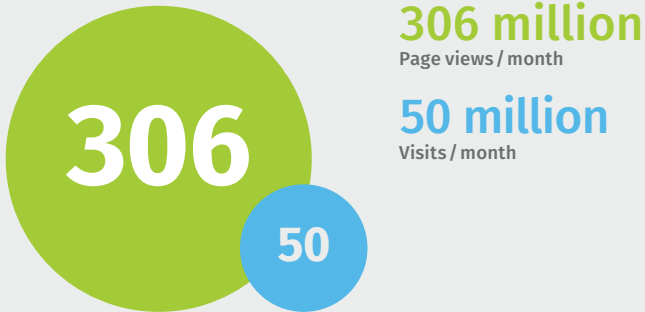
## Share price performance in 2015



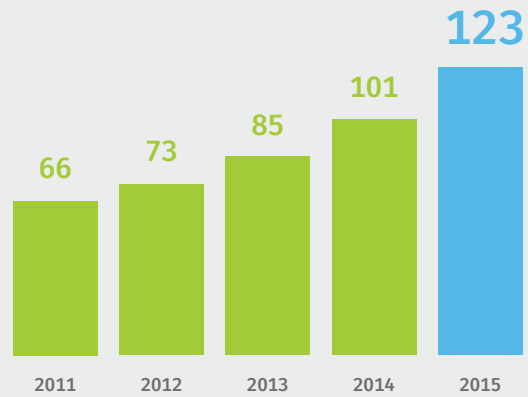
## Members in D-A-CH (in million)



### XING use in 2015 (Ø per month in million)



### Total revenues (in € million)



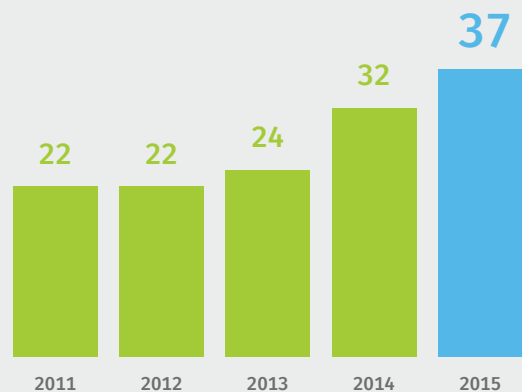
**We set ourselves some very ambitious goals for 2015, and we have achieved all of our key milestones. Very dynamic growth was recorded in both revenue and earnings.**

**We were once again able to significantly increase member growth. And our share price underlines our investors' satisfaction with the results that we delivered in 2015.**

### XING employees (number)



### EBITDA (adjusted) (in € million)





# Letter to our shareholders

## Ladies and gentlemen,

Last year was a very good year for XING. We recorded the highest level of member growth in the Company's history. Major gains to revenue were made across all of our business units. EBITDA and earnings rose significantly. We launched numerous product innovations and took our first steps in new market segments. In a nutshell, it's "all systems grow" at XING!

The year began with the acquisition of Jobbörse.com, the largest job search engine in the German-speaking market. This acquisition helped us launch one of last year's numerous product innovations on the market: the new XING Jobs portal. The portal offers its users around 1 million jobs, effectively meaning they do not need to search anywhere else. Our product is also fundamentally different to other job portals on the market: XING Jobs is systematically tailored to the needs of professionals – no matter how diverse these needs may be. People looking for new career options are catered to just as well as those searching for family-friendly employers or jobs that "mean something" – or who just want to bring their dog to the office. Since its launch, traffic on the new XING Jobs portal has more than doubled and XING has at a stroke now risen to become one of the leading players on the German job portal market.

Another major undertaking, representing our first foray into a new segment, was the expansion of the content we provide to users. As I reported to you at an earlier juncture, XING has offered its members a curated portfolio of information for a while now, in the form of a newsletter that is carefully tailored to the needs of over 25 sectors and which has a current monthly circulation of 2.6 million readers. With this newsletter alone we were already one of the largest distributors of career- and business-related news and information in the German-speaking market last year. In the second half of 2015, we then launched our own platform for journalistic content: XING Klartext. On XING Klartext, experts and personalities offer their frank and exclusive opinion on controversial topics from the world of careers and business. XING members can also take part in these debates. Quality is kept to journalistic standards by a seven-strong editorial team led by publisher Roland Tichy, former Editor-in-chief of Wirtschaftswoche, and Editor-in-chief Jennifer Lachman, formerly of Financial Times Deutschland. In the months following the launch, the articles on Klartext have generated over 1.2 million responses.

And we have naturally continued to systematically develop our traditional core business, which is reflected by the preliminary annual figures published in this report. As can be seen, all of our business units have contributed to the Company's growth. Once again, our primary source of income in 2015 was our paid membership business. Our work to further enhance the Premium membership product and the ProJob service paid off handsomely, with revenues in this business unit being lifted by 19 percent to €73.0 million (previous year: €61.3 million). Overall, XING acquired just under 46,000 new subscribers last year, bringing the total number of members who make use of XING's paid products to over 880,000 at the end of the year.

Our E-Recruiting business unit, whose services are designed to help our corporate customers resolve their skills shortages, was once again the biggest growth driver here. Revenues in this segment was €41.4 million (previous year: €32.9 million), 26 percent higher than in 2014.

One year ago, I used this letter to inform you about the strategic realignment of our Event business, which is our smallest business unit in terms of revenues. Our activities have also borne fruit in this area, with revenues climbing 22 percent last year to €6.2 million (previous year: €5.1 million).

I'm especially pleased to report that the number of new members we welcomed to XING in 2015 was the largest ever for a single year: a total of 1.6 million people registered a new account with us. At year-end 2015, XING had 9.6 million members in the D-A-CH core market. It's also gratifying to see that growth has continued in the current year: we now have just under 10 million members on our books. This strong membership growth has justified our positioning campaign that promoted our vision "For a better working life". Our goal is to offer support to professionals in the biggest upheaval in the labor market since the Industrial Revolution – and to help them exploit its opportunities. How? That's for our members to decide. Resumes are becoming more lively and job-seekers' needs more diverse. And that's a good thing, too. Not least because I believe that worker and work-place flexibility is essential for new ideas and – ultimately – innovation.

And we never tire of expressing our convictions on this topic in our communications. We do this not only with our TV spots, which utilize imagery based around new working models, but also with our New Work Sessions, on our New Work topic portal Spielraum and with our New Work Award – a prize we give to companies that are already putting innovative and future-oriented working models into practice. I'm also encouraged by the fact that our third New Work Award attracted over 140 candidates, compared to 40 applications from companies when it launched three years ago. These include small and medium-sized businesses but also many large companies. Increasing numbers of people want to work differently and enjoy life more – and increasing numbers of companies are offering ways to achieve these objectives. We are superbly well-placed for this megatrend, which is a strongly influential factor for XING's status as an indispensable part of working life for more and more people.

Dr. Thomas Vollmoeller,  
Chief Executive Officer of XING AG



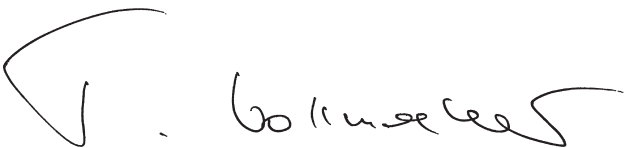
XING's positive development is also reflected in the key figures presented in this Annual Report: XING's total revenues rose last year to €123 million, representing a 21 percent increase on the previous year's figure (€101 million). EBITDA increased year-on-year, also accounting for the kununu earn-out liabilities, by 25 percent to €36.6 million, with profit jumping 186 percent to €17.6 million (previous year: €6.2 million). Last year, profits were depressed by an impairment charge.

The current year has also been very eventful to date. Alongside the systematic pursuit of the XING growth strategy in D-A-CH, our Austrian subsidiary kununu has also struck out along a new path, entering into a joint venture with the leading US job portal Monster with the aim of sounding out the opportunities for success with shared service provision in the USA. The aim is to bring increased employer transparency to the US labor market. For the US service, kununu's expertise in the fields of employer rating and employer branding will be enhanced by the market knowledge, marketing expertise and market penetration offered by Monster. The head office of the companies' joint venture is Boston. I will be reporting to you on progress in this market test.

All of this above gives me every confidence that we will achieve our goal of more than doubling our 2012 revenues in this year. We are committed to concentrating our efforts and strategy on increasing the benefits that our users derive from their XING membership. This is of fundamental importance if we wish to continue to increase our enterprise value. This is the goal, valued shareholders, with which we ensure that your commitment to our company continues to be worthwhile. Accordingly, the Executive Board has, in the course of preparing the 2015 annual financial statements, decided to recommend that the Supervisory Board approve a regular dividend payout of €1.03 per share for 2015. In addition, we also recommend the payment of an extra dividend of €1.50 per share to our shareholders. This therefore amounts to distributing around €14.2 million to our investors.

XING remains on course for continued success. Our positioning is excellent, our strategic initiatives are effective and we continue to enjoy huge potential for growth. Thank you for placing your trust in us! We hope you will continue to give us your support.

Hamburg, March 2016  
Kind regards,



Dr. Thomas Vollmoeller,  
Chief Executive Officer of XING AG



# The Executive Board



**DR. THOMAS VOLLMOELLER**  
**Chief Executive Officer since August 2012**

**2015 – present** Supervisory Board member, Ravensburger AG  
**2012 – present** Administrative Board member, Conrad Electronic SE  
**2008 – 2012** Chief Executive Officer, Valora AG  
**2003 – 2008** CFO and Non-Food division board member, Tchibo GmbH  
**1998 – 2003** Member of the Executive Board, Tchibo direct GmbH  
**1988 – 1997** Senior Engagement Manager, McKinsey & Company, Inc.



**INGO CHU**  
**Chief Financial Officer since July 2009**

**2001 – 2009** CFO – later also media penetration, marketing, logistics, RTL Shop GmbH – Bertelsmann  
**2000 – 2001** Director Business Development, Bertelsmann e-Commerce Group  
**1999 – 2000** Director International Business, ANDSOLD - Bertelsmann  
**1998 – 1999** Corporate development project manager, CLT-UFA (now the RTL Group) – Bertelsmann  
**1995 – 1997** Assistant to the Executive Board, UFA / CLT-UFA (now the RTL Group) – Bertelsmann



**JENS PAPE**  
**Chief Technical Officer since March 2011**

**2010 – 2011** Vice President Online Telefónica o2 Germany GmbH & Co. OHG  
**2007 – 2010** Director IT, Customer Side Development, CIO, Alice / Hansenet  
**2003 – 2007** CTO, AOL Deutschland GmbH & Co. KG



**TIMM RICHTER**  
**Chief Product Officer since March 2013**

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





# NEW WORK

Skills shortages, digitalization and changes in the values of the younger generation in particular are behind radical upheavals in the world of work. Long-established structures and strategies are being questioned, past convictions are wavering and new ways of thinking are needed. How can professionals benefit from the opportunities associated with this process of change? How can companies respond to these developments? Which concepts and ideas work well – and in which sectors?

One of our foremost thought leaders, Jeremy Rifkin offers some thought-provoking takes on the major economic, social and political topics of the future.

# New Work in practice

Changes in the way we work offer many new opportunities. But what are they, exactly? How can companies use modern working methods to become more innovative while simultaneously increasing employee satisfaction? How can the world of work become a better place for us all? XING is tackling these and many other questions in a number of formats under the heading of “New Work”.



Long-established working models are increasingly proving unsuited to handling the multifaceted changes affecting the way we work. Since 2014, XING has been using its New Work Award to recognize companies using innovative ideas to pioneer new ways of organizing work. The shortlist is created by a prestigious jury of leading personalities drawn from society, business and research.

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



New Work Sessions is an event series for tomorrow's world of work. Experts, practitioners and early adopters from business, research, politics, local government, society and the creative professions engage in open discourse, share case studies, discuss challenges and let themselves be inspired. Modeled on the BarCamp format, the open "unconferences" offer a blend of keynotes and best practice workshops, whose planning actively involves all of the participants.

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



The first New Work Day, held on March 13, 2015, had 850 participants. Leading experts from business, research, politics and society discussed the transformations in the way we work, with keynotes from Jeremy Rifkin and Sascha Lobo as well as other speakers. Panel discussions and best practice workshops were also used by other thought leaders and experts to illuminate the topic's many facets.



Covering both theory and practice in detail, the e-book published in early 2016 offers background reading on many areas challenged by "new work": leadership, time, culture, democracy and much, much more.

# For us, it's important that a company has set out on the journey ...

Thomas Sattelberger

On January 28, 2016, the New Work Award was presented for the third time. In this interview, jury chairman Thomas Sattelberger explains the ground covered by New Work over the last three years, the role played by the New Work Award and his personal journey ahead.

***Mr. Sattelberger, you are the patron of the New Work Award presented by XING's Ideas Lab. And the third New Work Award ceremony has just been held in Berlin. How has the topic of "new work" developed over the last three years?***

The concept of "new work" has really become part of public discourse over the last three years. While I don't wish to exaggerate, I think our prize has been very influential in this respect. It has set an entirely new tone. After all, the New Work Award isn't about pet programs, elitist funding or cultural top-down trickle-down. We focus on real change in the real world of work. Today and tomorrow. Another particular feature of the Award is that prize winners are selected on this scale by the public. That's pretty unique.

## ***So why do companies tackle the issue of "new work" in the first place?***

There's an increasing pressure to innovate. And it's simply the case that technological and social innovation go hand in hand. To put it bluntly: Germany's typically top-down structures aren't a great environment for innovation. You can't simply order it to happen. As concepts, "innovation" and "freedom" are inextricably intertwined. More and more companies are getting this. And freedom is a fundamental aspect of the "new work" concept and thus the New Work Award. There's also pressure from the talent market. Fresh talent in particular is responding to the fusty and musty traditional business with "Thanks, but no thanks." High potentials want a different work-life model. Companies need to adjust to these changes – and are increasingly doing so. Especially since the younger generation's needs are also applicable to older workers.



### ***But has so much really changed in the real world of work?***

I wouldn't call it a mass movement just yet, but it's certainly progressed beyond "bleeding edge". I'm increasingly hearing of companies starting to experiment with incubators, transformation labs or "new working spaces". And not just the big players, either – mid-sized firms are now collaborating with start-ups in order to learn about their "new work" experiences. Examples like these are starting to shape the corporate landscape.

### ***What lies in store for the New Work Award?***

We've expanded our already first-class jury line-up to include more experts who will be reflecting on the future of work. This will make short-listing even more meaningful. We have a very real chance of proving that the era of state-regulated working life is drawing to an end. And that the German economy is increasingly recognizing the necessity of innovation – and "new work" as a key enabler in this context. Ultimately, the aim is to increase diversity, quality of life and the human factor in the world of work while reinforcing aspects such as innovation, identification and an interest in the common good.

### ***Mr. Sattelberger, we thank you for your time.***



Thomas Sattelberger is a German senior executive and was Chief Human Resources Officer at Deutsche Telekom from 2007 to 2012. He was previously CHRO and Director of Labor Relations at Continental. Sattelberger has published several books and is a columnist for manager magazin.



# ONE STOP JOB

**Never search anywhere else again:  
a million vacancies on XING Jobs**



Timed to coincide with HRM Expo in Cologne (September 15 – 17, 2015), Europe’s biggest trade fair for human resources management, XING took the wraps off its biggest new launch in 2015. XING’s sales team used the 100 square meter stand to inform existing and prospective customers about the new XING Jobs portal, which went live with around 1 million job vacancies. Jobseekers will find XING Jobs offers them extensive access to relevant jobs on a single portal, meaning that they need never look elsewhere. The aim is to become one of the top 3 job portals in the German-speaking market.

*“There’s no faster way to find specialists and management staff.”*

Dimitri Knysch, Management Staff Recruitment,  
METRO Cash & Carry Deutschland GmbH

# *“XING Job Manager gives us immediate feedback on the effectiveness of our job advertisements.”*

Katrin Sünderhauf, Head of Talent Acquisition – Region East, Deutsche Bahn

## **The job-life balance: it's all about what jobseekers want**

Last year, XING had already used XING Jobs to revolutionize its business in the field of “passive sourcing”. In addition to the sheer number of jobs, professionals benefit from the special employer-friendly focus of XING Jobs – contrary to standard practice, the jobseeker sees not only the employment ad inserted by the company, which appears in a long list of results found using typical search criteria such as the industry, position and region, but also information that is highly relevant in the modern-day world of work and yet not available on traditional job portals. The integrated kununu score instantly informs users about the company's ability to meet their needs regarding the working atmosphere, management style or employee benefits, for example. Users can also specifically look for jobs inserted by employers that have family-friendly or even dog-friendly environments.

## **Open to everyone, everywhere: search for jobs without a XING membership – with the iPhone / Android app**

All of the 1 million jobs are free to browse for all users. This means the XING Jobs portal can also be accessed by people that do not have a XING membership. The XING Jobs app also lets users find the right job while out and about. Joining the app for iPhone owners published early in 2015, users of Android phones have also benefited from a purpose-built app for their operating system that was released in autumn. The XING Jobs app is open to all iPhone users. The app features a fresh, modern design that enables straightforward (and therefore efficient) navigation by app users. All job vacancies are also now optimized for viewing on the iPhone. Anyone can access the ads posted on the XING Jobs portal – regardless of whether they already have a XING account.

XING members do benefit from additional functionality, however, such as getting recommendations for jobs that match their personal profile or the option of saving interesting vacancies for later access on XING.com. Members can also use the “State interest” button to draw the employer's attention to their profile. The XING Jobs App is the first mobile application from XING AG that is targeted at jobseekers.

Thanks to integration with kununu, users gain access to much more information on potential employers than is offered by other job boards. Jobseekers can not only view the information, photos and videos provided by the company itself but can also see – directly under the ad – ratings from both current and former employees about the qualities of the company as an employer.

## **XING Job Manager: New job formats and comprehensive success monitoring for recruiters**

XING also exhibited its new job vacancy formats for corporate clients at HRM Expo. As one example, corporate videos can now be integrated for even more extensive employer branding. Employers also have the option of reediting vacancies that are uploaded automatically and free of charge by Jobbörse.com. These can then be enhanced to include additional functions from the set of new ad formats. The advantage here is that paid job ads enjoy greater visibility on the platform: they are promoted more strongly within lists of search results, for example, and are recommended as high-visibility adverts on XING Jobs.

The publication and management of job advertisements has become considerably easier and more efficient with the new “XING Job Manager” (beta), which gives recruiters an end-to-end overview of all published, draft, archived and deactivated job advertisements. For the first time, clients can also see in detail how successful the advertisements on XING are. Besides statistics on effectiveness, such as the number of clicks, recruiters additionally receive aggregated demographic data on the XING members who called up the advertisement.

No other professional online network offers recruiters the chance to reach so many potential candidates. Thanks to the increased number of job ads, XING Jobs is now a much higher-profile portal than before.

## **More jobs, more opportunities for users**

To further increase the chance that users will find the dream job that matches their personal and individual needs, XING started to integrate a selection of ads from Jobbörse.com from fall 2015 onwards. The largest job search engine in the German-speaking market has been a XING service from 2015. Jobbörse.com gives its users access to 2.5 million job advertisements. These ads are sourced and reprocessed from around 1.3 million corporate websites.

The sheer volume of jobs on offer means that XING can present its members with even more job recommendations that match their “haves” on their start pages. This effectively means members no longer need to search for jobs, but are shown suitable ads from the D-A-CH region as recommendations – without having to lift a finger.



# XING KLARTEXT

In 2015, XING launched a new journalistic format with “Klartext”, whereby experts and personalities offer their exclusive opinion on current and controversial topics from the world of careers and business. Discussion is actively encouraged: XING members can comment on the opinion pieces and can themselves become Klartext authors.

## Das Bestellerprinzip ist ein Gebot der Fairness

7.333 Reaktionen

Heiko Maas  
Bundesminister der Justiz und für  
Verbraucherschutz



” **Wir müssen das  
Bestellerprinzip als Ansporn  
sehen**

2.238 Reaktionen

Roland Kampmeyer  
Geschäftsführer, Kampmeyer Immobilien  
GmbH

” **Warum ich gegen das  
Bestellerprinzip klage**

5.944 Reaktionen

Bettina Schönhoff  
Maklerin, Bettina Schönhoff  
Immobilien





## Ich möchte nicht auf mein Geschlecht reduziert werden

36.004 Reaktionen

Lea-Sophie Cramer  
Gründerin und Geschäftsführerin,  
Amorelie



„Sie sind ja eine Frau?!“ – was ich als Gründerin erlebte

15.196 Reaktionen

Freya Oehle  
Gründerin, Spottster.com

„Frauen, holt euch Männer an Bord!“

1.689 Reaktionen

Dr. h.c. Michael Dur  
Unternehmensberater, Kanzlei Dur  
& Kollegen



„Der digitale Wandel fordert Arbeitnehmer und Chefs heraus“

3.932 Reaktionen

Andrea Nahles  
Bundesministerin für Arbeit und  
Soziales

„Diese fünf Faktoren bestimmen die Arbeitswelt von morgen“

6.031 Reaktionen

Reiner Hoffmann  
Vorsitzender, Deutscher  
Gewerkschaftsbund (DGB)



## In fünf Jahren werden alle Gehälter transparent sein

18.529 Reaktionen

Dr. Thomas Vollmoeller  
Vorstandschef, XING AG



## Ein paar Monate geht es auch ohne mich. Dachte ich...

46.486 Reaktionen

Thomas Bolte  
Interim Manager für PR und IR



„Männer erleben jetzt, was für Frauen Realität ist“

8.863 Reaktionen

Ursula Schön-Herrmann  
Personalentwicklerin, Deutsche  
Angestellten Akademie

„Für meine Chefs war Erziehung immer noch reine Frauensache“

6.963 Reaktionen

Thomas Westermair  
Consultant im  
IT-Qualitätsmanagement



# Espresso with Lachman & Tichy

Four questions for the publisher and Editor-in-chief of Klartext, XING's new journalistic format for opinion and analysis, and a new mechanism for media discourse.



**Jennifer Lachman, 34**

Born in the United Kingdom, Lachman is an economist and graduate of the Cologne School of Political and Business Journalism. She has previously worked as a team leader and editor at Financial Times Deutschland / Gruner+Jahr Wirtschaftsmedien, for NDR Info and as a Wall Street correspondent based in New York City.

**Roland Tichy, 60**

The publicist is both founder of and contributor to the "Tichys Insight" blog, writes a column for several magazines and is the President of the Ludwig Erhard Foundation. Tichy has held positions at leading German business magazines and was Editor-in-chief of WirtschaftsWoche from July 2007 to July 2014.



# 1

## XING IS KNOWN AS A BUSINESS-ORIENTED NETWORK – SO WHY THE DECISION TO OFFER YOUR OWN JOURNALISTIC CONTENT?

**Roland Tichy:** Journalism is now experiencing sweeping change and the role of the journalist as “gatekeeper” is on the wane. People now want to be part of the debate. In this context, social networks are helping shape the future of journalism as the new players in the media market. Both as distributors of traditional media products and also of their own, dialog-oriented media formats. Thanks to the success of our industry newsletter and news pages, we know that people take XING seriously as a news source. Indeed, we are now one of the leading disseminators of news for professionals in the German-speaking market. Starting our own journalistic format with Klartext was a logical development of our in-house news activities.

# 2

## HOW IS KLARTEXT DIFFERENT?

**Jennifer Lachman:** Klartext is a curated opinion format in which outspoken personalities can invite participation in a debate. While these may be prominent figures from the world of business, they can also be middle managers or people who can offer a personal perspective on the issue. Any XING member can also become an author: we analyze and summarize the many hundreds of comments we receive or select users with an interesting take on the subject to trigger a new debate with their own Klartext article. Our overarching goal is to offer exclusive news content that is truly newsworthy. That is one reason why we have hired journalists. The editorial board sets the topics – which focus on the worlds of business and careers – and chairs the debate.

*“The response was simply unbelievable.”*

Freya Oehle, founder, Spottster.com, on the debate  
“Why is starting a business still a man’s business?” on XING Klartext

# 3

## SO, BE HONEST: DOES THE FORMAT WORK?

**Jennifer Lachman:** We’re getting great feedback from our readers. But that’s not all: the Klartext articles that we publish on XING are now being increasingly cited by the “traditional” media – including manager magazin and the dpa. The sheer breadth of feedback we receive is also fascinating: some topics attract a huge audience and receive broad approval, while others have a much smaller number of readers but generate an especially heated debate. Essentially, we want to have day-to-day relevance for our members. And that’s working very well.

# 4

## WHAT’S IN THE PIPELINE?

**Roland Tichy:** We have plenty of ideas and are already exploring some new formats such as surveys, for example. Our Deutsche Bahn customer satisfaction survey has been an early success in this respect, for example. Nearly 1,800 people responded to our call for respondents: 700 comments offered constructive feedback and Deutsche Bahn expressed an interest in replying personally. Which it did – with a Klartext article from Bahn Chairman Rüdiger Grube.

# Report of the Supervisory Board

## Dear Shareholders,

We can look back on a very successful year, in which we have achieved strong growth in all of our segments. Total revenues grew by 21 percent to €123 million. EBIT rose to just under €37 million and at over €17 million, we also recorded the highest annual net profit in the Company's history.

Significant growth was also achieved once again last year in terms of membership numbers. A total of 1.6 million people registered a new XING membership account last year. Our investors were also very pleased with these developments. By rising 84 percent to close 2015 at €170.70, our share price outperformed every single one of the German market indexes.

These results are due to the hard work from a strong team now numbering nearly 800 individuals, who apply their considerable motivation and energies to the continued development of our company's business.

Thanks to their efforts during the year, we launched many products and services on the market to further optimize our portfolio and increase our appeal to members and new customers alike. In the process, XING has also moved into entirely new markets and segments, one development being the relaunch of XING Jobs with the aim of making vacancies in the German-speaking market available to our users from a single platform.

In the fall of last year, we also developed and launched a novel journalistic platform: XING Klartext. On Klartext, experts and personalities offer their exclusive opinion on controversial topics from the world of careers and business. XING members can also take part in these debates. This is how we provide our members with guidance and support in the dramatically changing world of work. To ensure our XING members can derive the maximum benefit from the numerous possibilities offered by these changes while mastering their challenges, we provide them with a personal network, access to opportunities on the job market and information relevant for their personal circumstances.

Alongside the systematic pursuit of the XING growth strategy in D-A-CH, our Austrian subsidiary kununu GmbH ("kununu") has also struck out along a new path, entering into a joint venture with the leading US job portal Monster Worldwide, Inc. ("Monster") with the aim of sounding out the opportunities for success with shared service provision in the USA. The aim is to bring increased employer transparency to the US labor market.

On the strength of the preliminary and unaudited results of the 2015 financial year, the Executive Board decided on February 22 to recommend that the Supervisory Board increase the regular dividend payout from €0.92 to €1.03 per share. The Executive Board also decided to recommend the payment of an extra dividend in the amount of €1.50 per share. In its meeting on March 23, 2016, the Supervisory Board duly agreed to these proposals and will submit the corresponding draft resolutions at the forthcoming Annual General Meeting on June 2, 2016.

On the basis of the outstanding results achieved in the 2015 financial year and preceding years, the Supervisory Board has decided to extend the contract of employment with CEO Thomas Vollmoeller to 2020 and elect him as the Chairman of the Executive Board for a further four years.

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

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

When required, the Supervisory Board also commissioned external consultants and employees from various departments to assist with its consultations in 2015. The Supervisory Board was promptly involved by the Executive Board in all major decisions that were of key importance to the Company. In accordance with its Rules of Procedure, the Executive Board also presented transactions requiring consent to the Supervisory Board which, following their review and deliberation with the Executive Board, were subsequently approved by the Supervisory Board.

#### **CHANGES TO THE SUPERVISORY BOARD AND COMPOSITION**

The composition of the Supervisory Board did not change during the financial year ended. In the reporting year, the Supervisory Board, which pursuant to Section 96 (1), Section 101 (1) sentence 1 of the German Stock Corporation Act (AktG) in conjunction with item 9.1 of the Articles of Incorporation has six members, consisted of Ms. Anette Weber, Ms. Sabine Bendiek, Dr. Johannes Meier (Deputy Chairman), Dr. Jörg Lübcke, Mr. Jean-Paul Schmetz and myself as Chairman of the Supervisory Board.

In the reporting year, the Audit Committee, which pursuant to Section 96 (1), Section 101 (1) sentence 1 of the German Stock Corporation Act (AktG) in conjunction with item 9.1 of the Articles of Incorporation and Article 6 (1) of the Rules of Procedure of the Supervisory Board has three members to be selected from amongst the Supervisory Board members, consisted of Ms. Anette Weber (Chairwoman), Dr. Jörg Lübcke and Dr. Johannes Meier.

Stefan Winners,  
Chairman of the Supervisory Board of XING AG



## SUPERVISORY BOARD MEETINGS

During the financial year ended, the Supervisory Board came together for four regular meetings and one additional strategy meeting. Ms. Bendiek and Ms. Weber were each unable to attend one Supervisory Board meeting in person. With this exception, all Supervisory Board meetings were each attended in person by the full complement of Supervisory Board members. A number of telephone conferences and written resolutions also took place involving all of the Supervisory Board members. Each meeting at which the members met in person involved intense discussions on the current state of the business and the Company's KPIs. During the reporting period, the Supervisory Board also dealt with the following key aspects:

The Supervisory Board meeting held on March 24, 2015 exhaustively discussed the annual financial statements, management report, consolidated financial statements and Group management report for the 2014 financial year. As recommended by the Audit Committee and following in-depth deliberations by the auditors, the 2014 annual financial statements were adopted by the Supervisory Board. Other key resolutions adopted by this meeting included the Supervisory Board's approval of the Executive Board's recommendation on profit appropriation, and the recommendation by the Company's officers for the choice of annual auditor for the 2015 financial year, to be presented to the Annual General Meeting. The Supervisory Board also approved the planned agenda items and proposed resolutions for the Annual General Meeting on June 3, 2015.

At the Supervisory Board meeting on June 2, 2015, the Supervisory Board discussed the option of extending the director's contract of Executive Board Chairman Dr. Vollmoeller. Further agenda items for this Supervisory Board meeting were core initiatives in data science. The Supervisory Board also worked with the Executive Board to discuss the implementation of the new law concerning the equal participation of women and men in management positions, and set a target quota for women for the Supervisory Board of 33.3 percent, reflecting the current quota, and of 0 percent for the Executive Board.

During the annual strategy meeting attended by the Executive Board and Supervisory Board on July 8 2015, the Company's strategic development options beyond 2015 were discussed at length.

In the Supervisory Board meeting of September 23, 2015, Dr. Vollmoeller's appointment as Chairman of the Executive Board was unanimously extended until December 31, 2020 and a corresponding supplement to his existing director's contract was adopted. Due to the share options exercised in the 2015 financial year from the 2010 share option plan set up by the Company and the consequent issuing of new shares by the Company from the contingent capital 2010, the Supervisory Board also resolved to adopt a corresponding amendment to the Articles of Incorporation. The Supervisory Board also used this session for an in-depth discussion of potential acquisitions and cooperative ventures, including the setup of a joint venture between kununu GmbH and Monster Worldwide, Inc. The Supervisory Board also unanimously agreed to the corporate strategy paper "XING 2020" (further developed by the Management Board following the strategy meeting), including the associated changes required to the Company's legal and organizational structure.

In the last Supervisory Board meeting of the past year, held on November 26, 2015, approvals were also given to the 2016 budget presented by the Executive Board and the three-year plan for the 2016 – 2018 financial years. In addition, the Supervisory Board also used this meeting to take an in-depth look at the potential signing of a joint venture agreement with Monster concerning cooperation with the former in relation to kununu's entry into the US market. Finally, the Supervisory Board discussed the findings of the Supervisory Board's efficiency review conducted prior to the meeting.

Outside meetings attended by Supervisory Board members, urgent decisions were also taken in conference calls or by circulating written motions for approval. One such decision was the Supervisory Board's approval on January 7, 2015 of the acquisition of Intelligence Competence Center (Deutschland) AG ("ICJobs") and the merger of this company into XING AG following this transaction. On February 24, 2015, a resolution was adopted concerning the content of the Declaration of Conformity pursuant to Section 161 of the German Stock Corporation Act (AktG). On



March 4, 2015, the Supervisory Board recognized the achievement of the Executive Board targets for short-term variable remuneration (short-term incentives, STI) for the 2014 financial year and the personal targets of Executive Board members for STI 2015. On August 21, 2015, the Supervisory Board approved the adjustment of the earn-out agreement signed with the founder of ICJobs on the conclusion of this transaction to ensure the long-term harmonization of interests between XING and the founder. In this context, the Supervisory Board also approved marketing initiatives in Switzerland and the organization of additional TV commercials to market the XING Jobs portal.

### **SESSIONS OF THE AUDIT COMMITTEE**

Over the last year, members of the Audit Committee attended four meetings in person, held on February 20, March 23, September 22 and November 25, 2015. During these meetings, the Audit Committee reviewed the financial statements and the consolidated financial statements, discussed auditing issues with the auditors, and dealt with internal audit and risk management. The Audit Committee received the application for the statement of independence of the auditor in accordance with point 7.2.1 of the German Corporate Governance Code, and focused on the proposal on the choice of auditor for the 2015 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 2015 annual financial statements were also discussed and decided on with the auditor of the annual financial statements. Lastly, the Audit Committee also regularly answered questions by the annual auditor concerning fraud / entity level controls. Other recurring topics at Audit Committee meetings included the monitoring of the existing risk management system, the preparation of accounts, the effectiveness of the internal control and compliance systems, and the audit activities of the auditor of the annual financial statements. Apart from face-to-face meetings, conference calls on business developments were also held between the Audit Committee and the Executive Board on a monthly basis. The Audit Committee was also available for ad hoc consultation at any time outside face-to-face meetings.

### **AUDIT OF THE 2015 ANNUAL FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS**

The annual financial statements, which were prepared by the Executive Board in accordance with the rules of German commercial law and the management report of XING AG for the 2015 financial year were audited by PricewaterhouseCoopers AG, Hamburg, and issued with an unqualified auditor's report. The consolidated financial statements and Group management report of XING AG for the 2015 financial year, which were prepared in accordance with the International Financial Reporting Standards (IFRSs) pursuant to Section 315a German Commercial Code, were also issued with an unqualified auditor's report by the auditor. Pursuant to Section 312 AktG, the Executive Board has prepared a report on relations with affiliated companies to be prepared by the Executive Board due to Burda Digital GmbH's majority shareholding in XING AG. The auditors have examined this report and issued the following opinion: "In our opinion, based on the examination which we have carried out in accordance with professional standards,

1. the factual information contained in the report is correct,
2. the consideration given by the Company for the legal transactions referred to in the report was not unreasonably high, and
3. there are no circumstances supporting a judgment materially different from that reached by the Executive Board with regard to actions referred to in the report."

The annual financial statements and the consolidated financial statement, including the Group management report and the management report, the report on relations with affiliated companies as well as the audit reports of the auditor and the profit appropriation proposal of the Executive Board were submitted to the Supervisory Board prior to the Audit Committee's meeting on March 22, 2016 and the Supervisory Board's meeting on March 23, 2016 for them to be audited and intensively discussed. The auditors attended Audit Committee and Supervisory Board meetings concerning the submitted documents and reported on the main findings of their audits. They were available to the Supervisory Board at all times in order to answer questions and provide information. As part of

auditing the financial statements, the Supervisory Board and Audit Committee also discussed the Executive Board's accounting policy and financial planning. Other specific matters discussed with the Executive Board and the auditor of the annual financial statements included findings from the audits conducted by the auditor on the agreed key points of the audit.

Following the final result of its own audit, the Supervisory Board did not have any reservations with regard to the annual financial statements which were submitted, the management report as well as the consolidated financial statements and the Group management report and the report on relations with affiliated companies and, following its own audit, approved the results of the auditors concerning the audit of the financial statements and the consolidated financial statements as well as the management report and Group management report of XING AG and the report on relations with affiliated companies during its meeting on March 23, 2016. The Supervisory Board has approved the annual financial statements prepared by the Executive Board and the consolidated financial statements of XING AG. The annual financial statements of XING AG have thus been adopted.

The Supervisory Board has conducted a thorough audit and considered all of the arguments in connection with the Executive Board's profit appropriation proposal. As a result, the Supervisory Board will propose to the Annual General Meeting on June 2, 2016 to distribute a dividend of around €5.8 million, or €1.03 per share. Furthermore, the Company intends to propose to the Annual General Meeting that a one-off special dividend €1.50 per share or around €8.4 million be paid.

#### **CORPORATE GOVERNANCE**

As per item 3.10 of the German Corporate Governance Code, the Executive Board and the Supervisory Board provide information on Corporate Governance at XING AG on the Investor Relations section of the XING AG website. The Executive Board and the Supervisory Board issued the annual Declaration of Conformity as required by law. The full Declaration of Conformity and other disclosures in accordance with Section 289a German Commercial Code are available on the XING website at <https://corporate.xing.com/english/investor-relations/corporate-governance/corporate-governance-code/>. XING AG complies with almost all of the recommendations of the German Corporate Governance Code and is committed to sound corporate governance as an integral part of management.

#### **CONFLICTS OF INTEREST**

In the 2015 financial year, no topics or transactions arose with the potential to cause conflicts of interest for members of the Executive Board or Supervisory Board.

#### **CLOSING REMARKS**

The Supervisory Board would like to thank all of XING's members and customers and its shareholders for the trust they have vested in the Company. The Supervisory Board would also like to thank the Executive Board and all employees in the XING Group for their excellent work. Together they have made 2015 a tremendously successful financial year.

Hamburg, March 23, 2016



Stefan Winners,  
Chairman of the Supervisory Board

# The Supervisory Board



**STEFAN WINNERS,**  
Chairman



**SABINE BENDIEK**



**DR. JOHANNES MEIER,**  
Vice Chairman



**DR. JÖRG LÜBCKE**



**JEAN-PAUL SCHMETZ**



**ANETTE WEBER**  
Chairwoman of the  
Audit Committee

# XING shares

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

## Basic data about the XING share

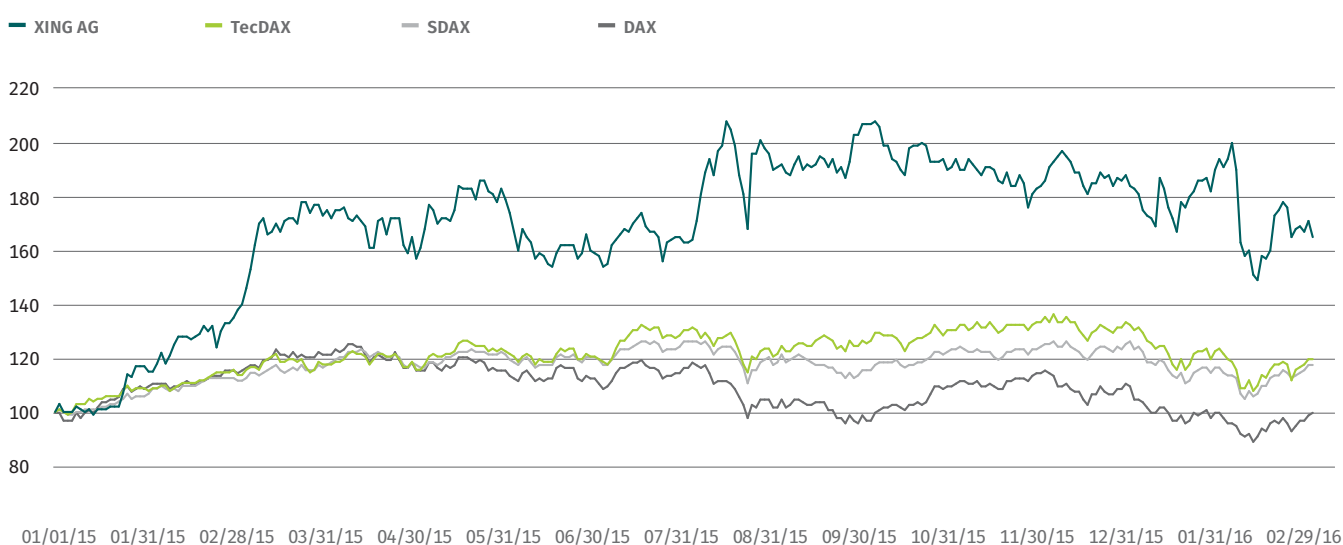
Number of shares as of December 31	5,620,435
Share capital in €	5,620,435
Share type	Registered shares
IPO	December 7, 2006
ISIN	DE000XNG8888
Bloomberg	O1BC
Reuters	OBCGn.DE
Transparency level	Prime Standard
Index	TecDAX
Sector	Software

## SHARE PRICE IN 2015: 84 PERCENT INCREASE

The 2015 financial year progressed very successfully. We were able to achieve all of our key milestones. Revenue growth increased once again, and with net profit for the year totaling €17.6 million we achieved the best result in our company's history. We gave some initial indications of a successful start to the 2015 financial year with our presentation of the figures for the 2014 financial year in February 2015. The key figures we presented at the beginning of the year and the forecast for 2015 in particular were received very positively by capital market players. Directly following the presentation of the figures for 2014 in February 2015, analysts revised their models and made significant upward corrections to their growth projections and price targets for our share. In the months following publication, our share began to be reevaluated. Within a single month, the share price rose by almost €40 to around €160. At its highest point in October 2015, the share even briefly passed the €190 mark. Our share closed the 2015 trading year at a price of €170.70: this annual performance of +84 percent was able to beat all of the major market indexes (DAX + 10 percent, TecDAX + 33 percent, SDAX + 27 percent).

In the present financial year, we are also working very hard to achieve our ambitious goals and allow our investors to continue to share in XING's successes.

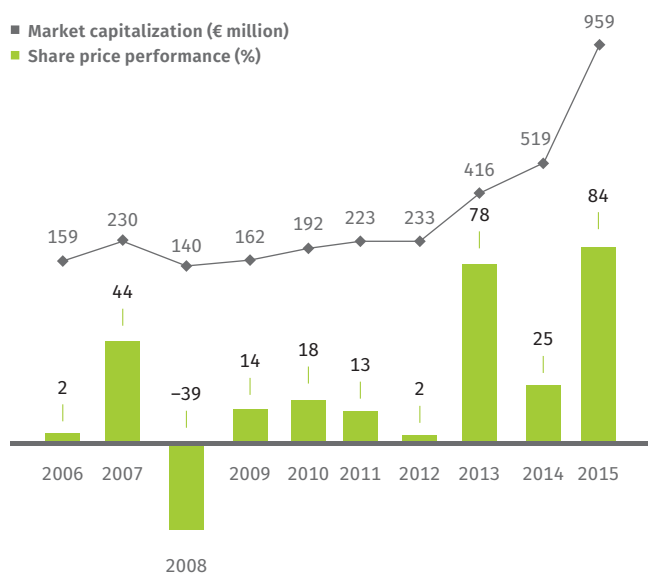
### Comparison of share price performance from January 1, 2015 to February 29, 2016 (indexed)



### Stock market performance

In %	2015	2014
XING share	84	25
TecDAX	33	18
SDAX	27	6
DAX	10	3

### Share price performance and market capitalization since the IPO



## Key data on the XING share at a glance

	2015	2014	2013	2012	2011
XETRA closing price at year-end	€170.70	€92.81	€74.40	€41.87	€41.05
High	€192.95	€105.85	€86.00	€58.50	€63.00
Low	€92.19	€73.55	€38.00	€33.51	€36.95
Market capitalization at year-end	€959 million	€519 million	€416 million	€232 million	€223 million
Average trading volume per day (XETRA)	13,357	6,817	9,292	17,035	22,540
TecDAX ranking					
based on trading volume	25	31	30	37	25
based on free-float market capitalization	24	28	28	25	25
Earnings per share (basic)	€3.15	€2.81 <sup>5)</sup>	€1.90 <sup>4)</sup>	€1.71 <sup>3)</sup>	€1.73 <sup>1)</sup>
Number of shares	5,620,435	5,592,137	5,592,137	5,554,243	5,426,321
Dividend per share	€1.03 <sup>6)</sup>	€0.92	€0.62	€0.56	€0.56
Special dividend per share <sup>2)</sup>	€1.50 <sup>6)</sup>	—	€3.58	—	€3.76 <sup>2)</sup>

1) Adjusted for the one-time effect of writing down the market entry costs in Spain and Turkey in the amount of €14.4 million.

2) Special distribution of funds agreed on at the 2011 AGM and paid out in 2012.

3) Adjusted for one-time costs of €1.9 million relating to the mandatory tender offer submitted by Burda Digital GmbH and the kununu GmbH acquisition.

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

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

6) Proposal to the Annual General Meeting (06/02/2016)

## ANALYST COVERAGE

The XING share is currently covered by ten banks. Just recently, Bankhaus Metzler added XING to its coverage portfolio, issuing a “Buy” recommendation with a price target of €186 on March 9, 2016. While this means we are slightly below the TecDAX average (approx. 12), we can nonetheless be very pleased with the international attention in this research coverage. The dialog in particular – and the associated high level of frequency and currency of analyst reports – is optimal in terms of keeping potential and existing investors continuously informed about the XING share, its performance and outlook.

Our stock is currently rated as “Buy” by seven of ten analysts. The other three analysts currently have the share classified as “Hold”. There are no “Sell” recommendations. We also expect that at least one additional analyst will begin coverage of the XING share in the course of the 2016 financial year.



Visit our investor relations site at <https://corporate.xing.com/english/investor-relations/aktie/analysten/> for always up-to-date analyses of XING's stock.

### Analyst recommendations March 2016

Broker	Analyst	Recommendation	Price target
Bankhaus Metzler	Nicholas Balz	Buy	€186
Berenberg Bank	Sarah Simon	Hold	€181
Commerzbank	Heike Pauls	Buy	€200
Oddo Seydler	Marcus Silbe	Buy	€200
Deutsche Bank	Benjamin Kohnke	Buy	€200
Goldman Sachs	Carl Hazeley	Hold	€185
Hauck & Aufhäuser	Lars Dannenberg	Buy	€180
Jefferies	James Lockyer	Buy	€185
Montega AG	Alexander Braun	Hold	€160
Warburg Research	Jochen Reichert	Buy	€184

### IR ACTIVITIES

Comprehensively informing existing investors about the current situation of XING AG while continuously identifying new potential investors are two of the core activities of our Investor Relations unit. In the past financial year, we addressed both of these core target groups by attending national and international capital market conferences and non-deal roadshows both domestically and abroad. In the last financial year, the Investor Relations unit accompanied the XING AG Executive Board on trips to London, Frankfurt, Munich, Zurich and New York to maintain our bilateral dialog with existing investors. Last year also marked our first trip to the US West Coast, where we spent some of our visit pitching an investment in XING to new potential investors in San Francisco, Los Angeles and San Diego. Investors also visit us regularly at our Hamburg office to attend "reverse roadshow" events. With this format, several dates are coordinated – usually by a professional broker – at various companies based in the same city. With a great many listed companies in the Hamburg Metropolitan Region, the city's reverse roadshows are very popular. Our investor conference call, which we host regularly, attracted over 200 investor contacts over the last financial year.

A small but pleasing token of our successful IR activities is the high ranking we achieved at the best Investor Relations award within TecDAX, with XING AG taking third prize.

### ANNUAL GENERAL MEETING

Our Annual General Meeting was held once again in the Hamburg Chamber of Crafts on June 3, 2015. Following an above-average turnout in the previous year (81.5 percent), around 73 percent of share capital was represented last year. Of this figure, around 50 percent was represented by our major shareholder Burda Digital, with the remaining 23 percent being primarily represented by domestic and overseas institutional investors.

CEO Dr. Thomas Vollmoeller and CFO Ingo Chu presented the positive set of figures from the 2014 financial year to the shareholders and guests in attendance, and also took time to personally respond to questions and suggestions raised during the meeting. Even after the official close of the meeting, our four Executive Board members mingled with shareholders at the buffet to follow up on the constructive dialog by means of face-to-face conversations. All resolutions passed (dividend payout of €0.62 per share, formal approval of the actions of the Supervisory Board and the Executive Board, election of annual auditors and new authorized capital) were passed with an overwhelming majority of 98–99.99 percent of the capital in attendance.

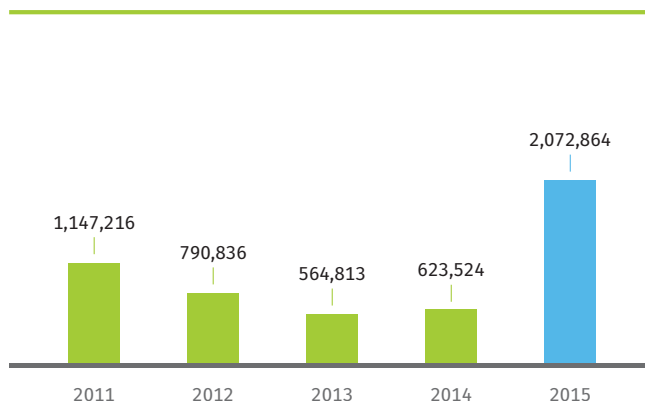
Due to the positive results from the 2015 financial year, the Executive Board resolved in February 2016 to recommend that the Annual General Meeting of June 2, 2016 shall agree to increase the regular dividend payout by 12 percent to €1.03 per share and to pay out an extra dividend of €1.50 per share.

### SIGNIFICANT INCREASE IN AVERAGE VOLUME TRADED

Establishing and maintaining a well-diversified shareholder structure with long-term stability is also one of the goals of our investor relations work.

Since 2012, around 50 percent of share capital has been held by our strategic investor Burda Digital GmbH. As a consequence, our focus when talking to potential investors is on achieving an optimum investor mix consisting of investors with a long-term strategy and trading-oriented investors to reduce the volatility of our share on the one hand while continuing to maintain the liquidity of our share at an attractive level. Only a share that is regularly traded can also have broad-based investor appeal. Larger institutional investors in particular typically include minimum requirements for a share's daily trading volume in their investment criteria. Over the past financial year, our share's average daily trading volume has more than tripled, from €0.6 million to over €2.1 million.

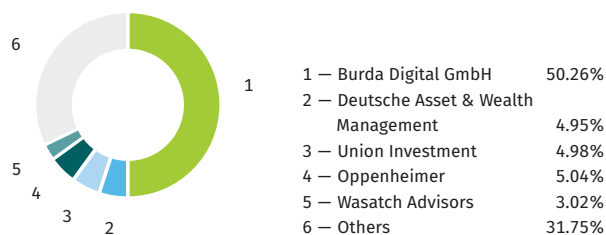
#### Average trading volume (in € / day)



### Shareholder structure in March 2015



### Shareholder structure in March 2016



### XING AG SOCIAL MEDIA CHANNELS

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

<http://blog.xing.com>

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

Twitter: [xing\\_ir](#)

(Information and news related to the capital markets)

Twitter: [xing\\_de](#)

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

Twitter: [xing\\_com](#)

(Corporate information and news in English)

Slideshare: [http://de.slideshare.net/XING\\_com](http://de.slideshare.net/XING_com) (German) and  
<http://www.slideshare.net/patmoeller>

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

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

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

#### XING AG

Patrick Möller

Director Investor Relations

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# 02. Group management report

for the financial year from January 1 to December 31, 2015

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# Business and strategy

## Business models and internal management system

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

1. Network / Premium
2. E-Recruiting
3. Events

XING AG generates its revenues from a large number of fee-based product offerings for consumers and companies. Here, our customers pay for most services in advance on the basis of subscription models. XING essentially provides its members with three services that are unique in this form and combination: access to other members to build up their own professional network, direct access to the opportunities in the labor market, plus sector- and career-specific information and news to help members stay abreast of developments in their own industry.

### NETWORK / PREMIUM SEGMENT

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

This business unit is also responsible for XING content. Since 2015, XING members have received newsletters tailored to around 30 professional and interest groups that ensure that they no longer miss out on anything important in their industry. Adding this service has made XING one of the largest distributors of industry- and profession-based news in the German-speaking region. In the second half of 2015, we also developed an innovative editorial offering called XING Klar-text – a debate format in which experts take a controversial view of different topics and XING members can participate in the debate in question. The debates are initiated and staged by an editorial team consisting of experienced journalists.

The Premium subsegment has three principal business models that are manifested in two fee-based membership accounts: Premium and ProJobs membership and the Advertising & Partnerships subsegment.

XING Premium membership provides a wide range of services including special search and communication options, exclusive online and offline offerings, and an overview of the visitors to the user's profile. It is geared toward a wide audience that wishes to have the best of XING's product range at its disposal, which are available with two membership terms: three-month membership costs €9.95 per month while twelve-month membership costs €7.95 per month.

For members who are looking for a job and want to optimize their presentation for this specific purpose and be found faster by recruiters, XING has also developed ProJobs membership since December 2014. This is currently available with four membership terms (3, 6, 12 or 18 months) costing between €24.95 and €39.95 per month.

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

### “Advertising & Partnerships” model

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

## E-RECRUITING SEGMENT

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

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

In the Active Recruiting subunit, the XING Talent Manager (XTM) was developed as an active candidate search and management product. XTM is aimed at businesses and recruiters that regularly use the XING platform to search for and get in touch with people to fill their current vacancies. This product is monetized via fixed-term contracts with single licenses priced at €329 (per "seat") per month.

The Employer Branding subunit includes the employer branding profiles. Employers can use their company profile to showcase their employer brand and provide potential candidates with more information about their company's general working environment. Revenues are generated based on a company's number of employees: The monthly fee for an employer branding profile is between €395 and €1,095, depending on company size.

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

## EVENTS SEGMENT

XING AG's Events business unit generates revenues by processing events. Organizers can use the XING platform to take advantage of the XING technology for their event management work, including registration, ticketing and billing services. XING charges a fee of €0.99 per participant plus 5.9 percent of the ticket price for these services. XING also generates additional revenue through the professional marketing of events. Using an online tool, event organizers can select suitable target groups for events they post on XING and then advertise them on the platform. As with the display advertising product, monetization is based on the CPM model, i.e. on the selected range. The event services are marketed mainly by the permanent sales staff of the Events business unit.

## Market positioning

By focusing on German-speaking countries (the D-A-CH region), we operate in Europe's largest and strongest economic region. With just under 10 million members, we are the biggest and also the most frequently used social network (in terms of visits) for business professionals. Thanks to this strong basis, we are superbly placed to continue growing in the next few years by further expanding the membership base and establishing new product offerings and services for members and companies. Currently only around 10 percent of the population in German-speaking countries are members of a professional network. In international terms, this is a low figure – it means XING still has enormous potential. The same is true for E-Recruiting: The market is large and the penetration rate low by international standards. Particularly in the case of the Active Recruiting subsegment, XING is a trend-setter and is developing a completely new market for the German-speaking region. In Employer Branding, XING is a leading provider of solutions with which companies can ideally present themselves as an employer.

## Strategy

Our strategy manifests itself in our vision: "For a better working life." XING gives its members access to relevant and interesting contacts to build up their own network, supplies them with industry- and career-related information and news, and provides them with direct access to opportunities in the labor market. All of these aspects are based on one social megatrend and are therefore of increasing relevance: the tectonic changes that the world of work is currently undergoing. These changes are mainly triggered by three drivers: digitalization, the shortage of skilled labor, and a change in values – especially among the next generations of young professionals.

While digitalization is causing disruption across entire industries, it is also a pioneer of technological changes that facilitate entirely new forms of collaboration. Nowadays, it is no longer a problem to work in different places or at different times, in a (virtual) team or even alone. In some industries, the shortage of skilled labor is leading to a power shift between employees and employers. Since talented people are in short supply, jobseekers can act assertively and in many cases stipulate the working conditions themselves. After all, in the younger generation, values such as flexibility, satisfaction and self-determination are often more important than conventional career incentives.

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



XING is focusing on this lasting megatrend with the strategy it is pursuing.

Through the Network / Premium segment we are meeting the needs of our members and developing offerings that help our members to benefit from the changes, build on their competencies and skills, and identify the best employer for them and their individual needs. The XING platform also gives members the chance to find other members with relevance for themselves in terms of knowledge and proficiencies. Thanks to rising member figures, the benefit of the networking effect is growing exponentially.

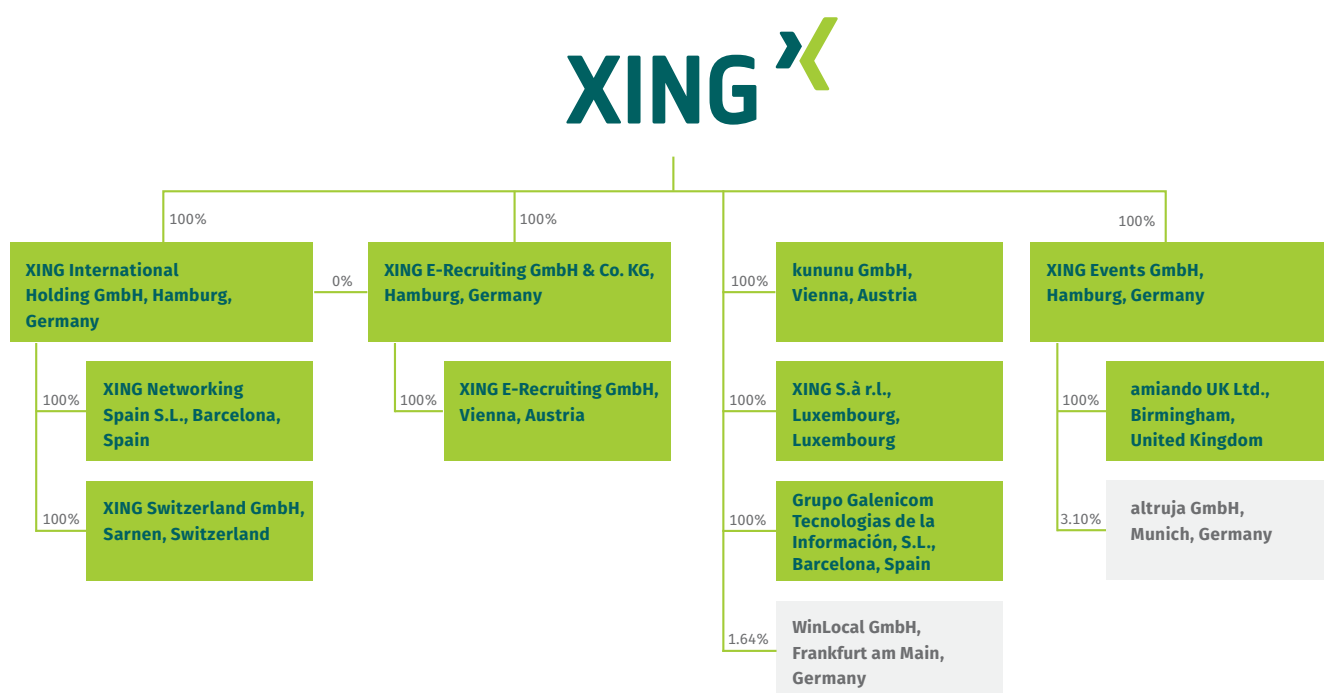
In the E-Recruiting segment we generate revenues exclusively with corporate customers (B2B). Here, we see the current and future challenges facing companies / employers as an opportunity to develop solutions tailored to their needs both now and in the future, such as the employer branding profiles to strengthen their positioning as an attractive employer or the XING Talent Manager for actively and purposefully approaching candidates directly. The aim here is to make companies more successful in times of a shortage of skilled labor and intense competition for suitable candidates. In addition, headhunters and recruiters who are active on the platform ensure that, where possible, members do not miss out on a single opportunity or offer that fits their CV and their requirements.

The Events segment will be strategically used to gain additional members for the XING platform and acquire these over the life cycle, for example for the enhanced fee-based functions of 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 expected developments and opportunities.

## Organizational structure of the Group



In the past financial year, XING AG had a total of twelve active investments in companies in and outside Germany, of which seven were direct investments and five were indirect investments through intermediate companies. Ten of the twelve investees are controlled by XING AG and are therefore included as consolidated entities in XING AG's consolidated financial statements.

XING AG and XING Events GmbH hold only insignificant interests in two other investees. These two entities are therefore not included as consolidated entities in the consolidated financial statements; the carrying amount of the investment is reported as Equity investments under Financial assets. XING AG also has equity investments in one inactive entity domiciled in Wilmington, Delaware, USA, which is in liquidation and no longer shown in the consolidated financial statements.

# Employees

Employees are XING AG's most important asset. They ensure that the XING service provides members with continuous technical innovations, that customers receive all-round support, and that the Company's growth continues unabated.

For this reason, and as a company whose vision is "For a better working life," XING puts a considerable amount of effort into providing outstanding working conditions and individual arrangements for its staff. In this connection, gearing our work as an employer toward employees' actual needs is important to us. One of the tools XING uses to do this is its weekly employee satisfaction survey, in which employees can rate their experience with a smiley or frowny face, as well as make suggestions. In 2015, the share of smileys averaged 78 percent. The Management Board presents the results to staff on Fridays, commenting on the key points. Based on this weekly opinion survey, regular initiatives are launched to record and implement employees' ideas and suggestions. Last year, for instance, we introduced an innovative meeting room structure and booking system, set up a yoga class and organized regular information sessions on our top strategy projects, such as in Passive Recruiting, to increase transparency within the Company and initiate the exchange of information across business units.

To further increase the Company's capacity for innovation and provide additional space for employees' creativity, XING organizes annual Prototyping Days at which interdisciplinary, independently formed teams develop ideas and prototypes for new products and offerings. These have led to the creation of innovative products as such "future me" that also benefit our XING members.

To ensure an optimal work / life balance, a large variety of individualized working time arrangements exist that are aligned to the employee's individual needs. For example, staff and executives alike have the opportunity to reduce their

working hours giving advance notice of two months. Plus, anyone who decides after six months that part-time work is not for them after all can easily go back to working full time.

Because we are keen to work with our staff on a long-term basis and know that taking some time off can also have a motivating effect, all XING employees who have worked for us for three years have the opportunity to take a sabbatical of up to three months – regardless of whether it is to care for their parents, build a house, travel around the world, or spend time working on their own projects. We want people who look outside of the box, who use their energies judiciously, and who retain their curiosity. In addition, we help employees to return to work after parental leave, create part-time management positions and experiment with job-sharing models.

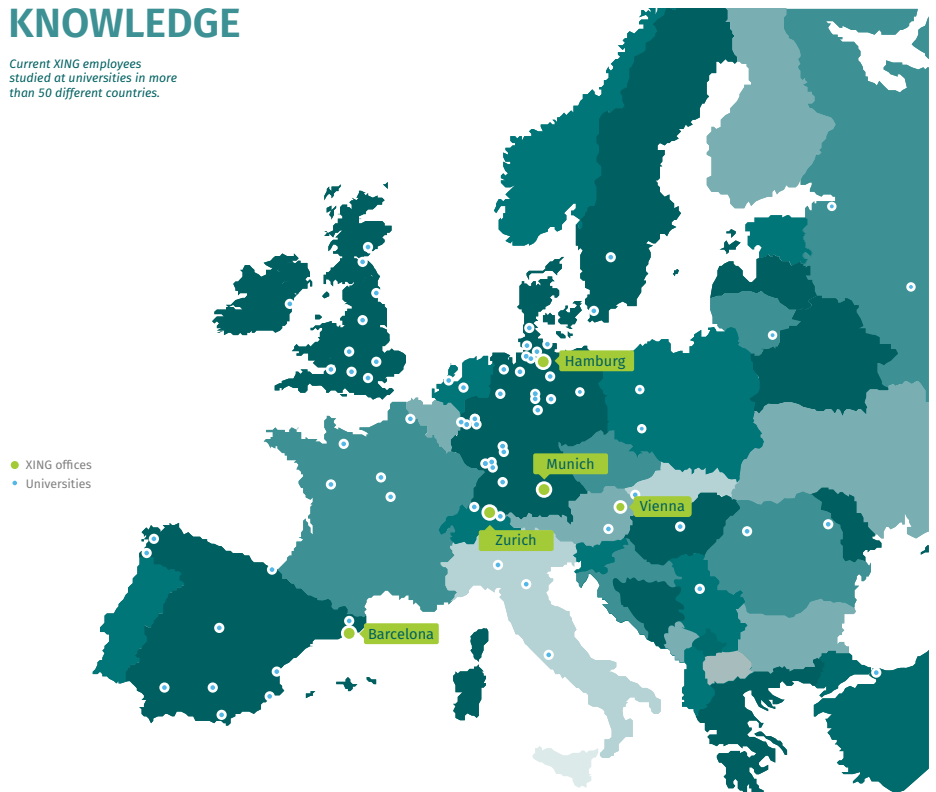
Individualized staff development has a high priority for XING. Our mission in the area of human resources is to find a position for each and every employee that most closely matches their strengths, job profile, and individual needs in life. We are delighted to report that we succeeded in nurturing a great many employees again in 2015 and steering XING's growth course together.

A key indication of employee satisfaction is the hiring rate based on employee recommendations. At XING, around one in three hires from outside the Company came to us through recommendations from employees in 2015. Overall, we had 792 employees at the end of the financial year, 143 more than at the start of the year.

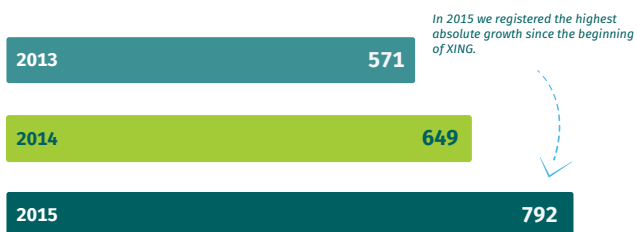
## The XING team – facts and figures for 2016

### KNOWLEDGE

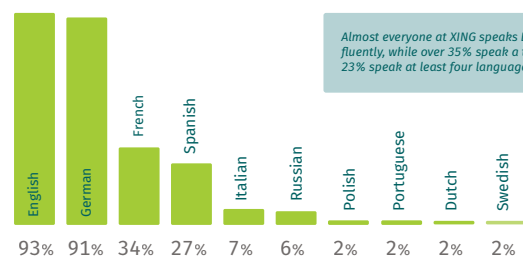
Current XING employees studied at universities in more than 50 different countries.



### EMPLOYEE GROWTH



### LANGUAGES



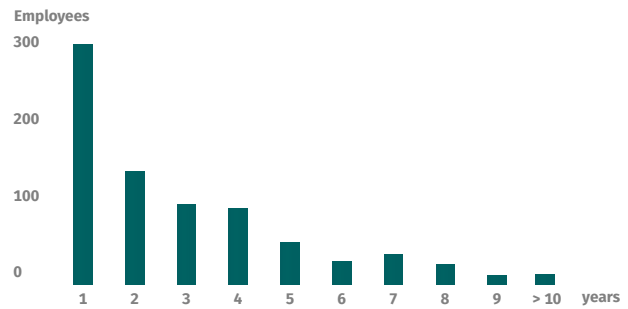
## The XING team – facts and figures for 2016 (cont.)

### MOST PROMOTED JOB POSITIONS



- Top Promoted**
- 1 Senior Software Engineer**  
Software Engineer
  - 2 Senior Account Manager**  
Account Manager
  - 3 Manager Customer Relations**  
Junior Manager Customer Relations
- Runners-up**
- 4 Senior Software Test Engineer**  
Software Test Engineer

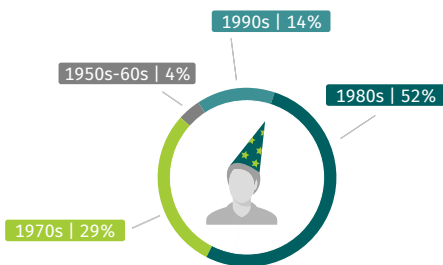
### EMPLOYMENT DURATION



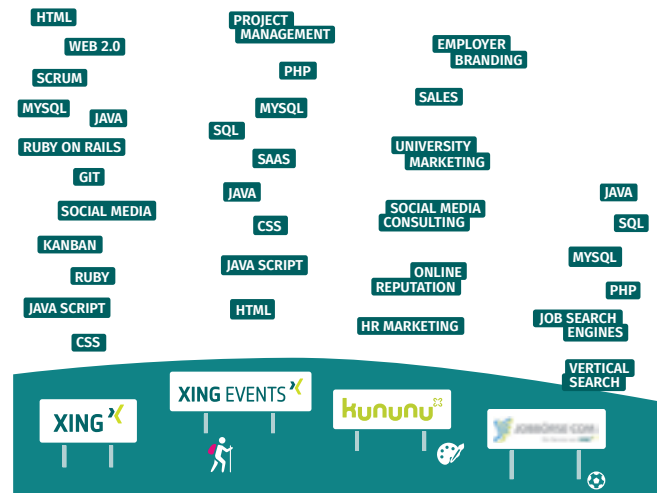
### MOST COMMON BIRTHDAYS

October 2  
October 7  
May 12  
*Our most common birthdays*

June 13  
December 21  
September 29  
*Birthdays of employees with the highest career levels*



### OUR SKILLS





# Business and operating environment

## Macroeconomic and sector-specific environment

### MACROECONOMIC ENVIRONMENT

In 2015, Germany's gross domestic product (GDP) rose by 1.7 percent after adjusting for inflation. Household final consumption expenditure was up 1.9 percent in real terms, while government final consumption expenditure increased by as much as 2.8 percent year on year. Averaged over 2015, Germany's economic output was generated for the first time by over 43 million people working in Germany, 412,000 more than in the previous year (+ 1.0 percent). Weak growth of 0.7 percent is projected for the Austrian economy in 2015 (National Bank of Austria), whereas economic growth of just under 1 percent is estimated for Switzerland (National Bank of Switzerland).

### SECTOR-SPECIFIC ENVIRONMENT

The general population aged 14 and older currently comprises some 69 million people in Germany. According to the "digital facts 2015–10" study conducted by Arbeitsgemeinschaft Online Forschung (AGOF e.V.), 76.3 percent of them used the Internet in the three-month survey period. At 50.1 percent, the share of the over-50s who use exclusively desktop offerings on the Internet is significantly larger than for the group of 14–29 year olds (7.8 percent). In the groups up to 39 years of age, over 80 percent use mobile offerings; among the 50–59 year olds, more than 50 percent actually use them.

Of particular relevance for content are the topics of "family and children" and "job exchanges," which were the first and second most-frequent uses of the Internet in the group of 30–49 year olds in particular.

In 2015, the German labor market continued the uptrend of recent years. Particularly the number of employees liable for social security contributions increased, more than offsetting the decreases in exclusively marginal employment and self-employment. Germany's 6.4 percent unemployment rate reported by the Bundesagentur für Arbeit (Federal Employment Agency) is only slightly higher than Austria's jobless

rate of 5.8 percent (ILO model). The jobless figure also edged up in Switzerland. According to preliminary calculations for 2015, it stood at 3.3 percent, in contrast to 3.2 percent in 2014 (national SECO definition).

Overall, the sector-specific environment and our corporate strategy provide considerable potential for XING to grow in the coming years.

## Financial and non-financial key performance indicators

Achievement of our strategic objectives and our mission of enabling professionals to grow is monitored using two financial key performance indicators as well as at least one non-financial key performance indicator per segment. These indicators are regularly compared with budget targets and a rolling forecast that is reported to the Executive Board and Supervisory Board.

### FINANCIAL KEY PERFORMANCE INDICATORS

#### Segment revenues

We have defined revenue growth in the respective segments as the main financial key performance indicator. Revenue growth is a direct consequence of the growth in paid memberships or an increase in the uptake of our enterprise solutions, and the ability to achieve higher prices.

#### Segment EBITDA

The second important financial key performance indicator is segment EBITDA adjusted for extraordinary items. No adjustments for extraordinary items were made in 2015. To calculate the figure, all segment-related operating costs are subtracted from segment revenues.

### Non-financial key performance indicators

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

1. Number of XING members
2. Number of XING subscribers
3. Number of corporate customers

The first two key performance indicators are used in the Network / Premium segment. We use the number of corporate customers as a key performance indicator in the E-Recruiting and Event segments because these business units generate their revenue exclusively from the sale of services to corporate customers.

## Results of operations, net assets, and financial position

### COMPARISON OF OUTLOOK FOR 2015 WITH ACTUAL DEVELOPMENT IN THE 2015 FINANCIAL YEAR

#### Financial key performance indicators

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

Financial key performance indicators	Forecast 2015	Actual 2015
Consolidated revenues	Double-digit percentage growth	+ 21%
EBITDA (adjusted for extraordinary items) Group	Significant increase in EBITDA	+ 16%
Segment revenues Network / Premium	Double-digit percentage growth	+ 19%
EBITDA (adjusted for extraordinary items) Network / Premium segment	Significant increase in EBITDA	+ 13%
Revenues E-Recruiting segment	Double-digit percentage growth	+ 26%
EBITDA (adjusted for extraordinary items), E-Recruiting segment	Significant increase in EBITDA	+ 15%
Revenues, Events segment	Slight increase	+ 22%
EBITDA (adjusted for extraordinary items), Events segment	Slightly improved, negative segment EBITDA in the single-digit million euro range	€-0.6 million

#### Dividend, liquidity and financial targets

We announced a sustainable dividend policy in 2012. Accordingly, in 2015 the Annual General Meeting followed the joint proposal of the Executive Board and Supervisory Board and resolved a dividend of €0.92 per no-par value share carrying dividend rights. XING's cash-generative business model enables the Company to pursue a sustainable dividend policy without affecting its business strategy, which is still aimed at achieving growth. We intend to continue to make regular dividend payments in the future.

### Capital expenditures

After an investment volume (CAPEX) of €12.1 million in 2014, we invested €15.4 million in the 2015 financial year (excl. the acquisition of Intelligence Competence Center (Deutschland) AG). As in previous years, capital expenditure was concentrated on internally developed software (especially mobile apps and content products), server capacity, and software licenses.

### Non-financial key performance indicators

We essentially reached all forecasts in terms of the non-financial key performance indicators. Only in the development of corporate customers (B2B) in the Events segment is the figure slightly down on the previous year. Nevertheless, revenue growth in this segment is well above the forecast figure.

Non-financial key performance indicators	Forecast 2015	Actual 2015
Network / Premium segment: Members in the D-A-CH region	Year-on-year growth (2014: 1,076,000)	+ 1,592,000
Network / Premium segment: Subscribers in the D-A-CH region	Stronger growth in absolute terms (2014: 28,000)	+ 45,520
E-Recruiting segment: Number of corporate customers (B2B)	Sharp increase (2014 year-end figure: 17,197)	+ 773
Events segment: Number Corporate customers (B2B)	Similar level as in 2014 (2014 year-end figure: 2,196)	1,879

The forecast in terms of all financial and non-financial key performance indicators for the 2016 financial year is explained in detail in the report on expected developments and opportunities.

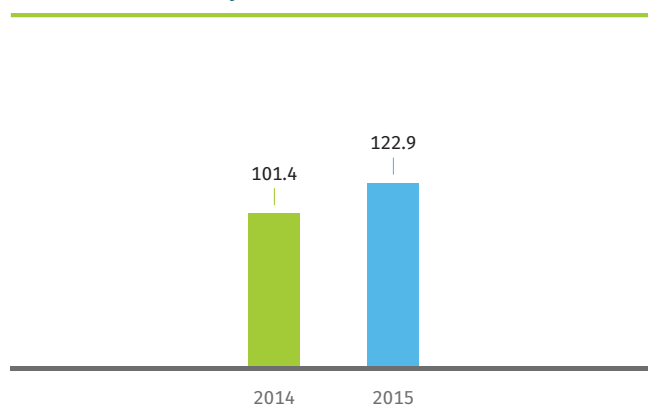
## RESULTS OF OPERATIONS

### Revenues

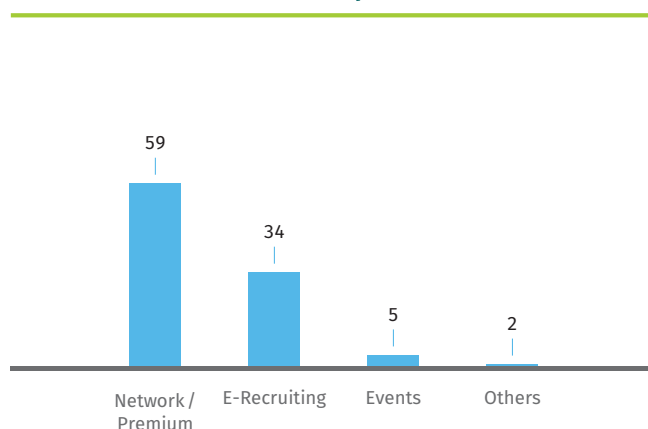
Revenues of the XING Group including other operating income rose from €101.4 million in the 2014 financial year to €122.9 million in 2015. This corresponds to a relative growth rate of 21 percent or year-on-year growth of €21.5 million in absolute terms.

In 2015, the core business in the Network / Premium segment contributed €11.8 million to revenue growth, followed by the E-Recruiting segment with growth of €8.5 million. At €3.0 million, other operating income exceeded the prior-year-figure of €2.2 million. This increase is mainly attributable to exchange differences (+€0.6 million vs. 2014).

### Total revenues, Group (in € million)



### Revenue distribution in the Group (in %)



### Personnel expenses

In the financial year ended, we recruited additional highly qualified employees for XING to continuously enhance our existing offerings and establish new offerings in the market. At the end of December 2015, we had 792 employees (December 2014: 649), which represents an increase of 143 employees (+ 22 percent). Personnel expenses increased at a lower rate, from €41.8 million (incl. €2.4 million in non-operating expenses from the earn-out obligation for the acquisition of kununu GmbH) in 2014 to €45.3 million in the reporting period (+ 8 percent). Not including the earn-out obligation, personnel expenses increased by €5.9 million (+ 15 percent); the personnel expenses ratio therefore decreased marginally from 39 percent to 37 percent of revenues.

### Marketing expenses

In the 2015 financial year, we upped our marketing spend by around €4.6 million year on year. For the first time, we strengthened our brand with two TV campaigns in one financial year (mainly broadcast in Q1 2015 and Q4 2015). Marketing activities in the Network / Premium segment focused on the areas of SEM (search engine marketing), affiliate marketing, mailshots, and conventional display advertising. As a result, marketing expenses rose slightly from 9 percent (2014) to 11 percent of revenues in the 2015 financial year.

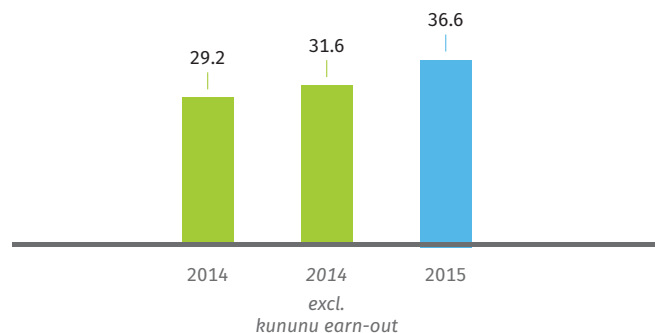
### Other operating expenses

Other operating expenses rose by €6.1 million from €21.2 million to €27.3 million. The main operating expenses here include IT and other services (€8.9 million compared to €5.9 million in 2014), expenses for premises (€4.4 million compared to €4.0 million in 2014), and server hosting, administration and traffic costs (€2.3 million compared to €2.2 million in 2014). Section 10 of the notes to the financial statements includes a detailed table of all items reported under other operating expenses.

### EBITDA

We gave a substantial boost to our operating result (EBITDA) in 2015. EBITDA of the XING Group amounted to €36.6 million in the reporting period. Compared with the prior-year figure, this constitutes an increase of €7.4 million or 25 percent. Excluding the non-operating earn-out obligation from the kununu transaction, the operating result rose by as much as €5.0 million, from €31.6 million in 2014 to €36.6 million in the 2015 financial year (+ 16 percent).

### EBITDA (in € million)



### Depreciation, amortization and impairment losses

Depreciation, amortization and impairment losses (excluding the one-off impairment charge of €7.5 million for the Events segment in the previous year) rose from €8.7 million in the previous year to €10.0 million (+ €1.3 million). Depreciation, amortization and impairment losses in the reporting period include impairment losses of €1.1 million (previous year: €0.5 million excluding the impairment charge in the Events segment). Amortization of internally developed software amounted to €3.3 million (previous year: €3.7 million, including €1.0 million impairment charge in the Events segment).

### Financial result and taxes

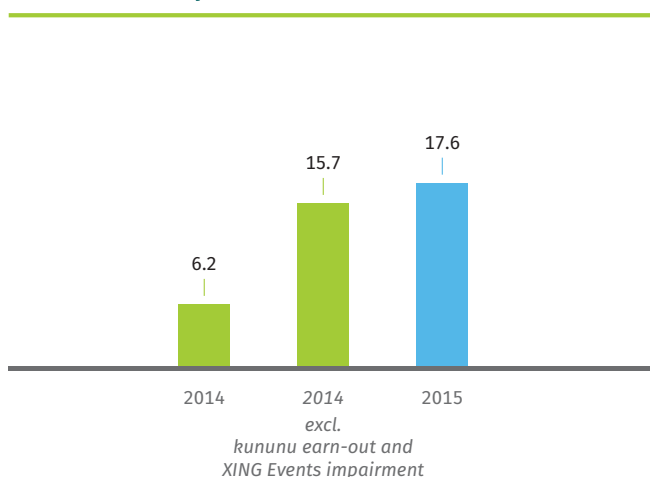
Reflecting the continuation of XING's conservative investment policy, interest income fell due to the low level of interest rates. Interest expense mainly comprises interest on non-current liabilities, costs associated with the provision of undrawn credit lines and interest obligations on tax payments owed from 2008.

Current taxes are determined by the companies of the XING Group based on the tax laws applicable in their country of domicile. Tax expense amounted to €8.8 million, up from €6.9 million in the 2014 financial year.

### Consolidated net profit / loss and earnings per share

Consolidated net profit in 2015 amounted to €17.6 million, up from €6.2 million in 2014 (incl. the impairment charge for the Events business and kununu earn-out obligations). This gives rise to *earnings per share* of €3.15 for the 2015 financial year compared with €1.11 per share in 2014. Excluding the kununu earn-out obligations and the impairment charge for XING Events in 2014, net profit was €15.7 million and basic earnings per share adjusted for extraordinary items amounted to €2.81. Basic earnings per share in 2015 therefore rose by 12 percent compared with the adjusted prior-year figures.

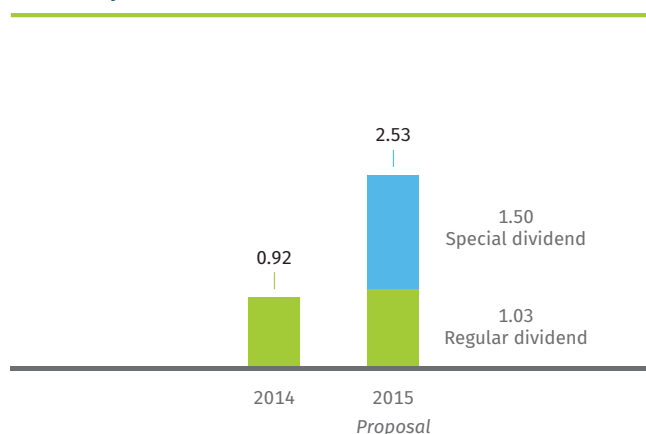
### Consolidated net profit / loss (in € million)



### Dividend distribution

Based on the 2015 results and the implementation of a long-term dividend policy, the Executive Board and Supervisory Board will propose to the next Annual General Meeting to be held on June 2, 2016 that the shareholders be paid a dividend of €1.03 per share (previous year: €0.92). This figure is based on the Company's consolidated net profit and also on benchmarks of TecDAX companies with comparable growth figures. We also propose a special dividend for 2015 of €1.50 per no-par value share carrying dividend rights (previous year: €0.00). The liquid funds of €78.0 million as of the end of 2015 and XING's cash-generative business model enable the Company to pay a regular dividend as well as a special dividend without changing its business strategy, which continues to be aimed at achieving growth.

### Dividend per share (in €)





## SEGMENT PERFORMANCE

### Network / Premium segment

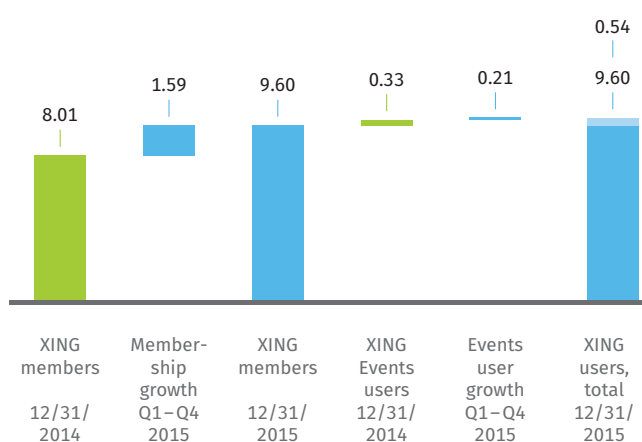
The Network / Premium segment is the backbone of the XING platform. At the end of the financial year, 9.6 million members were using the XING platform. In developing our products we have systematically pursued our mission – “For a better working life” – and thus helped 1.6 million more people than in the previous year to achieve success in their professional lives.

### Accelerated growth among new members

We recorded stronger growth year on year; not only did the number of users rise, but overall growth in membership of the XING platform also accelerated significantly once again versus the previous year. At the end of the 2015 financial year, 9.6 million members were using the XING platform. Including XING Events subscribers, the number of users at the end of 2015 was as much as 10.1 million. In the financial year ended, around 1.6 million new business professionals registered as members at [www.xing.com](http://www.xing.com), up from 1.1 million in the previous year. The repeated accelerated growth momentum attests that we systematically increased the value of our platform for our members and users by creating additional services and functions in the past financial year as well. The high member figures are generating an exponentially positive networking effect for the XING platform, giving increasing numbers of members the opportunity to rediscover contacts they made offline on the XING platform or even to make new acquaintances online.

As the leading online network for business professionals, we firmly believe based on the working population of over 51 million in the D-A-CH region that there is considerable further potential for growth.

### Member and user growth 2015 (in million)



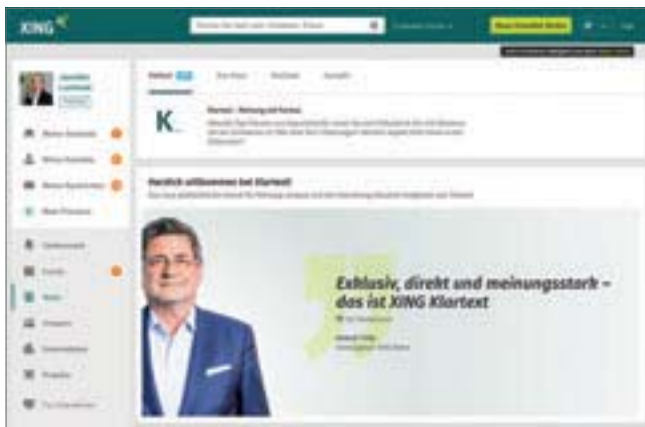
Rounding differences are possible

### 2015 content initiative

2015 was the year of XING’s content initiative. Our users need relevant information at the right time. On our platform we have the groupings of a wide variety of industries and professional groups. With a readership of more than two million a month, our Industry News was the first step in providing members with content tailor-made to their daily work and thus offering real value for their careers. Once per day, the industry news delivers “das Wichtigste kompakt” – an overview of the topics that users from a given industry consider relevant.

In February 2015 we introduced the XING News pages. The News pages are a service aimed at everyone who wants to dig a little deeper and get ahead of the game with their industry expertise. Complementing our daily Industry News, our members can follow selected industry news sources and experts and read up on all of the relevant professional topics on the platform. In October 2015, we took the next step by rolling out our own journalistic offering called XING Klartext. From now on, our members can read regular opinion pieces on the platform written by representatives of industry and commerce. Klartext is a format in which knowledgeable experts and well-known personalities are selected to take a position and put

their opinions on current and controversial topics concerning business and professions up for debate. Our aim in providing the views and experience of experts is to help our members stay abreast of developments in their industries and to make knowledge usable for their work and personal careers. The topics are chosen by our own editorial team that we put together in the course of last year.



### Improved usability on all devices

All told, the mobile share of XING's overall traffic in 2015 outstripped the share of desktop traffic for the first time, reaching around 55 percent at the end of the year. This prompted XING to considerably strengthen its development capacity for mobile devices once more so as to guarantee a top-quality user experience.

In 2015, we unveiled the new XING universal app for all mobile Apple devices. This means that practically the same functions are now available on all devices. For example, users can now also read the industry news on an iPad. The design has been optimized for iPhone 6 and iPad, and thanks to improved navigation and new typography the app is tidier, more dynamic and more interactive than before.



Towards the end of the last financial year, we presented XING's Windows 10 app. This app can be used for tablets and PCs / notebooks running Windows 10 as well as smartphones with Insider Preview and the official Windows 10 Mobile. The language assistant Cortana also shows the latest news and updates from groups on request. The Network News feed, which includes the XING News pages, has been expanded to a significant extent, too. Likewise, users across all Windows 10 devices have access to the groups to which they subscribe and can not only read and comment on articles but look at and download photographs as well. That the Industry News is also available for download goes without saying.

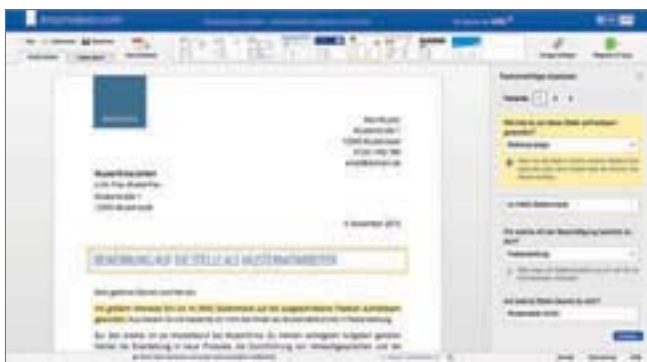
### Launch of [www.bewerbung.com](http://www.bewerbung.com) and [www.anschreiben.com](http://www.anschreiben.com)

After acquiring the website [www.lebenslauf.com](http://www.lebenslauf.com) in May 2014 and successfully linking it up to the XING platform a short time later, we took the destinations [www.bewerbung.com](http://www.bewerbung.com) and [www.anschreiben.com](http://www.anschreiben.com) live last year. The additional websites complement the service provided by [www.lebenslauf.com](http://www.lebenslauf.com).

For example, [www.bewerbung.com](http://www.bewerbung.com) gives users tips on how to prepare a compelling job application, providing instructions and checklists. This website guides applicants through the entire application process step by step – from the CV to the photograph and cover letter to the job interview – providing all tips and tricks on a single platform.



The third destination [www.anschreiben.com](http://www.anschreiben.com) allows users to prepare a cover letter. Based on a set of specific questions for which we received assistance from HR experts, the editor creates the text for the cover letter. This can then be added to or modified by the user. A direct link to [www.lebenslauf.com](http://www.lebenslauf.com) ensures ease of use and closes the loop to a complete application dossier.



**Successful revitalization of the “New Premium” core business**

About two years ago, we embarked on an internal reorganization of our core business with paid membership accounts and started to offer our members a new enhanced and more transparent Premium offering. We successfully continued these efforts in 2015.

**Labor law protection – a new service for Premium members**

Our mission – “For a better working life” – is consistently geared toward the needs of our users. We endeavor to help our members to be more successful in their work and professional lives and to feel secure. Especially in times in which people change jobs more and more frequently and work is less and less tied to set times and places, the working population is increasingly confronted with labor law issues. A forsa survey commissioned by XING showed that nearly two out of three employees and workers in Germany (64 percent) have to get to grips with labor law issues at least once in the course of their career.

Under the “XING Arbeitsrechtsschutz” (XING Labor Law Protection) module, a Group insurance policy that XING took out with legal protection specialist ARAG SE assumes the costs for Premium members to seek initial expert counsel from lawyers on all German labor law issues, among other things. XING Arbeitsrechtsschutz provides unlimited access to ARAG’s online legal service, which contains over 1,000 sample letters and contracts.

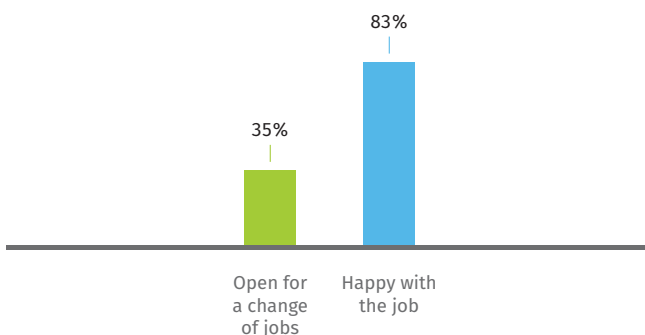
**Successful launch of new ProJobs membership**

Launched in the fourth quarter of 2014, XING ProJobs membership was well received by our members. ProJobs membership is an add-on costing between €24.95 and €39.95 per month (depending on the term) on top of regular Premium membership and provides clear advantages for jobseekers. ProJobs membership enables XING members to be found faster by head hunters and thus increases their chances of receiving interesting job offers. As well as field, industry and position, ProJobs users can enter the names of preferred employers, salary expectations, preferred locations and working hours. What is more, they also receive exclusive access to jobs with

an annual salary of at least €50,000 which headhunters offer only to XING ProJobs users. On request, job application pros will check an applicant's CV and XING profile – including all ProJobs information – free of charge. ProJobs also gives users fine-grained control over the visibility of the job search and the enhanced profile.

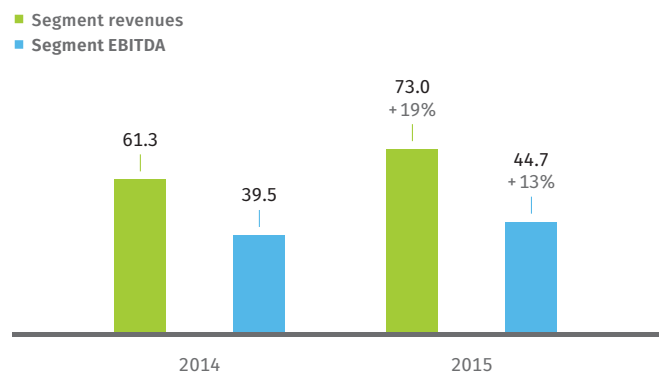
A representative study of the working population conducted by XING in 2016 underpins the strategy the Company is pursuing to market the new membership account. Even though 83 percent of those surveyed are satisfied with their current position, one-third (35 percent) could see themselves changing jobs during 2016, including six percent who have specifically planned to change jobs. This leads us to believe that there is considerable growth potential to be tapped in the area of XING ProJobs membership.

### Happy with the job but ready for a change



Source: forsa survey in December 2015 / January 2016 among 1,010 specialists and executives with a college degree in Germany

### Network / Premium – Segment revenues and EBITDA (in € million)



The strategic realignment and revitalization of the core business had a very positive impact on revenue growth in the segment and the XING Group in the 2015 financial year. Segment revenues were up 19 percent (previous year: 12 percent) to €73.0 million.

After deduction of directly attributable costs and expenses, we generated segment EBITDA of €44.7 million for the 2015 financial year with a margin of 61 percent (previous year: 64 percent). This decrease is due in particular to the recruitment of additional staff, for example for content development, as well as to higher expenditure on marketing.

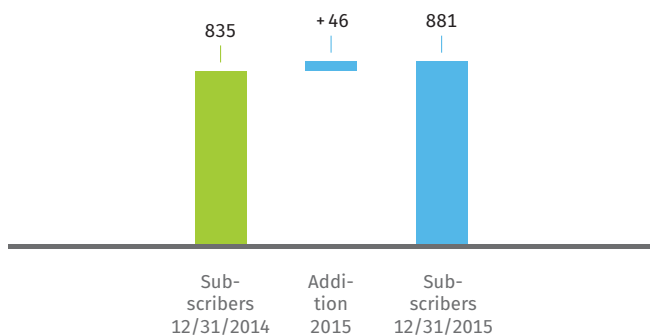
The biggest drivers of growth in this segment in 2015 were

- the sharp increase in the number of subscribers year on year,
- the implementation of price adjustments for new and existing subscribers,
- successful establishment of the fee-based ProJobs membership account, and
- more intense marketing of advertising solutions.

### Stronger subscriber growth

We convinced a substantially higher number of members of the benefits of Premium and ProJobs membership. Consequently, in 2015 around 45,520 business professionals (net) opted for paid membership on www.xing.com. Adjusted for the extraordinary effect arising from price increases, the XING platform would have grown by 50,000 paid memberships. In the previous year, this figure stood at 28,000 or 38,000 (adjusted for the extraordinary effect arising from price increases). At the end of the financial year, XING had a total of 881,000 subscribers in the D-A-CH region (2014: 835,000).

#### Subscriber trend in D-A-CH (in thousand)



### Price adjustments in the Premium subsegment

We saw our new enhanced Premium offering as an opportunity to increase the price for all new subscribers by around €2 per month starting in mid-2013. Ever since the adjustment was made, this effect has had a positive impact on the segment's revenues and earnings growth overall.

In the 2014 financial year, we notified a large proportion of our existing members that on account of the greatly enhanced Premium offering we could only continue their existing membership for a higher monthly fee. The price adjustments consequently had a positive effect on the segment's revenue and earnings growth, mainly in the 2015 financial year.

### Intensified marketing of marketing solutions

In Marketing Solutions we develop products to enable companies to communicate purposefully and effectively with their target group via the XING platform. The core products in this unit are traditional display advertising and partnerships.

### E-Recruiting segment

#### Segment revenues top €40 million for the first time

We recorded strong growth once again in 2015 with our E-Recruiting offerings, lifting revenues in this segment by 26 percent to €41.4 million (previous year: €32.9 million). All of the subsegments – Active Recruiting, Passive Recruiting and Employer Branding – contributed to this growth.

#### Active Recruiting – the strongest driver of growth

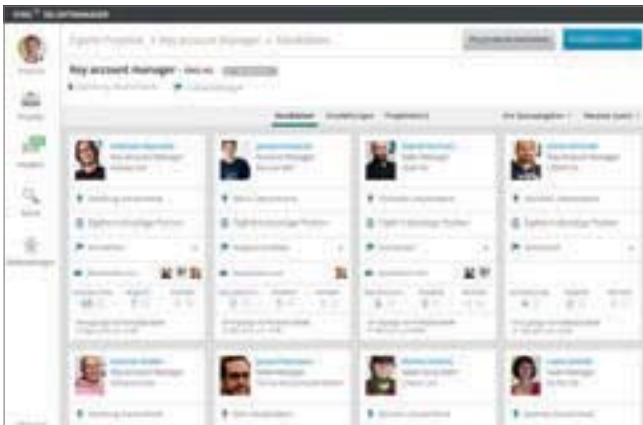
Demographic change, digitalization of the world of work, and the changes in values among younger generations of employees are the challenging new circumstances that companies have faced for a number of years when trying to fill vacancies. Recruiting an adequate number of suitable employers is becoming increasingly difficult. These days, it is no longer sufficient to insert advertisements for jobs and wait for the applications to come in. Companies need to be much more proactive in identifying suitable candidates. When we launched the XING Talent Manager for active sourcing at the end of 2012, we introduced an HR solution with which companies can themselves search for suitable candidates and approach them directly on the XING platform, the largest social network for business contacts in the German-speaking market. This enables companies to find candidates who fulfill their expectations.

A study on active sourcing conducted by Experteer in 2015 showed that direct communication by the company looking to fill a position is very important: 96.4 percent of the senior-level executives surveyed would like to be approached directly by the enterprise (in 2014: only 37.2 percent). Due to the structural changes in the labor market described and the strong growth in membership of the XING platform, companies continue to speak very favorably of our Talent Manager. In the



2015 financial year, we boosted this subsegment's revenues by nearly 60 percent and increased the number of Talent Manager licenses sold from 3,900 at the end of 2014 to 5,100 at the end of 2015.

In this area, XING is the clear market leader in the D-A-CH region.



**Passive Recruiting bolstered by acquisition of [www.jobbörse.com](https://www.jobbörse.com)**

In the Passive Recruiting subsegment, XING generates most of its revenues from the sale of online job ads on <https://www.xing.com/jobs/> to corporate customers who hope to receive applications for their vacancies through this channel. To make the jobs marketplace much more attractive for our users in the future and thus increase the frequency with which XING Jobs is used, we acquired Aschaffenburg-based Intelligence Competence Center (Deutschland) AG on January 22, 2015. This is the company that developed the [www.jobbörse.com](https://www.jobbörse.com) website, which with over 2.5 million employment ads is the largest job search engine in German-speaking countries.

We have also secured the search technology behind Jobbörse.com, which searches around 1.3 million company sites. Just a few months later, in September 2015, we also revamped the XING Jobs platform with the successful integration of Jobbörse.com and, using crawling technology, increased the number of job ads that are visible for our users from a small five-digit figure to around 1 million. This gives users extensive access to the jobs that are relevant for them on a single portal – they no longer need to look elsewhere. The search is also consistently geared toward the needs of users – Anyone who is looking for family-friendly working conditions, a job that provides meaning in their life, good training opportunities or even an employer who tolerates dogs can find positions on the XING Jobs marketplace that meet their individual requirements and wishes.



In addition to the sheer number of jobs and candidate-focused search criteria, professionals benefit from additional special employer-friendly focus of XING Jobs – contrary to standard practice, the jobseeker sees not only the employment ad inserted by the company, which appears in a long list of results found using typical search criteria such as the industry, position and region, but also information that is highly relevant in the modern-day world of work and yet not

available on traditional job portals. The integrated kununu score instantly informs users about the company's ability to meet their needs regarding the working atmosphere, management style or employee benefits, for example.

In this way, XING reveals to its users at a glance what a company is like as an employer, so XING members can decide whether or not to apply for a job there.

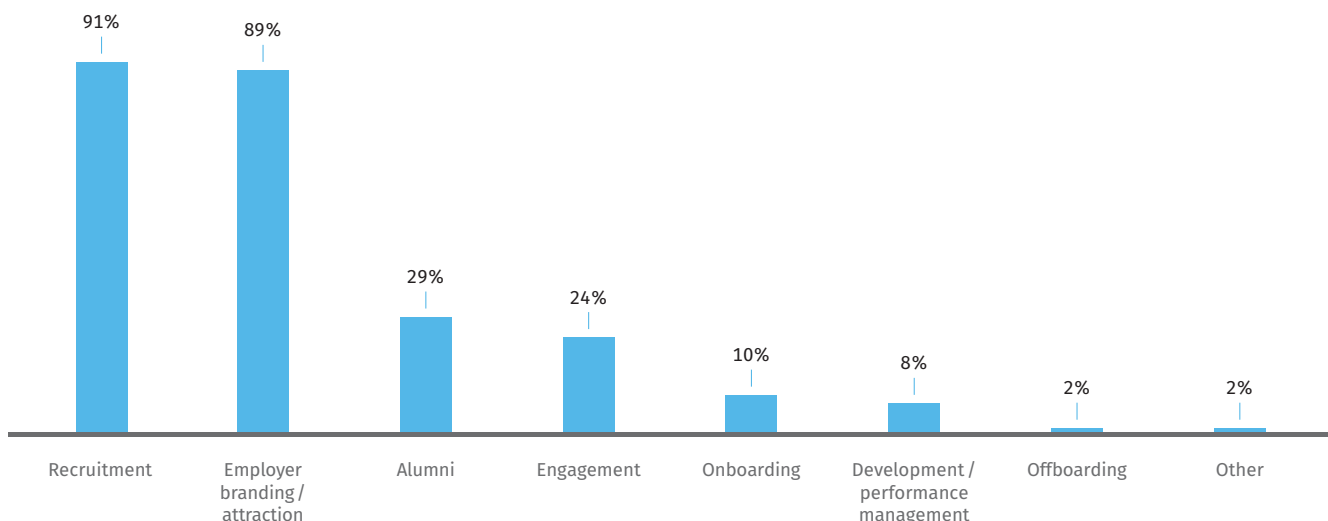
**Double-digit growth in Employer Branding**

During a skills shortage, it becomes increasingly important for companies to sharpen their profile as an employer, develop an attractive employer brand and present this in the places where candidates find out about companies. This was also shown by a recent survey conducted by PricewaterhouseCoopers, which found that social media are the main platforms for recruitment and employer branding. With the www.kununu.com platform XING has the leading portal for evaluations and reviews of companies in the German-speaking world at its

fingertips. There, candidates can find a variety of information and data on potential employers, allowing them to form a qualified impression in advance of the companies that interest them. We offer companies fee-based employer branding profiles so that they have more control over the content and messages in order to build an attractive employer brand. By the end of 2015, we had sold around 2,100 employer branding profiles (end of 2014: approximately 1,500). Following a strong first half, in which revenues grew by 29 percent, revenue growth tailed off in the second half of 2015 on account of a technical effect arising from the restructuring of the product range: Old XING company profiles (€12.49 to €129 per month) were discontinued. We now offer only the new employer branding product (€395 to €1,095 per month). Customers who decided not to change over to the employer branding profile were dropped. As a consequence, this subsegment's revenues grew by just 10 percent year on year. However, it is expected that this effect will not have a similar impact on the revenue development of the subsegment in the 2016 financial year.

**Businesses use social networks primarily for recruitment purposes (For which HR activities do you use social media?)**

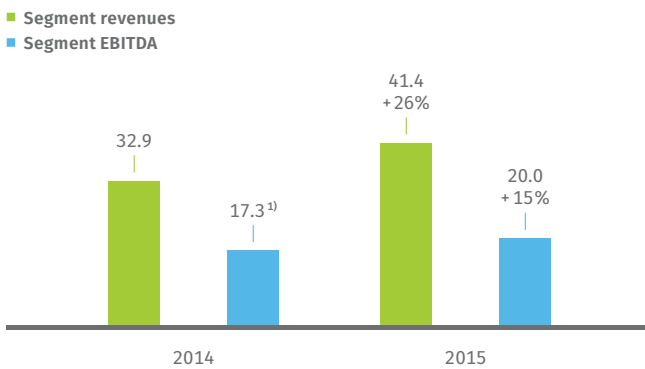
N = 100 companies



Source: PWC

XING is the undisputed market leader in the segment of employer review websites and employer branding in the D-A-CH region.

### E-Recruiting – Segment revenues and EBITDA (in € million)



1) excl. €2.4 million in kununu earn-out obligations.

Thanks to the uptrend in the Active Sourcing, Passive Sourcing and Employer Branding subsegments, revenues in the E-Recruiting segment climbed 26 percent to €41.4 million (previous year: €32.9 million). Segment EBITDA was up 15 percent to €20.0 million (previous year: €17.3 million excluding non-operating expenses from the kununu earn-out obligation).

The number of corporate customers (B2B customers) in Germany, Austria, and Switzerland rose to 17,930 in the 2015 financial year (previous year: 17,197). Besides adding more corporate customers, we also achieved higher average revenue per corporate customer in 2015 (€2,307; previous year: €1,912).

### Events segment

#### Substantial improvement in EBITDA

The systematic realignment of the Events segment generated a marked improvement in segment EBITDA, from €-2.1 million to €-0.6 million in 2015.

#### Product development for event organizers

Since January 2015, we have offered Event PLUS to give organizers of professional events the opportunity to gain access to a much larger pool of potential attendees on XING. With Event PLUS, organizers can advertise their event on pages listing events on similar topics, thus gaining access to a larger audience simultaneously selected to match the focus of their event. By targeting potential participants in this way, the event extends its reach within the relevant target audience. Updated daily, these statistics also give organizers access to visitor figures and user activities, enabling them to adjust and optimize marketing activities as part of a dynamic process.



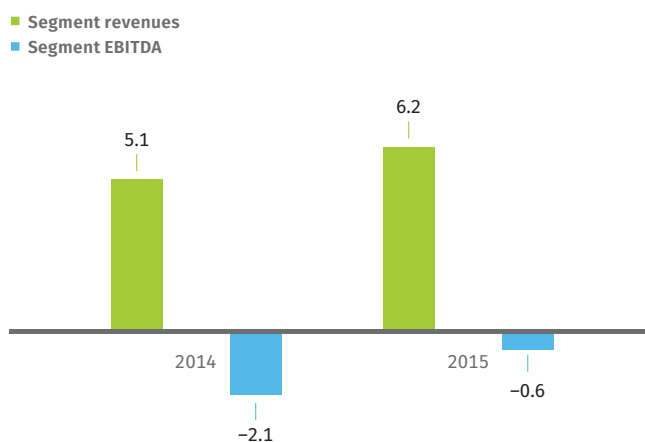
### Extended portfolio for trade fair organizers

In 2015, we also rounded out our portfolio for trade fair organizers and provide full-service solutions for the complex requirements of exhibitions. Using intelligent marketing options in the XING business network and software solutions for visitor, ticket, and customer relationship management, we are focusing squarely on the key aspects of a trade fair: the exhibitors and visitors. This entails the following products:

- High-reach marketing options in the XING business network
- Simple management of ticket quotas for different groups of visitors with the XING Expo Manager
- Efficient visitor management through secure payment processing, a reliable API interface, and easy integration of the ticket shop
- Professional entry management through state-of-the-art technology and professional consulting
- Customized solutions for complex trade fair requirements in an app
- Customer relationship management on the XING platform



### Events – Segment revenues and EBITDA (in € million)



### Strategic realignment successfully completed – losses reduced considerably

In the reporting period, we successfully completed the realignment of our Events business that we began in 2014. We gave segment revenues a large boost from €5.1 million to €6.2 million (+ 22 percent) and significantly reduced our loss to €-0.6 million (2014: €-2.1 million). As part of the strategic realignment, in the financial year ended we also used the Events business to a much greater extent and in a more focused manner to acquire new platform members and thus generated segment revenues of €0.6 million. In addition, we created more opportunities for our event organizers to extend their reach and market their event to the appropriate target group. The steps we took gained traction in the past year and have since made a significant contribution to the development of revenues and earnings.

## NET ASSETS

Non-current assets increased by €12.9 million from €26.3 million in the previous year to €39.2 million as of December 31, 2015. This is mainly due to the acquisition of Intelligence Competence Center (Deutschland) AG and the recognition of new modules for the XING platform. The share of non-current assets in total assets increased from 24.3 percent to 28.0 percent year on year. As a result, current assets accounted for a lower proportion of total assets, decreasing to 72.0 percent (previous year: 75.7 percent).

On December 31, 2015, liquid funds of €81.0 million (previous year: €67.2 million) accounted for 57.9 percent (previous year: 62.1 percent) of the total assets of €139.9 million (previous year: €108.1 million).

Liquid funds as of December 31, 2015 included third-party cash of €3.0 million from the XING Events segment (previous year: €3.2 million). The Company has €78.0 million in cash, which accounts for 55.8 percent of total assets (previous year: €64.0 million or 59.1 percent). A portion of €4.6 million of the increase in cash and cash equivalents is due to payments received for processing the 2010 stock option plan.

The increase in receivables from services from €12.0 million in the previous year to €15.9 million as of December 31, 2015 was largely related to the further rise in revenues. Receivables from services mainly include receivables from B2B members and membership subscriptions from Premium members.

Other assets increased by €0.9 million year on year. Here, the XING Group's revenue growth led to higher receivables due from credit card companies and deferred costs.

Investments in purchased software amounting to €2.1 million (before acquisitions) in 2015 were lower than the amortization of €2.9 million. As is usual in the online industry, software solutions and platform extensions are mainly developed inhouse. As a consequence of the acquisition of Intelligence Competence Center (Deutschland) AG, the jobbörse.com technology is also reported under purchased software

(€1.1 million). Impairment losses in 2015 were charged in the amount of €0.4 million (previous year: €0.0 million).

Internally generated intangible assets include the internally generated parts of the XING platforms that qualify for capitalization as well as the XING mobile applications and a testing tool. Internally generated intangible assets were reduced by amortization and impairment losses of €0.6 million (previous year: €1.6 million), resulting from the overhaul and redesign of the platform.

Following the impairment of goodwill in the previous year in the full amount (€5.6 million) in connection with the acquisition of XING EVENTS GmbH in 2011, the remaining goodwill relates to Intelligence Competence Center (Deutschland) AG, which was acquired in the reporting period (€6.1 million) and to kununu GmbH, which was acquired in the 2013 financial year (€2.2 million).

The value of the other intangible assets was reduced by €1.0 million through amortization expense and by €0.1 million through impairment charges. New investments of €0.2 million and additions of €0.7 million resulting from the acquisition of Intelligence Competence Center (Deutschland) AG led to a carrying amount of €1.9 million (previous year: €2.2 million).



## FINANCIAL POSITION

### Equity and liabilities

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

As of the closing date, the Company's equity ratio amounted to 43.2 percent compared with 40.1 percent in 2014. With consolidated total comprehensive income of €17.6 million, this decrease is due to a further allocation of €4.6 million from the stock option plan 2010. This puts XING in an excellent position for future growth.

The Company's equity still amounted to a clear 154.2 percent surplus over the non-current assets (previous year: 165.0 percent). The decrease results from the rise in non-current assets that is mainly attributable to the additions to internally developed software and goodwill.

There is a 154.8 percent surplus of current assets (including liquid assets) over the current liabilities (previous year: 142.5 percent). The surplus is due to the strong increase in cash and cash equivalents by €14.1 million.

### Strategic financing measures

Thanks to the favorable market conditions, the Company secured credit lines totaling €20 million in 2014 with the aim of increasing its short-term flexibility. These credit lines have not yet been drawn down.

### Cash flows from operating activities

The cash flows from operating activities for the reporting year amounted to €35.8 million, up from €34.2 million in the previous year. This increase is mainly attributable to the €7.4 million increase in EBITDA over the previous year, which was nevertheless impacted by higher tax payments (+€3.7 million) and a deterioration in net working capital of €2.0 million. The figure for 2015 includes earn-out payments of €4.0 million arising in connection with the acquisition of kununu GmbH which we consider cash flows from investing activities from a business management perspective. Excluding the earn-out

payments, cash flows from operating activities amount to €39.8 million (+ 16 percent year on year).

### Cash flows from investing activities

In the 2015 financial year, the cash flows from investing activities included significantly higher amounts invested in platform development than in the previous year (€10.6 million compared with €7.5 million). At €2.6 million, investments in property, plant and equipment were up slightly on the previous year (€1.8 million). The main driver of the cash flows from investing activities was the acquisition of Intelligence Competence Center (Deutschland) AG in the amount of €5.8 million.

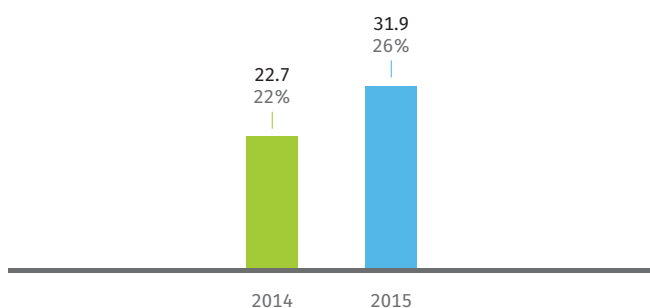
### Cash flows from financing activities

During the 2015 financial year, the implementation of the stock option plan 2010 for employee stock options led to proceeds from financing activities of €4.6 million (previous year: €0.0 million). Cash payments were made primarily for the distribution of the regular dividend of €5.1 million (previous year: regular dividend of €3.5 million and special dividend of €20.0 million).

### SPENDING ON RESEARCH AND PRODUCT DEVELOPMENT

Internet companies typically spend a significant portion of their expenses on research and product development, and XING is no exception. Accounting for €31.9 million of total revenues, XING's research and product development expenses in 2015 were substantially higher than in the previous year and clearly demonstrate that we worked on numerous innovations and new product developments last year. The largest single item in these expenses relates to the development and programming of the XING platform. For this, extensive new products were developed (e.g. XING Jobs), though existing mobile apps were also developed further. The total amount capitalized for the development of new products was €10.5 million in the past financial year. Amortization and impairments of capitalized development costs amounted to €3.3 million in the reporting period (previous year: €2.6 million).

### Research and product development expenses (in € million and in % of total revenues)



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

## Management's summary of the Company's economic position

We are extremely satisfied with our operating and financial results in the 2015 financial year. Following the acceleration in revenue growth in 2014, we gave a further boost to growth in 2015 and made target investments in the future at the same time. XING AG's business model with sustainably high margins and low capital intensity through revenues paid mostly in advance makes this possible without taking on a significant level of financial debt.

We achieved the largest consolidated profit and the highest earnings per share in the history of the Company of €17.6 million and €3.15, respectively.

This extremely comfortable basis enables us not only to continuously invest in the expansion of our business and the development of new business models, but also to make regular dividend distributions to our shareholders. The proposed dividend is explained in the Report on expected developments.

## Remuneration report

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

### REMUNERATION OF THE EXECUTIVE BOARD

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

#### Responsibility for determining the remuneration of the Executive Board

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

### Components of the Executive Board remuneration

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

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

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

The following applies to the performance-based remuneration as stipulated in the director's contracts of Dr. Vollmoeller, Mr. Chu and Mr. Richter: The qualitative individual targets are set by the Supervisory Board for each specific Executive Board

member at the beginning of each financial year. The degree of target achievement for the qualitative, personal targets ranges from 0 to 100 percent and is set by the Supervisory Board at its own discretion at the beginning of a given financial year for the preceding financial year. The quantitative corporate objectives for performance-based Executive Board remuneration are based on two of the Company's budgeted financial targets for the relevant financial year, currently Group EBITDA and consolidated revenues, but also on another non-financial key performance indicator (e.g. subscriber growth or activity on the XING platform). The degree of target achievement for the quantitative corporate objectives ranges from 0 percent to 200 percent. The target achievement of the quantitative corporate objectives is defined following the approval of the Company's consolidated financial statements by the Supervisory Board based on the parameters of the approved consolidated financial statements or by using analyses of key operating indicators on the basis of the calculation parameters specified in the relevant Executive Board contracts or the setting of targets.

The terms of Mr. Pape's performance-based remuneration are agreed between the Supervisory Board and Mr. Pape at the start of each financial year. His degree of target achievement for the qualitative, personal targets and the quantitative corporate objectives ranges from 0 percent to 180 percent. The specific target achievement of the previous year is determined amicably by Mr. Pape and the Supervisory Board no later than two weeks before the respective Annual General Meeting.

The shadow shares from the LTI are a virtual replication of shares to be allocated to the beneficiaries in annual tranches. The number of shadow shares to be allocated in an annual tranche corresponds to the allocation amount calculated annually divided by the average closing price of the Company's shares over the 100 trading days immediately preceding the Annual General Meeting in which the consolidated financial statements, which are the basis for determining target achievement, are adopted. The annual allocation amount depends on the achievement of quantitative corporate goals that are stipulated by the Supervisory Board as part of its three-year plan in advance for the relevant financial year in

the three-year plan, currently consolidated revenues and Group EBITDA. Following a waiting period of three years from allocation, the beneficiary (Executive Board member) acquires an entitlement to a cash payment tied to the share price or, at the Company's discretion, to the allocation of XING AG shares. In addition, the beneficiary is paid dividends, if any, for three financial years ("cumulative dividend"). If cash is paid, then the total amount paid is limited to three times the relevant allocation amount of the respective tranche of shadow shares. If the payment is settled in shares, then the number of shares to be granted is equal to the number of shadow shares allocated. If the total of the share price at the time of exercise and the cumulative dividend is greater than three times the relevant allocation amount of the respective tranche of shadow shares, then the number of shares granted is equivalent to three times the allocation amount. Through the granting of shadow shares a remuneration component is used that takes account of the performance of the Company's shares and therefore provides a sustainable, long-term incentive for the members of the Executive Board.

### Executive Board remuneration in financial year 2015 pursuant to GAS 17

The total and individual remuneration of the Executive Board for the 2015 financial year is detailed in the following tables.

#### Remuneration of the Executive Board 2015 (presentation of benefits pursuant to GAS 17)

All figures in € thousand	Dr. Thomas Vollmoeller CEO since 10/16/2012		Ingo Chu CFO since 07/01/2009		Jens Pape CTO since 03/01/2011		Timm Richter CPO since 03/01/2013		Total	Total
	2014	2015	2014	2015	2014	2015	2014	2015		
Fixed remuneration	386	386	245	252	230	243	230	230	1,091	1,111
Incidental benefits	1	0	3	4	3	3	3	3	10	10
<b>Total</b>	<b>387</b>	<b>386</b>	<b>248</b>	<b>256</b>	<b>233</b>	<b>246</b>	<b>233</b>	<b>233</b>	<b>1,101</b>	<b>1,121</b>
One-year variable remuneration										
Bonus (cash)	186	151	133	104	99	88	112	95	530	438
Multi-year variable remuneration										
Long-term incentive <sup>1)</sup>	216	221	98	100	98	100	98	100	510	521
<b>Total</b>	<b>789</b>	<b>758</b>	<b>479</b>	<b>460</b>	<b>430</b>	<b>434</b>	<b>443</b>	<b>428</b>	<b>2,141</b>	<b>2,080</b>

<sup>1)</sup> The value of the phantom stocks shown in the table is calculated by multiplying the contractually agreed grant amount with the target achievement for 2015. The phantom stocks for the 2015 financial year are granted after the Annual General Meeting at which the adopted consolidated financial statements for the 2015 financial year are presented.



### Executive Board remuneration in financial year 2015 pursuant to the German Corporate Governance Code (GCGC)

The GCGC recommends that individual remuneration components be disclosed individually for each Executive Board member according to certain criteria. It also recommends that the sample tables provided in the GCGC be used for this presentation, which differs in some respects from German Accounting Standard No. 17 (GAS 17).

The following table outlines benefits granted for the 2014 and 2015 financial years, including incidental benefits, and the minimum and maximum possible remuneration earnable in financial year 2015. In contrast to GAS 17, the target figure, i.e. the amount granted to the Executive Board member at a target achievement level of 100 percent, must be presented for one-year, performance-based remuneration in line with the requirements of the GCGC.

### Remuneration of the Executive Board 2015 (presentation of benefits pursuant to GCGC)

All figures in € thousand	Dr. Thomas Vollmoeller CEO since 10/16/2012						Ingo Chu CFO since 07/01/2009	
	Base value		Mini- mum	Maxi- mum	Base value		Mini- mum	Maxi- mum
	2014	2015	2015	2015	2014	2015	2015	2015
Fixed remuneration	386	386	386	386	245	252	252	252
Incidental benefits	1	0	0	0	3	3	3	3
<b>Total</b>	<b>387</b>	<b>386</b>	<b>386</b>	<b>386</b>	<b>248</b>	<b>255</b>	<b>255</b>	<b>255</b>
One-year variable remuneration								
Bonus (cash)	190	190	0	315	125	125	0	215
Multi-year variable remuneration								
Long-term incentive	216	220	0	660	98	100	0	300
<b>Total</b>	<b>793</b>	<b>796</b>	<b>386</b>	<b>1.361</b>	<b>471</b>	<b>480</b>	<b>255</b>	<b>770</b>

All figures in € thousand	Jens Pape CTO since 03/01/2013				Timm Richter CPO since 03/01/2013				Total	Total
	Base value		Mini- mum	Maxi- mum	Base value		Mini- mum	Maxi- mum		
	2014	2015	2015	2015	2014	2015	2015	2015	2014	2015
Fixed remuneration	230	243	243	243	230	230	230	230	1,091	1,111
Incidental benefits	3	3	3	3	3	3	3	3	10	9
<b>Total</b>	<b>233</b>	<b>246</b>	<b>246</b>	<b>246</b>	<b>233</b>	<b>233</b>	<b>233</b>	<b>233</b>	<b>1,101</b>	<b>1,120</b>
One-year variable remuneration										
Bonus (cash)	100	100	0	180	115	115	0	190	530	530
Multi-year variable remuneration										
Long-term incentive	98	100	0	300	98	100	0	300	510	520
<b>Total</b>	<b>431</b>	<b>446</b>	<b>246</b>	<b>726</b>	<b>446</b>	<b>448</b>	<b>233</b>	<b>723</b>	<b>2,141</b>	<b>2,170</b>

Because the remuneration granted to members of the Executive Board for the financial year is not always paid out in the same financial year, a separate table indicates the remuneration they were allocated in financial year 2015 in line with the corresponding GCGC recommendation. Pursuant to the GCGC recommendations, the fixed and one-year, performance-based remuneration components must be listed as an allocation for the given financial year. The total remuneration according to the GCGC accruing to the individual members of the Executive Board for the 2015 financial year broken down by components is presented in the following table:

### Exercise of options under the stock option plan

In the financial year ended, Mr. Pape as a beneficiary of a legacy stock option plan of the Company, the SOP 2010, exercised 40,000 stock options as of the reporting date that were granted to him in March 2011 by the Company under the conditions approved at the Annual General Meeting on May 27, 2010. These stock options were issued at an exercise price of €41.23 per option. In August 2011, the exercise price was reduced to €37.47 on account of the special dividend paid out by XING AG in February 2012.

### Remuneration of the Executive Board 2015 (presentation of allocation pursuant to GCGC)

All figures in € thousand	Dr. Thomas Vollmoeller CEO since 10/16/2012		Ingo Chu CFO since 07/01/2009		Jens Pape CTO since 03/01/2011		Timm Richter CPO since 03/01/2013		Total	Total
	2014	2015	2014	2015	2014	2015	2014	2015		
Fixed remuneration	386	386	245	252	230	243	230	230	1,091	1,111
Incidental benefits	1	0	3	4	3	3	3	3	10	10
<b>Total</b>	<b>387</b>	<b>386</b>	<b>248</b>	<b>256</b>	<b>233</b>	<b>246</b>	<b>233</b>	<b>233</b>	<b>1,101</b>	<b>1,121</b>
One-year variable remuneration										
Bonus (cash)	186	151	133	104	99	88	112	95	530	438
Multi-year variable remuneration										
2010 SOP	0	0	0	0	0	1,400	0	0	0	1,400
<b>Total</b>	<b>573</b>	<b>537</b>	<b>381</b>	<b>360</b>	<b>332</b>	<b>1,734</b>	<b>345</b>	<b>328</b>	<b>1,631</b>	<b>2,959</b>

The fair value of these options was €6.07 on March 29, 2011, the day on which Mr. Pape subscribed for the stock options.

The total fair value of these options was therefore around €243 thousand. The exercise gain on the stock options granted to Mr. Jens Pape was limited to €35 per option. (For more information on the respective SOP see the "Other disclosures" section in the consolidated notes). Based on these terms, Mr. Pape made and received €1,400 thousand in 2015 by exercising the stock options (see table 3 above).

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

#### **Premature termination of employment as a member of the Executive Board**

In the event of the death of an Executive Board member during the term of the director's contract, the Company is obligated to pay the proportionate annual base salary for the month of death and the following three months, but not beyond the end of the Board contract, to the heirs of the deceased Board member. Otherwise, as of December 31, 2015, all Executive Board contracts contain severance cap clauses in the event of the premature termination of the contract without good cause based on the recommendations set out in item 4.2.3 of the German Corporate Governance Code.

The contract of one Executive Board member in office – Mr. Ingo Chu – also contains provisions associated with a change in control at the Company that are customary for chief financial officers. In the event of a change in control, Mr. Chu has a right to be released from the director's contract provided other requirements are met. In the event of the justified exercise of this right, he is entitled to settlement of all remuneration components (basic salary, variable remuneration, remuneration from the SSP or LTI), the total amount of which is subject to the severance cap as recommended by item 4.2.3 of the German Corporate Governance Code.

#### **Other**

No pension obligations were agreed for the members of the Executive Board and none of the members in office held shares of the Company as of December 31, 2015. Likewise, no loans, interest or advances were granted to members of the Executive Board and no members received or were promised benefits or similar assurances from third parties in connection with their Executive Board mandate. Furthermore, no commitments were made concerning the granting of such benefits.

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

#### **REMUNERATION OF THE SUPERVISORY BOARD**

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

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

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

An overview of Supervisory Board remuneration for the 2015 financial year is broken down in the following table.

**Supervisory Board remuneration acc. to the Articles of Incorporation** for the 2015 financial year

	Total remuneration 2015 €	Total remuneration 2014 €
<b>Current Supervisory Board members as of December 31, 2015</b>		
Stefan Winners, Chairman	80,000	80,000
Dr. Johannes Meier, Vice Chairman of the Supervisory Board	40,000	40,000
Anette Weber, Chairwoman of the Audit Com- mittee	45,000	42,658
Dr. Jörg Lübcke	40,000	40,000
Jean-Paul Schmetz	40,000	40,000
Sabine Bendiek	40,000	24,329
<b>Supervisory Board members who left the Board in the previous year</b>		
Fritz Oidtman, Vice Chairman of the Supervisory Board (until 05/23/2014)	0	15,671
<b>Total</b>	<b>285,000</b>	<b>282,658</b>

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. The Supervisory Board member Dr. Johannes Meier held 1,000 shares in the Company as of December 31, 2015. More information on reports on transactions by persons with executive functions (directors' dealings) in accordance with Sec. 15a WpHG in the past financial year is published at [www.dgap.de](http://www.dgap.de) under Directors' Dealings and can also be found in the Investor Relations section of XING AG's website.

**Other**

XING AG has taken out Directors & Officers (D&O) insurance for the members of the Supervisory Board that does not include a deductible. This covers the personal liability risk for the Supervisory Board members in the event of the Supervisory Board being held liable for pecuniary loss within the scope of or as a result of their Supervisory Board mandate. Taking out D&O insurance without a deductible constitutes a deviation from the German Corporate Governance Code and was explained by the Executive Board and the Supervisory Board in the Declaration of Conformity last updated in February 2016 and also published online at <http://corporate.xing.com/englisch/investor-relations/corporate-governance/hgb-289a/>.

## Risk report

### PRINCIPLES OF RISK MANAGEMENT

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

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

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

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

The risk management system covers only risks but not opportunities.

### INTERNAL CONTROL SYSTEM

In accordance with Section 315 (2) no. 5 HGB, as a publicly traded company, we are obliged to describe the key features of the internal control and risk management system relevant for the financial reporting process.

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

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

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

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

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

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

- ➔ Identification of the main risk fields and control areas which are relevant for the Group-wide financial reporting process;
- ➔ Controls for monitoring the Group-wide financial reporting process and the related results at the level of the Group Executive Board also at the level of the companies included in the consolidated financial statements;
- ➔ Preventative control measures in the financial and accounting systems of the Group and of the companies included in the consolidated financial statements, as well as in operational management processes which generate major information for preparing the consolidated financial statements including the Group management report, including functional segregation and predefined approval processes in relevant areas.
- ➔ Measures that ensure proper IT-based processing of Group financial reporting-related items and data;
- ➔ The tasks of the internal audit system for monitoring the financial reporting-relevant internal control and risk management system are not carried out by an "internal audit" staff department; instead, this is the responsibility of the Controlling and Accounting departments. In this context, the Group also makes use of the expertise of external audit specialists.

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



## RISK ASSESSMENT

Risks are assigned to risk classes based on their estimated probability of occurrence and the expected loss. In this context, we differentiate between three risk classes: high risk / going concern risk, medium risk and low risk.

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

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

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

	quantitatively	qualitatively
<b>Probability of occurrence</b>		
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
<b>Expected loss</b>		
high	more than €500 thousand	large damage to the Company's image, large damage for customers
medium	€100 thousand to €500 thousand	Services impacted over a long period of time
low	€50 thousand to €100 thousand	Service impacted in isolated cases

## SIGNIFICANT INDIVIDUAL RISKS

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

## STRATEGIC RISKS

### Competition

XING AG already competes with companies that offer similar services. New competitors might enter the market in the future. Revenues would probably be negatively affected if XING AG were to lose customers to these current or future competitors. Competitors might be able to capture market share from XING AG by offering services that are superior to the services offered by XING AG or through particularly aggressive and successful marketing. In addition, as a result of strategic partnerships between foreign competitors and companies with extensive reach in the D-A-CH region, competitors might be able to penetrate XING's domestic market even more rapidly and exert additional pressure on XING AG with their prices and services. In the Network / Premium segment, in addition to the direct competition posed by other social networks, companies that are closely related to the sector might also succeed in capturing market share from XING AG. Some conceivable examples are search engines that extend their portfolio by way of community structures or major portal providers that already have a large number of users, for example by offering e-mail services. The increasing availability of mobile devices with Internet capability can also lead to competition from mobile communities. We categorize the competition risk existing in the Network / Premium segment as a potential going-concern risk. We counteract this risk primarily by undertaking extensive product development and marketing activities. Thanks to better services, continual expansion of our user base, and strong customer loyalty, we have reduced competition risk to such a degree that we currently no longer consider it a going-concern risk in view of the countermeasures taken.

### Payment and 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 involvement of external service providers means that there are certain dependencies in this particular field. The Company counters this risk, which is considered a medium risk, by designing the respective partnerships with external service providers using the help of legal professionals. Appropriate contract forms in particular ensure that the reliance on service providers is minimized, the necessary service standards are met, and that the risk of technical failures is minimized.

### MARKET AND SALES RISKS

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

### RISKS OF CUSTOMER SUPPORT

At XING AG, customer satisfaction enjoys maximum priority. Because of XING AG's own stringent requirements regarding the quality of its platforms, users expect that the Company will refuse to accept any compromises in terms of quality. This comprises in particular the identification of incorrect profiles and tracing inappropriate or offensive comments or fraudulent activities. We categorize the risks of customer support as low to medium.

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

### FINANCIAL RISKS

The Premium memberships offered by XING generate regular cash inflows and provide the Company with adequate liquidity. In addition, XING prepares a liquidity forecast. XING AG invests its cash and cash equivalents exclusively with banks with high ratings and in short-term deposits. This means that the solvency of the Company is guaranteed at all times. Defaults in the Network / Premium and E-Recruiting segments accounted for less than one 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 Events segment, we generally see a more significant operating foreign exchange risk and currency risk. This risk is managed by maintaining separate bank accounts for all relevant currencies. In order to hedge the exchange rate risk arising from bank balances in Swiss francs, XING entered into a foreign currency forward in the amount of CHF 7,000 thousand during the reporting period. A hedging relationship with the cash funds was recognized.

### IT RISKS

#### Risks in network security, hardware and software

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

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

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

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

## PROCESS AND ORGANIZATION RISKS

### Product development risks

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

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

### Data protection and personal rights

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

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

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

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

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

In addition, amendments to data protection provisions are identified on an ongoing basis in conjunction with the Company's legal advisers, and measures for monitoring and complying with these provisions are reviewed and revised as necessary. The Company reviews potential implications for data protection law of new functionalities of the platform before they are introduced. Such new functionalities are only released if compliance with all relevant data protection regulations is guaranteed.

## MANAGEMENT'S SUMMARY REGARDING THE COMPANY'S RISK SITUATION

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

## Report on expected developments and opportunities

### ECONOMIC OUTLOOK

Global economic growth in 2016 is expected to outpace 2015, but only slightly. The International Monetary Fund (IMF) revised its forecast down again in January and now predicts 3.4 percent (WEO, January 2016). The IMF sees the further slowdown in growth in China and rising interest rates in the USA as being both the main reasons for growth leveling off and the principal economic risks. Further appreciation of the US dollar in particular may weigh on emerging market and developing economies. In addition, low energy prices pose problems for producer countries. The refugee crisis and an escalation of geopolitical tensions are further risks. There is cause to be cautiously optimistic, however. The upturn in industrialized nations, above all in the USA, is considered to be robust and set to strengthen in 2016. In addition, the economic situation is improving in emerging economies such as India, the ASEAN nations and parts of Latin America, which could offset the slowdown in Chinese growth to some extent.

Under these global economic conditions, the Hamburg Institute of International Economics (HWWI) expects economic growth of 1.7 percent in Germany in 2016. Both consumer and government spending remain pillars of growth. Consumer spending is benefiting from the sustained health of the labor market and low inflation. As unemployment is low, companies are competing with one another for skilled workers, which is pushing up wages. Due to one-time factors, Austria is expected to see economic growth pick up to 1.9 percent in 2016 (Austrian central bank (OeNB)). The one-time factors include a tax reform coming into force, higher government spending as a result of aid for asylum seekers and a housing construction initiative. In Switzerland too, growth is expected to outstrip 2015, reaching 1.5 percent in 2016 (Swiss National Bank). The Swiss economy is benefiting from the slow economic upturn in the euro zone. Consumer spending is also rising, as inflation is currently very low and purchasing power high. This stands in contrast with industrial activity, which has been held in check by the strong appreciation of the Swiss franc.

The upward trend in the German labor market will continue in 2016, albeit at a slower pace. Employment will continue to grow at a stable rate, while unemployment is likely to barely fall at all due to refugees registered as out of work. The Hamburg Institute of International Economics (HWWI) expects an unemployment rate of 6.0 percent for Germany in 2016. The Austrian unemployment rate is likely to rise to an annual average of 6.1 percent. The unemployment rate is likely to rise to an annual average of 6.1 percent. In Switzerland too, the labor market is likely to recover only slightly year on year in 2016. The country's State Secretariat for Economic Affairs (SECO) expects unemployment to average 3.6 percent in 2016.

### EXPECTED SECTOR TRENDS

Against this background, the regional disparities in the D-A-CH region will not only persist but become ever greater in 2016. According to a PWC survey, nine out of ten companies in Germany fear an acute shortage of skilled workers over the coming decade. This provides further confirmation that online recruitment portals are important and could even become increasingly so in the future. In addition, the digital economy is generally optimistic going into 2016. According to the Bitkom Industry Barometer, three quarters of all companies expect revenues to rise in the first half of 2016.

### EXPECTED DEVELOPMENT OF XING

2015 was a very successful year for XING. The basic situation for the XING Group's future development is very favorable. For example, the Cologne Institute for Economic Research (IW) estimates that of the 24 million skilled workers employed in Germany, 6.7 million are in what it terms a "bottleneck profession". These are professions where there are more vacancies across Germany than there are employment seekers. This trend presents new challenges for an increasing number of companies trying to find suitable candidates to fill their vacancies. XING is well placed here and able to benefit from this trend. In addition, the problem will be exacerbated by the fact that the baby boomer generation will no longer be available in the labor market in the not too distant future. According to the IW scientists, this means that when those born in the 1950s and 1960s retire, the situation will become even worse over the medium term if there is no fresh talent to replace them. As we are continuously diversifying our sources of revenue,

we operate in several markets. Our e-Recruiting and employer branding offering especially is able to benefit from the structural changes described, as we help employers identify and contact suitable talent.

What is more, our platform, the largest for business and social networking in the D-A-CH region, in combination with the low penetration rate of social networks used by professionals in our core markets provides a sound basis for further growth in members in the coming years. It also points to the potential for our core business with paid memberships. Here, we have considerable potential for future growth thanks to the sustained increase in basic members (which picked up significantly again in 2015) and the establishment of further vertical paid memberships.

In view of the continued growth of the XING Group, we reorganized the Company in financial year 2016 in order to optimally serve XING's various target groups. In the future, we will draw a stronger distinction between B2C and B2B offerings, and we changed our internal reporting structure as a result. Our four business units to date (Network, Premium, E-Recruiting, Events) became nine business units (Platform / Content, Premium Network, Pro Work, Kununu D-A-CH and International, New B2C, B2B E-Recruiting, Advertising, Events).

The segment reporting to date was structured in three reporting segments, and the Network and Premium business units were combined into a single reporting segment. Moreover, we also reported about the E-Recruiting and Events segments.

From January 2016 onward, we will report on four segments (B2C, B2B E-Recruiting, B2B Advertising & Events, Kununu International).

The B2C reporting segment includes the Platform / Content, Premium Network, Pro Work, Kununu D-A-CH and New B2C business units. They serve XING members who want to use XING.com, XING Jobs (formerly E-Recruiting) and kununu.com (formerly E-Recruiting) to network with other professionals, find a suitable job, obtain information about potential employers, or read about career-related topics. These services are monetized mainly through paid memberships (Premium, ProJobs). New B2C activities are also included here (e.g. Pro Coach).

The B2B E-Recruiting segment serves B2B customers who seek access to employees and talent. This service is monetized through the development, marketing and sale of the XING Talent Manager (Active Recruiting), job ad (Passive Recruiting), and Employer Branding Profile products. The necessary profiles and traffic from candidates are generated by the B2C segment.

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

We report on other activities outside of the D-A-CH (Germany, Austria, Switzerland) region in the Kununu International segment.



## Overview of business units/reporting segments



## Revenue and earnings targets

In our financial key performance indicators, we expect revenues and earnings to continue to increase at Group level. Accordingly, as things currently stand, we can provide the following detailed overview of the revenue and earnings targets for the Group as well as the main segments:

Financial key performance indicators	Actual for 2015	Forecast for 2016
Consolidated revenues	€119.9 million	Double-digit percentage growth
EBITDA (adjusted for extraordinary items) Group	€36.6 million	Significant increase in EBITDA
Revenues, B2C segment	€67.9 million	Double-digit percentage growth
EBITDA (adjusted for extraordinary items), B2C segment	€38.4 million	EBITDA roughly constant
Revenues, E-Recruiting segment	€40.8 million	Double-digit percentage growth
EBITDA (adjusted for extraordinary items), E-Recruiting segment	€24.9 million	Significant increase in EBITDA
Revenues, Advertising & Events segment	€11.9 million	Double-digit percentage growth
EBITDA (adjusted for extraordinary items), Advertising & Events segment	€2.3 million	Significant increase in EBITDA

In the B2C segment, EBITDA (adjusting for extraordinary items) is scheduled to remain about the same, especially given the fact that new B2C activities are still in the ramp-up phase.

### Dividend targets

We have been pursuing a sustainable dividend policy since 2012. In the current financial year, we again plan to propose to the Annual General Meeting to be held on June 2, 2016 that a regular dividend amounting to €1.03 per no-par value share carrying dividend rights be paid for the financial year ended. The liquid funds of €78 million as of the end of 2015 and XING's cash-generative business model enable the Company to pay dividend regularly without changing its business strategy, which is aimed at achieving growth. We intend to continue to make regular dividend payments. We also propose distributing an additional special dividend for 2015 of €1.50 per no-par value share carrying dividend rights.

### Liquidity and financial targets

On account of our highly profitable, cash-generative business model, our liquidity requirements are very low. We anticipate cash funds in the 2016 financial year excluding extraordinary items such as acquisitions or special dividends to remain constant.

### Planned capital expenditures

Following an increase in the investment volume (CAPEX) of €3.3 million to €15.4 million in the 2015 financial year, we anticipate further year-on-year increase for the 2016 financial year. As in previous years, capital expenditure will be concentrated on server capacity, software licenses, and internally developed software.

### Forecast of non-financial key performance indicators

The non-financial key performance indicators being reported are important measures of the success and attractiveness of our offerings. Accordingly, we defined the number of members in the D-A-CH region as well as the number of subscribers in this region as key performance indicators for the B2C segment. Our objective is to generate strong growth in the D-A-CH region in 2016 (2015: + 1.6 million) and increase the number of subscribers slightly (2015: 45,520 new subscribers).

Relationships with business customers are the most important measure in the E-Recruiting and Advertising & Events segments because they have a major impact on the segments' revenue and earnings performance. For this reason, the goal is to increase the number of corporate customers in the E-Recruiting segment slightly in the 2015 financial year. We also expect the number of business customers in the Advertising & Events segment to increase slightly.

Non-financial key performance indicators	Actual for 2015	Forecast for 2016
B2C segment: Members in the D-A-CH region	9.6 million	Substantial member growth
B2C segment: Subscribers in the D-A-CH region	881 thousand	Slight growth
E-Recruiting segment: Number of corporate customers (B2B)	17,930	Slight growth
Advertising & Events segment: Number of corporate customers (B2B)	3,378	Slight growth

## REPORT ON OPPORTUNITIES

Our two largest business units, B2C and E-Recruiting, operate in attractive growth markets. In recent years, we have proven here that our monetization strategy for different products for members and corporate customers has been implemented successfully to date and even accelerated over the past year (more new members and more subscribers than in 2014). Internet-based business models in particular are marked by rapid change and require companies to possess the ability to adapt. In this respect, opportunity management is an integral part of our business activities aimed at safeguarding our enterprise value in the long term and achieving our goals. Opportunity management at XING therefore focuses heavily on the business units' individual strategies. Market developments and trends along with the competitive environment are discussed at regular meetings on business performance, and the resulting opportunities for the business units are assessed. Any opportunities identified are discussed with the individual business units as part of the planning and controlling process in order to perform a qualitative and quantitative assessment. One of the tasks of the business units themselves is to identify strategic opportunities in their respective submarkets and to develop measures for product development and its focus from these.

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

## Opportunities presented by macroeconomic trends

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

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

## Opportunities presented by product development and innovation

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

### Opportunities presented by faster penetration of important growth markets

In the E-Recruiting business unit, additional opportunities could arise if companies come to accept the implementation of active recruitment measures and employer branding quicker than anticipated. The megatrends identified by us continue to play an important role in this context. Digitalization, the shortage of skilled labor and the demands of Generation Y (Gen Y) in our opinion dominate the labor market today and will do so in the next years. If this trend continues in the German-speaking markets at a faster rate than expected, it may have extremely positive effects on our revenue and earnings development, especially in the E-Recruiting segment.

Overall, the penetration of key growth markets at a faster pace than projected provides a wealth of opportunities for XING AG, especially given the low level of penetration in these markets up to now. Further opportunities could be provided by the establishment of new sources of revenues or business models.

## Legal information

The following section mainly contains information and explanations in accordance with Section 315 (4) of the German Commercial Code (HGB). This information relates to company law structures and other legal relationships.

### CORPORATE GOVERNANCE DECLARATION

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

### REMUNERATION REPORT

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

### TAKEOVER-RELATED DISCLOSURES

The following details in accordance with Section 315 (4) HGB describe the situation as of December 31, 2015. 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, 2015 (previous year €5,592,137), and consists of 5,620,435 no-par value shares with a notional amount of €1.00 each. The share capital is fully paid in. All shares have the same rights.

### Treasury shares

The Company itself held no treasury shares of XING AG as of December 31, 2015 (previous year: 12,067). This corresponds to 0 percent (previous year: 0.21 percent) of the Company's share capital. These treasury shares were largely designated for fulfilling obligations arising from current stock option plans.

### Restrictions on voting rights or on the transfer of shares

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

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

As of December 31, 2015, the Company was aware that Burda Digital GmbH, Munich, held around 50.26 percent (previous year: 50.51 percent) of XING AG's voting rights. The Company is not in possession of any further information or notifications in accordance with Sections 21 et seq. of the German Securities Trading Act (WpHG) concerning shareholders who directly and/or indirectly hold more than 10 percent of the capital and voting rights.

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

Any appointment and dismissal of members of the Executive Board is subject to Sections 84, 85 AktG as well as item 7 of the Articles of Incorporation as amended on September 23, 2015. In accordance with item 7 (1) of the Articles of Incorporation, the Executive Board consists of one or more persons. The Supervisory Board determines the number of members of the Executive Board. The Articles of Incorporation do not include any special rules for the appointment and dismissal of individual or all members of the Executive Board. Any such appointment or dismissal is the responsibility of the Supervisory Board.

Changes to the Articles of Incorporation are made in accordance with the provisions of Sections 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 5.5 and 18 of the Articles of Incorporation, the Supervisory Board is authorized to make changes to the Articles of Incorporation to the extent that they only relate to their wording.

### Powers of the Executive Board to issue and repurchase shares

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

#### Authorized and contingent capital

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

#### Authorization to purchase own shares

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

##### a) Authorization to purchase treasury shares

Until May 22, 2019, the Executive Board is authorized, with the approval of the Supervisory Board, to purchase treasury shares for up to a total of 10 percent of the Company's share capital amounting to €5,592,137.00 at the time at which the resolution is adopted. The shares purchased in this way, together with other treasury shares which are owned by the Company or which are attributable to the Company in accordance with Sections 71a et seq. AktG must not at any time exceed 10 percent of the share capital. Furthermore, the prerequisites of Section 71 (2) sentences 2 and 3 AktG must be observed. This authorization must not be exercised for the purpose of trading treasury shares. The authorization may be exercised in whole or in part, once or on multiple occasions, to pursue one or more purposes.

### **b) Types of acquisition**

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

- 1) If the shares are purchased via the stock exchange, the amount per share paid by the Company (excl. ancillary purchase costs) must not differ by more than 10 percent from the price of the Company's shares in Xetra trading (or an equivalent successor system) on the Frankfurt stock exchange determined on the market trading day by the opening auction.
- 2) If the shares are acquired via a public offer to purchase shares directed to all shareholders or a public invitation to submit offers to sell shares directed to all shareholders, then the purchase price offered or limits on the purchase price range per share (excluding ancillary purchase costs in each case) must not differ by more than 10 percent from the average of the closing prices of the shares of the Company in Xetra trading (or an equivalent successor system) on the Frankfurt Stock Exchange during the five market trading days prior to the day of the public announcement of the offer or the public invitation to submit offers to sell shares. If there are considerable changes to the relevant price after the publication of a public offer or after a public invitation to submit offers to sell the shares, the offer or the invitation to submit offers to sell the shares can be adjusted. In this case, the price will be based on the average of the prices of the Company's shares determined in the closing auction in Xetra trading (or an equivalent successor system) on the Frankfurt stock exchange during the five market trading days prior to the public announcement of any adjustment. The volume of the offer or the invitation to submit offers to sell shares can be limited. In the case of a public offer to purchase or a public invitation to submit offers to sell shares, if the volume of the tendered shares exceeds the planned repurchase volume, the acquisition can be carried out in proportion to the subscribed or tendered shares in each case; the right of shareholders to

tender their shares in proportion to their ownership interests is disappplied to this extent. Preferential acceptance of low numbers of up to 100 tendered shares per shareholder and commercial rounding to avoid fractions of shares can be stipulated. Any further right to tender by the shareholders is hereby excluded. The public offer or the public invitation to submit offers to sell the shares may specify further conditions.

### **c) Use of treasury shares**

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

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



- 2) The treasury shares can be issued in return for a non-cash contribution, in particular for the purpose of acquiring companies, parts of companies, equity interests in companies or other assets in connection with an acquisition project or in connection with business combinations.
  - 3) The treasury shares may be used by the Executive Board for serving subscription rights relating to shares of the Company which have been granted or which will be granted to members of the Executive Board of the Company, selected senior executives, other key members of staff and employees of the company, as well as members of management, selected senior executives, other key members of staff and employees of enterprises which are affiliated with the Company in accordance with Section 15 AktG
    - within the framework of the stock option plan 2008, which was authorized to be issued by the Annual General Meeting of May 21, 2008, pursuant to the resolution regarding item 7 of the agenda, most recently modified by the resolution of the Annual General Meeting of May 28, 2009, to item 10 of the agenda, or
    - within the framework of the stock option plan 2010, which was authorized to be issued by the Annual General Meeting of May 27, 2010, pursuant to the resolution regarding item 8 of the agenda, or
    - as part of the share price-based shadow share program of XING AG dated November 29, 2012, and the long-term incentive program for Executive Board members of XING AG dated January 27, 2014, as long as the Company wishes to allocate to the beneficiaries shadow shares through shares according to this program. If members of the Company's Executive Board are beneficiaries in the above cases, the Supervisory Board shall decide on whether to use treasury shares to serve subscription rights.
  - 4) Treasury shares may be used for serving options or conversion rights relating to shares of the Company. If treasury shares are to be transferred to members of the XING AG Executive Board, this authorization shall apply to the Supervisory Board.
  - 5) The treasury shares can be offered for sale, or transferred, to persons who are employed by the Company or an enterprise affiliated with the Company in accordance with Section 15 AktG. They may also be offered for sale or transferred to members of the Executive Board of the Company or members of the management of an enterprise affiliated with the Company in accordance with Section 15 AktG. If members of the XING AG Executive Board are beneficiaries, the Supervisory Board is responsible for selecting the beneficiaries and determining the volume of shares to be granted to them.
  - 6) The treasury shares may be retired without such retirement or the performance of such action requiring a further resolution of the Annual General Meeting. They may also be retired in a simplified procedure without a capital reduction by adjusting the proportionate theoretical interest of the other no-par value shares in the Company's share capital. If the shares are retired using the simplified procedure, the Executive Board is authorized to adjust the number of shares in the Articles of Incorporation.
- The shareholders' pre-emptive rights relating to the treasury shares purchased on the basis of this authorization are dis-applied if these shares are used in accordance with the authorizations detailed under (1) to (5).
- The authorizations detailed under a) to c) may be exercised by the Company in whole or in partial amounts, once or on multiple occasions, to pursue one or more purposes. The authorizations – with the exception of the authorization to cancel treasury shares – can also be exercised by dependent enterprises or enterprises which are majority owned by the Company or by third parties acting for their account or for the account of the Company.

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

In the event of a change in control, XING AG grants the Executive Board member Ingo Chu the right to be released from the director's contract provided other requirements are met. In the event of the justified exercise of this right, the Executive Board member in question is entitled to settlement of all remuneration components (basic salary, variable remuneration, remuneration from the SSP or LTI), the total amount of which is subject to the severance cap as recommended by item 4.2.3 of the German Corporate Governance Code.

### **Further disclosures**

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

### **LEGAL FACTORS**

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

### **AUDITOR OF THE FINANCIAL STATEMENTS**

Since the audit of the 2013 consolidated and annual financial statements, XING AG has been audited by PricewaterhouseCoopers AG, Hamburg branch office. The responsible engagement leader for the 2015 audit of the consolidated and annual financial statements is Niklas Wilke.

## **Executive Board report on relations with affiliated companies**

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

## Report on post-balance sheet date events

XING entered into a joint venture with the leading US job portal Monster with the aim of sounding out the opportunities for success with shared service provision in the USA.

Hamburg, March 23, 2016

The Executive Board

Dr. Thomas Vollmoeller

Ingo Chu

Timm Richter

Jens Pape

# 03. Consolidated financial statements

for the financial year from January 1 to December 31, 2015

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# Consolidated statement of comprehensive income of XING AG

for the financial year from January 1 to December 31, 2015

## Consolidated statement of comprehensive income

In € thousand	Note no.	01/01/2015 – 12/31/2015	01/01/2014 – 12/31/2014
Service revenues	7	119,947	99,217
Other operating income	7	2,957	2,156
<b>TOTAL OPERATING INCOME</b>		<b>122,904</b>	<b>101,373</b>
Personnel expenses	8	-45,329	-41,820
Marketing expenses	9	-13,668	-9,118
Other operating expenses	10	-27,278	-21,225
<b>EBITDA</b>		<b>36,629</b>	<b>29,210</b>
Depreciation, amortization and impairment losses	14	-10,029	-16,155
<b>EBIT</b>		<b>26,600</b>	<b>13,055</b>
Finance income	11	29	76
Finance costs	11	-196	-104
<b>EBT</b>		<b>26,433</b>	<b>13,027</b>
Taxes on income	12	-8,795	-6,852
<b>CONSOLIDATED NET PROFIT/LOSS</b>		<b>17,638</b>	<b>6,175</b>
Earnings per share (basic)	13	€3.15	€1.11
Earnings per share (diluted)	13	€3.15	€1.10
<b>CONSOLIDATED NET PROFIT/LOSS</b>		<b>17,638</b>	<b>6,175</b>
Currency translation differences		-12	0
Other comprehensive income		-12	0
<b>CONSOLIDATED TOTAL COMPREHENSIVE INCOME</b>		<b>17,626</b>	<b>6,175</b>

# Condensed consolidated statement of comprehensive income of XING AG

excl. kununu earn-out and impairment loss on XING Events business

## Condensed consolidated statement of comprehensive income of XING AG excl. kununu earn-out and impairment loss on XING Events business

In € thousand	01/01/2015 – 12/31/2015	01/01/2014 – 12/31/2014
Total operating income	122,904	101,373
EBITDA excl. kununu earn-out	36,629	31,621
EBIT excl. kununu earn-out and impairment loss on XING Events	26,600	23,013
Consolidated profit excl. kununu earn-out and impairment loss on XING Events	17,638	15,738
Earnings per share (basic) excl. kununu earn-out and impairment loss on XING Events	€3.15	€2.81
Earnings per share (diluted) excl. kununu earn-out and impairment loss on XING Events	€3.15	€2.80

# Condensed consolidated statement of cash flows of XING AG

excl. kununu earn-out

## Condensed consolidated statement of cash flows of XING AG excl. kununu earn-out

In € thousand	01/01/2015 – 12/31/2015	01/01/2014 – 12/31/2014
Consolidated net profit / loss excl. kununu earn-out	17,638	15,738
Consolidated net profit / loss before taxes excl. kununu earn-out	26,433	22,590
Cash flows from operating activities	39,773	34,220
Cash flows from investing activities	-25,025	-13,007



# Consolidated statement of changes in equity of XING AG

for the financial year from January 1 to December 31, 2015

## Consolidated statement of changes in equity of XING AG

In € thousand	Note no.	Subscribed capital	Capital reserves	Treasury shares	Other reserves	Net retained profits	Equity Total
<b>AS OF 01/01/2014</b>		<b>5,592</b>	<b>18,477</b>	<b>-455</b>	<b>16,368</b>	<b>20,600</b>	<b>60,582</b>
Consolidated net profit / loss		0	0	0	0	6,175	6,175
<b>Consolidated total comprehensive income</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,175</b>	<b>6,175</b>
Capital increase from share-based payment		0	0	0	0	0	0
Sale of treasury shares		0	2	21	0	0	23
Dividend for 2013		0	0	0	-14,000	-9,434	-23,434
Personnel expenses, stock option program	8	0	0	0	61	0	61
<b>AS OF 12/31/2014</b>	16	<b>5,592</b>	<b>18,479</b>	<b>-434</b>	<b>2,429</b>	<b>17,341</b>	<b>43,407</b>
<b>AS OF 01/01/2015</b>		<b>5,592</b>	<b>18,479</b>	<b>-434</b>	<b>2,429</b>	<b>17,341</b>	<b>43,407</b>
Currency translation and other income and expenses for the period recognized directly in equity	5	0	0	0	-12	0	-12
<b>Consolidated net profit / loss</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>17,638</b>	<b>17,638</b>
<b>Consolidated total comprehensive income</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>-12</b>	<b>17,638</b>	<b>17,626</b>
Capital increase from share-based payment		28	3,120	0	0	0	3,148
Sale of treasury shares		0	1,023	434	0	0	1,457
Dividend for 2014		0	0	0	0	-5,145	-5,145
Personnel expenses, stock option program	8	0	0	0	15	0	15
<b>AS OF 12/31/2015</b>	16	<b>5,620</b>	<b>22,622</b>	<b>0</b>	<b>2,432</b>	<b>29,834</b>	<b>60,508</b>

# Consolidated statement of financial position of XING AG

as of December 31, 2015

## Assets

In € thousand	Note no.	12/31/2015	12/31/2014
<b>NON-CURRENT ASSETS</b>			
Intangible assets			
Software and licenses	14	3,784	3,645
Internally generated software	14	19,855	12,631
Goodwill	14	8,228	2,169
Other intangible assets	14	1,930	2,168
Property, plant and equipment			
Leasehold improvements	14	411	442
Operating and office equipment	14	4,570	4,687
Financial assets			
Equity investments	14	51	51
Other financial assets	14	34	25
Deferred tax assets	12	378	483
		<b>39,241</b>	<b>26,301</b>
<b>CURRENT ASSETS</b>			
Receivables and other assets			
Receivables from services	15	15,873	12,013
Income tax receivables	15	237	0
Other assets	15	3,547	2,622
Cash and short-term deposits			
Cash	15	78,034	63,951
Third-party cash	15	2,993	3,248
		<b>100,684</b>	<b>81,834</b>
		<b>139,925</b>	<b>108,135</b>

## Equity and liabilities

In € thousand	Note no.	12/31/2015	12/31/2014
<b>EQUITY</b>			
Subscribed capital	16	5,620	5,592
Treasury shares	16	0	-434
Capital reserves	16	22,622	18,479
Other reserves	16	2,432	2,429
Net retained profits	16	29,834	17,341
		<b>60,508</b>	<b>43,407</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities	12	6,992	4,503
Deferred income	17	3,244	2,314
Other provisions	17	333	249
Other financial liabilities	17	1,304	0
Other liabilities	17	2,495	251
		<b>14,368</b>	<b>7,317</b>
<b>CURRENT LIABILITIES</b>			
Trade accounts payable	18	3,797	2,489
Deferred income	18	44,234	35,780
Other provisions	18	588	489
Other financial liabilities	18	435	3,896
Income tax liabilities	18	154	1,089
Other liabilities	18	15,841	13,668
		<b>65,049</b>	<b>57,411</b>
		<b>139,925</b>	<b>108,135</b>

# Consolidated statement of cash flows of XING AG

for the financial year from January 1 to December 31, 2015

## Consolidated statement of cash flows

In € thousand	Note no.	01/01/2015 – 12/31/2015	01/01/2014 – 12/31/2014
Earnings before taxes		26,433	13,027
Amortization and write-downs of capitalized development costs	14	3,265	3,652
Depreciation, amortization and impairment losses on other fixed assets	14	6,764	12,503
Personnel expenses, stock option program	8	15	61
Interest income	11	-29	-76
Interest received		32	110
Interest expense	11	196	104
Taxes paid		-7,697	-3,970
Change in receivables and other assets		-4,788	-2,588
Change in liabilities and other equity and liabilities		1,999	5,181
Non-cash changes from changes in basis of consolidation		-15	0
Change in deferred income		9,384	6,644
Elimination of XING Events GmbH third-party obligation		255	-428
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>35,814</b>	<b>34,220</b>
Payment for capitalization of internally generated software	14	-10,616	-7,531
Payment for purchase of software	14	-1,791	-2,532
Payments for purchase of other intangible assets	14	-210	-216
Payments for purchase of property, plant and equipment	14	-2,620	-1,784
Payment for acquisition of consolidated companies (less cash acquired)	3	-5,820	-944
Payments for investments in other financial assets		-9	0
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>-21,066</b>	<b>-13,007</b>

### Consolidated statement of cash flows

In € thousand	Note no.	01/01/2015 – 12/31/2015	01/01/2014 – 12/31/2014
Proceeds from the exercise of options	16	3,148	0
Proceeds from the sale of treasury shares	16	1,457	23
Payment of regular dividend	16	-5,145	-3,460
Payment of special dividend		0	-19,974
Interest paid		-113	-11
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>-653</b>	<b>-23,422</b>
Currency translation differences		-12	0
Net change in cash funds		14,083	-2,209
Cash funds at the beginning of the period		63,951	66,160
<b>CASH FUNDS AT THE END OF THE PERIOD <sup>1)</sup></b>	15	<b>78,034</b>	<b>63,951</b>
Third-party cash funds at the beginning of period		3,248	2,820
Change in third-party cash and cash equivalents		-255	428
<b>THIRD-PARTY CASH FUNDS AT THE END OF THE PERIOD</b>		<b>2,993</b>	<b>3,248</b>

<sup>1)</sup> Cash funds consist of liquid funds.

# Notes to the consolidated financial statements

for the financial year from January 1 to December 31, 2015

## (A) Principles and methods

### 1. Information on the Company

The registered offices of XING AG are located at Dammtorstrasse 30, 20354 Hamburg, Germany; the company is registered at the Amtsgericht (local court) Hamburg under HRB 98807. The parent company of XING AG is Burda Digital GmbH, Munich, and the ultimate parent company of XING AG since December 18, 2012 has been Hubert Burda Media Holding Kommanditgesellschaft, Offenburg, Germany. The next higher-level parent company that prepares consolidated financial statements is Burda Gesellschaft mit beschränkter Haftung, Offenburg.

Measured in terms of the total number of individual visitors worldwide, XING operates one of the leading professional networking websites. The international, multilingual, Internet-based platform is a “relationship engine” which provides its members with the opportunity of establishing new business contacts, maintaining existing contacts, extending their operations to new markets, and exchanging opinion and information. XING generates its revenues primarily from fee-based products for end customers and businesses – a model in which our customers pay for most of the services provided in advance.

The consolidated financial statements and the Group management report of XING AG for the period ending December 31, 2015 are approved for publication by the Executive Board on March 23, 2016, and presented to the Supervisory Board of the Company for approval on the same day. The consolidated financial statements and the group management report are published in the electronic Federal Gazette.

### 2. Basis of preparation

The consolidated financial statements of XING AG (referred to hereinafter as “XING”, “XING AG” or “the Company”) have been prepared in accordance with the International Financial Reporting Standards (IFRSs) as published by the International Accounting Standards Board (IASB) and the additional provisions of commercial law stipulated by Section 315a (1) HGB. Due consideration has been given to all IFRSs and IFRICs which were adopted by the EU Commission as of December 31, 2015 and which are subject to mandatory adoption.

The consolidated financial statements have been prepared in euros using the historical cost convention. 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. In the previous year, XING AG prepared both a consolidated income statement and a consolidated statement of comprehensive income (two-statement approach). Those overviews have been combined in order to enhance readability (one-statement approach).

The accounting policies applied are consistent with those of the prior financial year.

Several amendments to IFRSs (Annual Improvements to IFRSs 2010–2012 and 2011–2013 cycles as well as amendments to IAS 19) are effective for the first time for 2015. The mandatory adoption of the revised standards for the first time in the financial year did not affect the consolidated financial statements.



### STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

#### IFRS 9 Financial Instruments

IFRS 9, which was issued in July 2014, replaces the existing guidelines in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 contains revised guidance on the classification and measurement of financial instruments, including a new expected-loss impairment model for financial assets as well as new general hedge accounting guidelines. It also carries over the IAS 39 requirements for recognizing and derecognizing financial instruments. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, although early application is permitted.

#### IFRS 15 Revenue from Contracts with Customers

IFRS 15 sets up a comprehensive framework for determining whether, when, and in what amount revenue should be recognized. This standard also provides specified guidance on accounting for contract costs. It replaces existing guidelines for recognizing revenue, including IAS 18 Revenue, IAS 11 Construction Contracts, and IFRIC 13 Customer Loyalty Programmes. IFRS 15 is effective for annual periods beginning on or after January 1, 2018, although early application is permitted.

#### IFRS 16 Leases

IFRS 16 governs the accounting for leases and the related contractual rights and obligations. In the future, lessees will no longer make a distinction between finance and operating leases as they have been required to do thus far under IAS 17. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, although early application is permitted if IFRS 15 is also applied.

Implementation takes place no later than in the year of initial mandatory application. The effects of IFRS 9, IFRS 15 and IFRS 16 are currently being analyzed. Based on current knowledge, we expect the application of IFRS 15 to affect revenues and earnings, as it revises the requirements regarding the recognition of revenue and sales commissions. In particular, IFRS 16 will increase EBITDA, as certain lease expenses will be recognized as depreciation and interest expense in the future.

The other new standards (amendments IAS 1, IAS 16, IAS 27, IAS 28, IAS 38, IAS 41, IFRS 10 and IFRS 12 as well as annual improvements 2012-2014) are not expected to have any significant impact on the consolidated financial statements upon initial application, with the exception of new or modified disclosures in the notes.

### 3. Basis of consolidation and business combinations

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

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

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

	Equity interest 12/31/2015 %	Equity interest 12/31/2014 %	Initial consolidation
amiando UK Ltd., Birmingham, United Kingdom <sup>1)</sup>	100	100	2011
Grupo Galenicom Tecnologías de la Información (eConozco), S.L., Barcelona, Spain	100	100	2007
kununu GmbH, Vienna, Austria	100	100	2013
XING E-Recruiting GmbH, Vienna, Austria <sup>4)</sup>	100	n/a	2015
XING E-Recruiting GmbH & Co. KG, Hamburg <sup>3)</sup>	100	n/a	2015
XING Events GmbH, Hamburg <sup>3)</sup>	100	100	2011
XING International Holding GmbH, Hamburg	100	100	2007
XING Networking Spain S.L., Barcelona, Spain <sup>2)</sup>	100	100	2007
XING S.à r.l., Luxembourg, Luxembourg	100	100	2014
XING Switzerland GmbH, Sarnen, Switzerland <sup>2)</sup>	100	100	2008

1) 100% are held indirectly via a 100% equity interest in XING Events GmbH, Hamburg, Germany.

2) 100% are held indirectly via a 100% equity interest in XING International Holding GmbH, Hamburg, Germany.

3) The Company avails itself from the exemption under section 264 (3) and/or section 264b German Commercial Code (HGB).

4) Formerly: CO FORATIS 14 V V GmbH, Vienna, Austria.

#### ESTABLISHMENT OF NEW E-RECRUITING COMPANIES

To strengthen its E-Recruiting segment, the XING Group established the companies XING E-Recruiting GmbH & Co. KG, Hamburg, and XING E-Recruiting GmbH, Vienna.

### ACQUISITION OF INTELLIGENCE COMPETENCE CENTER (DEUTSCHLAND) AG, ASCHAFFENBURG IN JANUARY 2015

On January 22, 2015, XING AG acquired all shares in Intelligence Competence Center (Deutschland) AG, Aschaffenburg ("ICC"). Business assets owned by ICC include the website www.jobboerse.com, the biggest job portal in the German-speaking market with a portfolio of over 2.5 million job ads. The deal also involved XING acquiring the Jobboerse.com search technology, which now indexes over 1.3 million corporate websites. To acquire its 100 percent stake, XING AG paid around €6.3 million to ICC shareholders. Additional purchase price payments totaling €2.0 million could be reduced if certain covenants are not fulfilled (especially regarding the quality of the acquired software and the achievement of certain revenue and EBITDA targets). The Austrian company was consolidated for the first time on the date on which ownership of the interests was transferred.

Transaction costs amounting to €145 thousand have been posted as expenses and are reported in the income statement under other operating expenses and in cash flows from operating activities in the statement of cash flows. For the contingent purchase price payments, a cash outflow of €1,304 thousand is assumed, which is recognized at a fair value of €1,284 thousand. The cash outflow as a result of the business acquisition is shown below:

In € thousand	2015
Purchase price payments, January 1 – December 31, 2015	5,879
plus costs directly attributable to the acquisition	145
less third-party cash acquired with the subsidiary	59
<b>Cash outflow, January 1 – December 31, 2015 (net)</b>	<b>5,965</b>
plus unpaid portion of the purchase price (discounted)	1,712
<b>Total cash outflow (net)</b>	<b>7,677</b>

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

In € thousand	Initial consolidation 01/22/2015
<b>Assets</b>	
Intangible assets	122
Property, plant and equipment	13
Trade accounts receivable	83
Other assets	18
Cash and cash equivalents	59
	<b>295</b>
<b>Liabilities</b>	
Trade accounts payable	53
Other liabilities and provisions	63
	<b>116</b>
Total identifiable net assets at fair value before purchase price allocation	179

Purchase price allocation was initially performed on a provisional basis in the interim consolidated financial statements for the period ended March 31, 2015. In relation to the purchase price calculation, we have adjusted this estimate by €250 thousand not affecting net income. The fair values of the assets and liabilities identified in connection with the purchase price allocation as well as the goodwill were as follows at the date of initial consolidation:

In € thousand	Initial consolidation 01/22/2015
Purchase price	7,586
Equity of ICC (before purchase price allocation)	179
<b>Value of purchase price allocation</b>	<b>7,407</b>
Value of internally generated software	1,006
Value of customer relations	335
Value of brand / domain	326
Deferred tax assets	219
Deferred tax liabilities	-538
<b>Goodwill</b>	<b>6,059</b>

Since its acquisition by XING, ICC has contributed €586 thousand to revenues and €75 thousand to EBITDA. If the merger of the two companies had taken place at the start of the year, these figures would be €646 thousand and €83 thousand, respectively. Impairment charges on acquired assets were recognized in the amount of €104 thousand. The goodwill recognized results primarily from synergies arising from the integration of the search technology and job advertisements into the XING platform. Recognized goodwill is not tax-deductible. Intelligence Competence Center (Deutschland) AG was merged with XING AG in the reporting period.

## 4. Material judgments and estimates

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

Material estimates and assumptions were made particularly in connection with the following accounting policies: impairment of goodwill and capitalization of development costs for software. With regard to the main forward-looking assumptions and other major sources of estimation uncertainty which existed on the reporting date, as a result of which there might be a risk that the carrying amounts might be adjusted in the course of the next financial year, please refer to the corresponding individual disclosures.

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

## 5. Foreign currency translation

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

## 6. Significant accounting policies

### STATEMENT OF COMPREHENSIVE INCOME

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

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

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

### STATEMENT OF FINANCIAL POSITION

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

### INTANGIBLE ASSETS

In accordance with IAS 38 and SIC-32, intangible assets which arise from the development of a single project can only be recognized if the Group can demonstrate the technical feasibility for completing the project for internal use or sale; the intent to complete the project so that the asset can be used internally or sold; that the asset will generate a future economic benefit; that the resources for completing the project are available; and outputs can be reliably measured. After the first-time application of development costs, the asset is recognized at cost less cumulative amortization and cumulative impairments. All capitalized development costs of the XING platform are amortized over a five-year period using the straight-line method.

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

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

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

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

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

#### PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is recognized at cost less cumulative straight-line depreciation for the entire useful life of three years (IT equipment) to 13 years (office equipment) and cumulative impairments. The carrying amounts, useful lives and depreciation methods are revised and adjusted at the close of the financial year, if necessary. Rent subsidies are reported under deferred income.

#### FINANCIAL ASSETS AND LIABILITIES

XING's financial assets principally comprise cash and cash equivalents as well as trade accounts receivable. At the initial recognition of such assets, they are measured at fair value. Directly attributable transaction costs of financial investments which are not classified as measured at fair value through profit or loss are also recognized. All financial instruments whose fair value is shown in the financial statements, are classified according to the following hierarchy levels in accordance with IFRS 13:

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

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

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

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

Derivative financial instruments classified as fair value hedges are measured at fair value, with the change in fair value recognized in profit or loss. The carrying amount of the hedged asset or liability is adjusted for the changes in fair value attributable to the hedged risk. The gains or losses resulting from the changes are recognized in net profit or loss for the period. The fair value of currency forwards is calculated at the forward exchange rate at the reporting date and the result then presented at discounted present value.

At present, the Group holds one financial instrument in the category "Fair value through profit or loss", which is explained in section E under "Exchange rate and interest rate management". There are no other financial instruments of the categories "fair value through profit or loss", "held to maturity" or "available for sale".



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.

#### DERIVATIVE FINANCIAL INSTRUMENTS

XING only takes out derivative financial instruments in the form of fair value hedges. The carrying amount of the hedged item is increased or reduced by the gain or loss attributable to the hedged risk. In the case of hedged items measured at fair value, XING releases the increase or reduction in the carrying amount up until a hedged item's maturity in full.

#### TAXES

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

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

that there will be a tax result against which the tax losses carried forward can be offset. The deferred tax assets are tested annually to establish whether they are realizable.

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

#### SHARE-BASED PAYMENT

Share-based entitlements at XING are primarily cash-settled. The fair value is calculated at the grant date and recognized as an expense over the vesting period. It is determined as the market price of XING shares. Changes in fair value are recognized in profit or loss.

#### POST-EMPLOYMENT BENEFITS

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

#### LEASES

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

## (B) Segment reporting

### REPORTABLE SEGMENTS

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

Assets, liabilities and investments are not segmented on the basis of the operating segments because these indicators are not used as control parameters at segment level. For example, a large share of the investments relates to the internally developed platform that cannot be allocated to the segments. Segment data is calculated on the basis of the accounting policies applied in the consolidated financial statements. Costs are allocated to the originating divisions. Business transactions between the companies in the segments are conducted on an arm's length basis. As the measure of segment earnings XING uses the operating result for the segment, calculated as gross profit or loss less costs that are directly attributable to the segment (staff, marketing, rental expenses, division-related IT expenses (e.g. development costs), etc.). Expenses that are not directly attributable to a segment (e.g. central IT expenses) are presented in the reconciliation statement along with the operating result from central functions that do not constitute a segment.

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

In € thousand	Network / Premium		E-Recruiting		Events		Consolidation of intragroup revenues / expenses		Total	
	01/01/2015 – 12/31/2015	01/01/2014 – 12/31/2014	01/01/2015 – 12/31/2015	01/01/2014 – 12/31/2014	01/01/2015 – 12/31/2015	01/01/2014 – 12/31/2014	01/01/2015 – 12/31/2015	01/01/2014 – 12/31/2014	01/01/2015 – 12/31/2015	01/01/2014 – 12/31/2014
Revenues (from third parties)	73,033	61,280	41,371	32,875	5,543	5,062	–	–	119,947	99,217
Intragroup revenues	0	0	0	0	649	0	-649	0	–	–
Total revenues	73,033	61,280	41,371	32,875	6,192	5,062	-649	0	119,947	99,217
Intragroup segment expenses	-649	0	0	0	0	0	649	0	–	–
Other segment expenses	-27,684	-21,799	-21,384	-17,923	-6,800	-7,161	–	–	-55,868	-46,883
Segment operating result	44,700	39,481	19,987	14,952	-608	-2,099	0	0	64,079	52,334
Other operating income / expenses									-27,450	-23,124
EBITDA									36,629	29,210

Revenues by geographical region are distributed as follows:

In € thousand	01/01/2015 – 12/31/2015	01/01/2014 – 12/31/2014
D-A-CH	114,651	92,268
International	5,296	6,949
	<b>119,947</b>	<b>99,217</b>

Geographical distribution is made based on the domicile of the service recipient. The Company is not reliant on major customers because a significant percentage of Group revenues is not generated with any single customer.

# (C) Consolidated statement of comprehensive income disclosures

## 7. Total operating income

In the 2015 financial year ended, total operating income was €122,904 thousand (previous year: €101,373 thousand).

In financial year 2015, revenues amounted to €119,947 thousand (previous year: €99,217 thousand). The breakdown of revenues and the corresponding development according to business units and regions are shown in segment reporting. Revenues include €1,544 thousand (previous year: €772 thousand) in revenue from barter deals.

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

In € thousand	01/01/2015 – 12/31/2015	01/01/2014 – 12/31/2014
Income from currency translation	939	354
Income from non-cash benefits	554	479
Prior-period income	358	408
Earnings from returned bank transfers and dunning fees	355	333
Income from deferred investment grants	169	174
Income from receivables written off	57	41
Other	525	367
	<b>2,957</b>	<b>2,156</b>

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

## 8. Personnel expenses

The following table breaks down the personnel expenses:

In € thousand	01/01/2015 – 12/31/2015	01/01/2014 – 12/31/2014
Salaries and other types of remuneration	37,254	34,946
Social security contributions (employer portion)	6,933	5,923
Pension costs (defined-contribution plan)	451	429
Termination benefits	410	123
Stock option plan (carried out using equity instruments)	15	61
Provisions for vacation	5	126
Other	261	212
	<b>45,329</b>	<b>41,820</b>

Salaries and other types of remuneration in the previous year included €2,411 thousand in non-operating, performance-based remuneration (earn-out) payable to the former shareholders of kununu GmbH acting as managing directors until December 31, 2014. This performance-based remuneration was based on a number of factors, in particular kununu GmbH's revenue and EBITDA performance in 2014 and has to be shown under personnel expenses in accordance with IFRSs.

## 9. Marketing expenses

Marketing expenses are broken down as follows:

In € thousand	01/01/2015 – 12/31/2015	01/01/2014 – 12/31/2014
Marketing costs	11,967	7,973
Sales commission	1,085	464
Events	615	681
	<b>13,668</b>	<b>8,972</b>

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

## 10. Other operating expenses

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

In € thousand	01/01/2015 – 12/31/2015	01/01/2014 – 12/31/2014
IT and business administration services	8,870	5,915
Occupancy expenses	4,369	3,975
Server hosting, administration and traffic	2,247	2,230
Travel, entertainment and other business expenses	2,088	1,692
Payment transaction costs	2,054	1,956
Other personnel expenses	1,571	1,141
Bad debts	1,288	426
Legal consulting fees	782	454
Training costs	751	591
Telephone / cell phone / postage / courier	486	431
Accounting fees	464	488
Financial statements preparation and auditing costs	382	283
Office supplies	330	152
Rents / leases	290	152
Supervisory Board remuneration	285	285
Currency translation expenses	148	224
Other	873	830
	<b>27,278</b>	<b>21,225</b>

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

## 11. Finance income and finance costs

The financial result can be broken down as follows:

In € thousand	01/01/2015 – 12/31/2015	01/01/2014 – 12/31/2014
Finance income	29	76
Finance costs	-196	104
	<b>-167</b>	<b>-28</b>

The non-cash unwinding of discounts on provisions and liabilities triggered finance costs of €83 thousand (previous year: €93 thousand).

## 12. Income taxes

The result of taxes on income can be broken down as follows:

In € thousand	01/01/2015 – 12/31/2015	01/01/2014 – 12/31/2014
Corporation tax (incl. solidarity surcharge)	3,778	3,217
Trade tax	2,786	2,231
Deferred taxes	2,231	1,404
	<b>8,795</b>	<b>6,852</b>

An amount of €1,165 thousand (previous year: €1,121 thousand) for corporation tax was incurred outside Germany. The deferred taxes were mainly incurred in Germany, as in the previous year.

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

In € thousand	01/01/2015 – 12/31/2015	01/01/2014 – 12/31/2014
Deferral of rental expenses and investment grants	85	103
Recognition / amortization of internally developed software		
Correction of figure for internally developed software shown for tax purposes	2,350	1,275
Amortization of brand / domain		
Correction of figure for brand / domain shown for tax purposes	-65	-130
Amortization of customer relations		
Correction of figure for customer relations shown for tax purposes	-152	-197
Amortization of goodwill deductible for tax purposes		
Correction of figure for goodwill shown for tax purposes	0	622
Temporary differences in fixed assets		
Correction of figure for fixed assets shown for tax purposes	87	-267
Other	-74	-2
	<b>2,231</b>	<b>1,404</b>

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

In € thousand	01/01/2015 – 12/31/2015	01/01/2014 – 12/31/2014
Earnings before taxes (EBT)	26,433	13,027
Expected tax result	8,533	4,205
Tax effects attributable to		
Different foreign tax rates	-339	-324
Tax-ineffective write-downs in connection with XING Events GmbH, Hamburg, Germany	0	2,013
Expenses in connection with Kununu GmbH, Vienna, Austria, not deductible for tax purposes	0	778
Taxes, previous years	127	0
Expenses not deductible for tax purposes	474	180
<b>ACTUAL TAX RESULT</b>	<b>8,795</b>	<b>6,852</b>

The theoretical tax rate is determined as follows:

In %	12/31/2015	12/31/2014
Corporation tax including solidarity surcharge (effective)	15.83	15.83
Trade tax rate	16.45	16.45
<b>AVERAGE TAX RATE</b>	<b>32.28</b>	<b>32.28</b>



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

In € thousand	12/31/2015	12/31/2014
<b>Intangible assets</b>		
Software and licenses	-145	0
Internally developed software	-6,409	-4,059
Brand / domain	-53	-65
Customer relations	-453	-361
Deferred rental expenses and investment grants	142	154
Temporary differences in fixed assets	179	267
Other	125	44
	<b>-6,614</b>	<b>-4,020</b>

The purchase price allocation in connection with the acquisition of Intelligence Competence Center (Deutschland) AG took into account deferred tax liabilities of €320 thousand.

The deferred tax assets (€378 thousand, previous year: €483 thousand) and deferred tax liabilities (€6,992 thousand, previous year: €4,503 thousand) were not offset because the criteria in IAS 12.71 were not satisfied.

## 13. Earnings per share

Earnings per share are broken down as follows:

	12/31/2015	12/31/2014
Consolidated profit or loss attributable to the shareholders of XING AG in € thousand	17,638	6,175
Weighted average number of issued shares	5,604,441	5,579,768
Dilutive effect due to granted stock options	0	15,919
Weighted average number of shares, diluted	5,604,441	5,595,686
Consolidated earnings per share attributable to the shareholders of XING AG		
Basic	€3.15	€1.11
Diluted	€3.15	€1.10

The treasury shares were debited to equity in the previous year. The previous year's dilutive effect is attributable to the option rights of the stock option program for some employees and senior executives of the Group which were in the money as of December 31, 2014. All option rights existing as of December 31, 2014 were taken into consideration for calculating the diluted earnings per share using the treasury stock method, if the option rights were in the money and irrespective of whether the option rights were actually exercisable as of the reporting date. The dilutive effect resulting from the conversion is calculated by first establishing the sum of potential shares. The average fair value is then used as the

basis for establishing the number of shares which could be acquired from the total amount of payments (nominal value of rights plus additional payment). If the difference between the two figures is zero, the total payment is precisely equivalent to the fair value of the potential shares, so that no dilutive effect has to be taken into account. If the difference is positive, it is assumed that the shares will be issued free-of-charge.

The calculation of diluted earnings per share did not take into account potential shares (previous year: 40,365) (from the theoretical utilization of the rights). Based on the previous year's average daily closing price of €89.32, this would have resulted in 15,919 shares being issued free-of-charge in the previous year.

# (D) Consolidated statement of financial position disclosures

## 14. Non-current assets

### INTANGIBLE ASSETS

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

Internally developed software in the amount of €10,489 thousand (previous year: €7,531 thousand) was capitalized as internally generated intangible assets in financial year 2015 because the criteria set out in IAS 38 were satisfied. The development work mainly concerned various projects to enhance the mobile apps, the development of content products (e.g. XING Klartext) and new products. Amortization and write-downs of internally generated software include impairment losses of €555 thousand (previous year: €576 thousand plus amortization and impairment losses of €1,020 thousand in the Events segment). As was the case in the previous year, no reversals of impairment losses charged on internally generated software were recognized. Amortization and write-downs of software and licenses include impairment losses of €417 thousand (previous year: €0 thousand).

The other non-current assets include impairment losses of €104 thousand (previous year: €0 thousand).

At the beginning of financial year 2015, the useful life of the XING platform was fixed at a further five years until December 31, 2019. As of the previous year's reporting date, the useful life was assumed to run until December 31, 2018. As a result, amortizations in the 2015 financial year were €632 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, 2015. Modules that are no longer active are written down for impairment by regularly reviewing the platform modules that have been activated.

The development costs recognized in profit or loss amounted to €13,338 thousand (previous year: €10,907 thousand); of this figure, personnel expenses accounted for €12,680 thousand (previous year: €10,283 thousand).

Mandatory annual impairment testing was performed as of the end of the 2015 financial year. Goodwill from the acquisition of kununu GmbH in the amount of €2.2 million and from the acquisition of Intelligence Competence Center (Deutschland) AG in the amount of €6.1 million was allocated to the E-Recruiting unit. The cash-generating units correspond to the segments in accordance with section (B).

The recoverable amount of the cash-generating units is based on the value in use estimated using discounted cash flows. Based on the inputs from the measurement procedure used, the fair value measurement was classified as a fair value that is not based on observable market data.

E-Recruiting	12/31/2015	12/31/2014
Discount rate	8.8%	9.4%
Sustainable growth rate	2.0%	2.0%

The discount rates reflect current market assessments of the risks specific to the individual cash-generating unit and are based on the weighted average cost of capital.

In measuring value in use as the recoverable amount, the Company projected cash flows for the next three to five years based on past experience, the most recent operating results, and management's best estimate of future developments, as well as market participants' expectations. The result projected on the basis of these estimates is largely influenced by the successful integration of the acquired companies, price trends in the competitive environment and expected economic developments. The value in use is mainly determined by the final value (present value of the perpetual annuity) that is particularly sensitive to changes in the assumptions about the long-term growth rate and the discount rate. The growth rates take account of external macroeconomic data and industry-specific trends.

In the case of the E-Recruiting cash-generating unit, the Executive Board believes that both revenues and the EBITDA margin can be increased in the future. The impairment test did not reveal any indication of impairment.

In the previous year, impairment testing of the Events cash-generating unit resulted in the allocated goodwill of €5,574 thousand being fully written off.

### PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of IT hardware and other operating and office equipment as well as leasehold improvements.

As in the previous year, no impairment losses on other equipment, operating and office equipment or reversals of impairment losses were recognized.

### FINANCIAL ASSETS

As of the reporting date, the other financial assets include equity interests in the companies Win Local (formerly KennstDuEinen) (€50 thousand; previous year: €50 thousand) and altruja GmbH (€1 thousand; previous year: €1 thousand) as well as rent deposits (€34 thousand; previous year: €25 thousand).

As was the case last year, the non-current assets (excluding deferred tax assets) of €38,863 thousand (previous year: €25,818 thousand) are attributable exclusively to the D-A-CH region.

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

# Consolidated statement of changes in fixed assets

as of December 31, 2015

## Consolidated statement of changes in fixed assets

In € thousand	Cost				12/31/2015
	01/01/2015	Additions	Change triggered by acquisitions	Disposals	
<b>1. INTANGIBLE ASSETS</b>					
1. Software and licenses	15,367	2,103	1,128	-514	18,084
2. Internally generated software	30,363	10,489	0	0	40,852
3. Goodwill	17,005	0	6,059	0	23,064
4. Other intangible assets	12,497	210	662	0	13,369
	<b>75,232</b>	<b>12,802</b>	<b>7,849</b>	<b>-514</b>	<b>95,369</b>
<b>2. PROPERTY, PLANT AND EQUIPMENT</b>					
1. Leasehold improvements	1,331	76	0	0	1,407
2. Other equipment, operating and office equipment	16,565	2,559	13	-677	18,460
	<b>17,896</b>	<b>2,635</b>	<b>13</b>	<b>-677</b>	<b>19,867</b>
<b>3. FINANCIAL ASSETS</b>					
1. Equity investments	251	0	0	0	251
2. Other financial assets	25	9	0	0	34
	<b>276</b>	<b>9</b>	<b>0</b>	<b>0</b>	<b>285</b>
<b>TOTAL</b>	<b>93,404</b>	<b>15,438</b>	<b>7,862</b>	<b>-1,191</b>	<b>115,521</b>

In € thousand	Cost				12/31/2014
	01/01/2014	Additions	Disposals		
<b>1. INTANGIBLE ASSETS</b>					
1. Software and licenses	12,835	2,532	0		15,367
2. Internally generated software	22,832	7,531	0		30,363
3. Goodwill	17,005	0	0		17,005
4. Other intangible assets	12,281	216	0		12,497
	<b>64,953</b>	<b>10,279</b>	<b>0</b>		<b>75,232</b>
<b>2. PROPERTY, PLANT AND EQUIPMENT</b>					
1. Leasehold improvements	1,282	49	0		1,331
2. Other equipment, operating and office equipment	14,830	1,803	-68		16,565
	<b>16,112</b>	<b>1,852</b>	<b>-68</b>		<b>17,896</b>
<b>3. FINANCIAL ASSETS</b>					
1. Equity investments	251	0	0		251
2. Other financial assets	42	0	-17		25
	<b>293</b>	<b>0</b>	<b>-17</b>		<b>276</b>
<b>TOTAL</b>	<b>81,358</b>	<b>12,131</b>	<b>-85</b>		<b>93,404</b>

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

Depreciation, amortization and impairment losses			Carrying amounts		
01/01/2014	Additions	Disposals	12/31/2014	12/31/2014	12/31/2013
-9,301	-2,421	0	-11,722	3,645	3,534
-14,080	-3,652	0	-17,732	12,631	8,752
-9,262	-5,574	0	-14,836	2,169	7,743
-8,771	-1,558	0	-10,329	2,168	3,510
<b>-41,414</b>	<b>-13,205</b>	<b>0</b>	<b>-54,619</b>	<b>20,613</b>	<b>23,539</b>
-792	-97	0	-889	442	490
-9,025	-2,853	0	-11,878	4,687	5,805
<b>-9,817</b>	<b>-2,950</b>	<b>0</b>	<b>-12,767</b>	<b>5,129</b>	<b>6,295</b>
-200	0	0	-200	51	51
0	0	0	0	25	42
-200	0	0	-200	76	93
<b>-51,431</b>	<b>-16,155</b>	<b>0</b>	<b>-67,586</b>	<b>25,818</b>	<b>29,927</b>

## 15. Current assets

As was the case in the previous year, receivables arising from XING services recognized as of December 31, 2015, were due within one year.

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

In € thousand	12/31/2015	12/31/2014
Total amount of receivables from services	16,935	12,476
Allowances on receivables	-1,062	-463
<b>RECEIVABLES FROM SERVICES</b>	<b>15,873</b>	<b>12,013</b>

Impairments of €599 thousand were added in financial year 2015 (previous year: addition of €191 thousand). There was essentially no income from payments relating to receivables from services which had previously been eliminated.

As of the reference date, there are income tax receivables as a result of refund claims of €237 thousand (previous year: €0 thousand).

The following table shows the composition of other assets:

In € thousand	12/31/2015	12/31/2014
Deferred cost	1,446	1,246
Receivables due from credit card companies	1,062	763
Advances paid	49	63
Receivables due from personnel	13	31
Deferred interest	3	5
Other assets	974	514
	<b>3,547</b>	<b>2,622</b>

Cash and short-term deposits as of the reporting date consisted of bank balances of €81,018 thousand (previous year: €67,193 thousand) and cash-in-hand of €9 thousand (previous year: €6 thousand). Bank balances include a figure of €2,993 thousand (previous year: €3,248 thousand) relating to third-party cash held by XING Events GmbH.

During the period under review, the Group designated a currency futures contract as a fair value hedge for foreign currency bank balances in the amount of CHF 7,000 thousand. Since the contract has been assessed as having a low level of counterparty risk, the hedge has been determined as having been highly effective. Effective December 31, 2015, an unrealized gain in the amount of €220 thousand was netted against expenses from the remeasurement of assets.



## 16. Equity

### SUBSCRIBED CAPITAL

In 2015, the Company's share capital was increased through the issue of 28,298 new shares under the 2010 employee stock option plan. In addition, treasury shares were used to service employee stock option plans. The share capital therefore amounted to €5,620,435.00 as of December 31, 2015 (previous year: €5,592,137.00) 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

Out of the prior-year total (12,067 treasury shares), the Company sold 365 treasury shares for €30.41 per share and 11,702 treasury shares for €38.39 per share to service stock option plans in the past financial year. The proceeds equivalent to the average acquisition cost per share (€26.96) were recognized in other revenue reserves in the amount of €325 thousand. The surplus amount was recognized in the capital reserves in the amount of €134 thousand.

Therefore, as of the reporting date, the Company holds no treasury shares (previous year: 12,067 shares). In the previous year, this corresponded to 0.22 percent of the Company's subscribed capital. These shares were largely designated for fulfilling obligations arising from current stock option plans.

### AUTHORIZED CAPITAL 2011

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

### AUTHORIZED CAPITAL 2015

Pursuant to the resolution of the Annual General Meeting of June 3, 2015, the Executive Board has been authorized, with the approval of the Supervisory Board, to increase the share capital of the Company by up to €2,796,068.00 by June 2, 2020, by way of issuing, on one or more occasions, new no-par-value registered shares in return for cash and/or non-cash

contributions (Authorized Capital 2015). The number of shares must be increased in the same ratio as the share capital. A pre-emptive right must be granted to the shareholders. The new shares can also be taken up by one or more credit institutions specified by the Executive Board on condition that they are offered to the shareholders (indirect pre-emptive right). The Executive Board however is authorized, with the approval of the Supervisory Board, to disapply the pre-emptive right of shareholders:

- 1) in order to settle fractional amounts;
- 2) if the shares are issued in return for a non-cash contribution, in particular for the purpose of acquiring companies, parts of companies, other assets or in connection with business combinations, or for the purpose of acquiring receivables, rights or industrial property rights including copyrights and know-how;
- 3) if the shares of the Company are issued in return for a non-cash contribution and if the issue price of each share is not significantly lower than the market price of the shares which are already listed and which essentially carry the same rights at the time at which the issue price is definitively fixed. The number of shares issued in this way with the exclusion of subscription rights must not exceed 10 percent of the share capital, either at the time at which this authorization becomes effective or at the time at which this authorization is exercised. Other shares which have been sold or issued by disapplying pre-emptive rights during the life of this authorization upon the direct or corresponding application of Section 186 (3) sentence 4 AktG must be offset against this maximum limit. Shares which have to be issued for serving option and/or conversion rights or conversion obligations arising from convertible bonds and/or option bonds or stock options, to the extent that these bonds or stock options have been issued during the life of this authorization by disapplying pre-emptive rights upon corresponding application of Section 186 (3) Clause 4 AktG, also have to be offset in relation to the maximum limit;

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

The proportionate amount of the share capital accounted for by shares which based on this authorization are issued displaying the pre-emptive rights of shareholders in return for cash or non-cash contributions must not exceed 20 percent of the share capital of the Company which existed at the time at which the authorization becomes effective.

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

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

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

#### **CONTINGENT CAPITAL I 2006, CONTINGENT CAPITAL 2009 AND CONTINGENT CAPITAL 2012**

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

#### **CONTINGENT CAPITAL 2008**

The share capital of the Company has been increased by €231,348.00 out of contingent capital by issuing up to 231,348 new no-par-value registered shares (Contingent Capital 2008). Contingent Capital 2008 serves exclusively to ensure that new shares can be issued to the holders of options or conversion rights granted by the Company or companies in which the Company holds a majority interest, either directly or indirectly, under the authorization resolution adopted by the Annual General Meeting of May 21, 2008. The contingent capital increase will only be carried out to the extent that holders of bonds exercise their conversion or option rights. The new shares participate in profit from the start of the financial year in which they are created.

The Contingent Capital 2008 was partially revoked pursuant to a resolution of the Annual General Meeting of May 28, 2009, and amounted to €29,410.00 as of December 31, 2015. In 2015, no shares were issued out of Contingent Capital 2008.

#### **CONTINGENT CAPITAL 2010**

The share capital of the Company has been increased to up to €94,318.00 by issuing up to 94,318 new no-par-value registered shares out of contingent capital (Contingent Capital 2010). The Contingent Capital 2010 serves to secure subscription rights for stock options which are issued by the Company under the terms of the stock option plan 2010 in accordance with the authorization of the Annual General Meeting of the Company of May 27, 2010. The contingent capital increase is carried out only to the extent that stock options are issued and the holders of the stock options actually use their subscription right for shares of the Company and the Company does not grant treasury shares or a cash settlement in order to fulfill the subscription rights. The shares are issued out of Contingent Capital 2010 for the exercise price fixed in accordance with the resolution of the Annual General Meeting of May 27, 2010, under point 8 letter d) item (5). The new shares participate in profit from the start of the financial year in which they are created. The share capital increased by €28,298.00 in through the issue of 28,298 subscription shares 2010 with a notional value of €28,298.00. Following this issue, Contingent Capital 2010 as of December 31, 2015 had declined to €66,020.00.

### CONTINGENT CAPITAL 2014

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

As of December 31, 2015, no valid stock options (previous year: 40,365) had been issued to employees, senior executives and the Executive Board.

### Capital reserves

The capital reserves mainly comprise the premium from the cash capital increases carried out in previous years minus the ancillary costs of procuring equity and the premium from the issue of new shares in connection with employee stock option plans and from the sale of treasury shares.

### Other reserves

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

### Other

Under German stock corporation law, the dividend eligible for distribution to shareholders is based on the net retained profits which XING AG disclosed in its annual financial statements prepared in accordance with the regulations of the German Commercial Code. In financial year 2015, XING AG distributed a dividend of €5,144 thousand (€0.92 per share) to the shareholders. The remaining net retained profits of €2,368 thousand were carried forward to new account. In the previous year, XING AG distributed a dividend of €3,459 thousand (€0.62 per share) out of the net retained profits of the previous year and a special dividend of €19,974 thousand (€3.58 per share). Of the special dividend amount, €14,000 thousand was paid from the reversal of other revenue reserves and €10,063 thousand from the net retained profits of the previous year.

The Executive Board and the Supervisory Board propose that a dividend of €1.03 is to be paid out of the net retained profits of XING AG for financial year 2015. This corresponds to an anticipated total payment of approx. €5.8 million. In addition, a special dividend of €1.50 per share is to be paid. This will involve payment of an additional €8.4 million, which results in an expected total dividend payout of €14.2 million (€2.53 per share). The liquid funds of €78 million as of the end of 2015 and XING's cash-generative business model enable the Company to pay dividend regularly without changing its business strategy, which is aimed at achieving growth.

Payment of this dividend depends on the approval of the Annual General Meeting on June 2, 2016.

## 17. Non-current liabilities

The main portion of the non-current deferred income relates to member subscriptions for future periods and products in the E-Recruiting segment with a remaining term of more than one year at the reporting date in the amount of €3,244 thousand (previous year: €2,314 thousand). The Company also recognized other non-current financial liabilities of €1,304 thousand (previous year: €0 thousand) that represent contingent purchase price payments in connection with the acquisition of Intelligence Competence Center (Deutschland) AG.

Non-current provisions concerns provisions for Amortization and write-downs of software and licenses include restoration obligations of €320 thousand (previous year: €249 thousand).

Other non-current liabilities of €2,495 thousand (previous year: €251 thousand) mainly include obligations arising from employee remuneration and accrued rental expenses.

## 18. Current liabilities

Corporation tax liabilities and trade tax liabilities of €154 thousand (previous year: €1,089 thousand) were reported as of December 31, 2015.

As was the case in the previous year, all trade accounts payable recognized as of the reference date December 31, 2015 were due within one year (€3,797 thousand; previous year: €2,489 thousand). The trade accounts payable are not interest-bearing, and are generally due within 10 to 30 days.

At €44,234 thousand (previous year: €35,601 thousand), the main portion of deferred income relates to membership subscriptions and products of the E-Recruiting segment for future periods with a remaining term of less than twelve months.

Financial liabilities of €435 thousand (previous year: €3,896 thousand) relate to contingent purchase price payments arising from business combinations. As was the case in the previous year, there is no collateral for liabilities in the form of liens or similar rights.

The other current provisions and liabilities are recognized in the amount due for repayment, and are broken down as follows:

In € thousand	12/31/2014	Use	Reversal	Addition	12/31/2015
Personnel expenses	215	156	59	250	250
Financial statements preparation and auditing costs	237	193	0	192	236
Legal and consulting costs	37	19	18	102	102
	<b>489</b>	<b>368</b>	<b>77</b>	<b>544</b>	<b>588</b>

In € thousand	12/31/2015	12/31/2014
Liabilities from personnel expenses	4,146	5,099
Liabilities of XING Events due to event organizers	4,010	4,031
VAT liabilities	2,445	1,098
Liabilities for marketing expenses	1,399	324
Liabilities for Supervisory Board remuneration	285	285
Miscellaneous liabilities	3,556	2,831
<b>OTHER CURRENT LIABILITIES</b>	<b>15,841</b>	<b>13,668</b>

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

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

## (E) Other disclosures

### ADDITIONAL INFORMATION ON THE CONSOLIDATED STATEMENT OF CASH FLOWS

As of December 31, 2015, cash and cash equivalents consist exclusively liquid funds of €81,027 thousand (previous year: €67,199 thousand), and comprise own funds of €78,034 thousand (previous year: €63,951 thousand) and third-party cash of €2,993 thousand (prior year: €3,248 thousand). Third-party cash funds comprise cash in connection with obligations from the Events segment. Cash and cash equivalents consist mainly of bank balances, on which interest is earned at variable rates with terms of between one day and three months.

### 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.

The Group has taken out leases for business premises and staff apartments and operating leases for IT hardware and servers. The agreements have an average term of between three and five years, and there is an option for them to be extended.

Future minimum lease payments existing as of December 31, 2015, in accordance with the operating leases which cannot be terminated, are shown in the following table:

In € thousand	12/31/2015	12/31/2014
In the following year	3,422	2,667
Within two to five years	6,154	4,648
More than five years	176	0
	<b>10,112</b>	<b>7,315</b>

The Group recognized lease payments of €3,516 thousand (previous year: €3,148 thousand) in profit or loss.

### PRINCIPLES OF FINANCIAL RISK MANAGEMENT

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

### CAPITAL RISK MANAGEMENT AND NET DEBT

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

As of December 31, 2015, equity amounted to €60,508 thousand (previous year: €43,407 thousand) and is comprised as follows:

In € thousand	12/31/2015	12/31/2014
Subscribed capital	5,620	5,592
Treasury shares	0	-434
Capital reserves	22,622	18,479
Other reserves	2,432	2,429
Net retained profits	29,834	17,341
	<b>60,508</b>	<b>50,481</b>

The equity ratio is 43.2 percent (previous year: 40.1 percent). The following table shows that as of the reporting date the cash and short-term deposits of the Group were slightly higher (lower) than liabilities:

In € thousand	12/31/2015	12/31/2014
Non-current liabilities	-14,368	-7,317
Current liabilities	-65,049	-57,411
Cash and short-term deposits	81,027	63,951
<b>CASH SURPLUS (PREVIOUS YEAR: DEFICIT)</b>	<b>1,610</b>	<b>-777</b>

Current and non-current liabilities include deferred income or deferred grants totaling €47,478 thousand (previous year: €38,094 thousand) that do not directly lead to an outflow of cash.

### CLASSES OF FINANCIAL INSTRUMENTS

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

In € thousand	12/31/2015	12/31/2014
<b>FINANCIAL ASSETS</b>		
Non-current receivables	85	76
Current receivables from services	15,873	12,013
Cash and short-term deposits	81,027	63,951
<b>FINANCIAL LIABILITIES</b>		
Current trade accounts payable	3,797	2,398
Other non-current liabilities	1,304	0
Other current liabilities	435	3,896

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

The financial liabilities result from earn-out obligations in connection with acquisitions. All of these liabilities are class 3 financial instruments.

For all financial assets and liabilities, the fair values, to the extent that they can be determined, correspond to the carrying amounts.

As was the case in the previous year, no financial assets were used as collateral for liabilities of the Group in the financial year.



### EXCHANGE RATE AND INTEREST RATE MANAGEMENT

The Group was exposed to significant exchange rate movements in the reporting period. This affected liquid funds in Swiss francs in particular. Income from exchange rate effects amounted to €939 thousand (previous year: €354 thousand). Revenues are generated mainly in euros. There are no interest-bearing liabilities.

A currency forward in the amount of CHF 7,000 thousand was entered into in the reporting period to hedge bank deposits in Swiss francs (fair value hedge). A positive fair value of €220 thousand was recognized in cash and short-term deposits. This is a financial instrument for which fair value was measured in Level 2.

Bank balances earn an average of 0.04 percent interest (previous year: 0.12 percent).

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

With regard to consolidated earnings before tax, a change in interest rates will have an impact on interest income (as a result of the impact of variable-income financial assets). If interest rates had increased by 100 basis points during the reporting period, interest income would have changed by €741 thousand (previous year: €681 thousand) on the basis of an average investment volume of €74,113 thousand (previous year: €68,090 thousand).

### COUNTERPARTY CREDIT RISK MANAGEMENT

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

As was the case in the previous year, material financial assets only existed as of the reporting date in the form of subscription claims against users of the XING platform (receivables from services from members in Network / Premium or companies in E-Recruiting) as well as bank balances (cash and short-term deposits).

With regard to the receivables, the risk is reduced by the fact that most of the receivables consist of a large number of relatively minor amounts, of less than €10 thousand in each case. As of the reporting date, the remaining term of virtually all these receivables was less than one year. The maximum counterparty credit risk of €15,873 thousand is equal to the carrying amount of the receivables (previous year: €12,013 thousand).

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

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

There are no material risk concentrations.

### LIQUIDITY RISK MANAGEMENT

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

As a result of the current bank balances, there are no major liquidity risks. Credit lines with banks as of the reporting date are in place for €20 million, but have not been utilized.

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

Contingent Capital I 2006, 2009 and 2012 were revoked by the Annual General Meeting on May 23, 2014.

Pursuant to a resolution of the Annual General Meeting of the Company on May 21, 2008, further contingent capital (Contingent Capital 2008) of up to €231,348.00 was created for the purpose of an employee stock option plan. As a result, in September 2008 and February 2009, 180,387 stock options were issued to the Executive Board as well as to certain executives of the Company and other employees of XING in connection with the "stock option plan 2008" (SOP 2008); all of these option rights had been exercised or had expired. In the previous year, there had been 365 option rights, all of which were exercised in the financial year ended.

Pursuant to a resolution of the Annual General Meeting of the Company of May 27, 2010, further contingent capital (Contingent Capital 2010) of up to €94,318.00 was created for the purpose of a stock option plan. As a result, in December 2010 and March 2011, a total of 50,000 stock options were issued to the Executive Board in connection with the "stock option plan 2010" (SOP 2010). All of the option rights that had not yet expired on the previous year's reporting date (40,000 options) were exercised in 2015, as a result of which no option rights existed as of the December 31, 2015 reporting date.

The stock option plans grant the options to take up shares of the Company, and specify a fixed term of five years for the 2010 plans. The 2008 and 2009 stock option plan each have terms of ten years. Each option confers the right to take up one share of the Company, disapplying the pre-emptive right of shareholders. The main provisions of the SOP 2008 to 2010 are summarized as follows:

Within the framework of the SOP, stock options may be issued only to members of the Executive Board of XING AG, to members of management of subsidiaries as well as to selected senior executives, to other key personnel and other employees of XING AG and its subsidiaries.

The stock options grant the holder the right to take up registered shares with voting rights of XING AG. Each stock option entitles the holder to take up one share of XING AG in return for paying the exercise price. The option conditions may specify that the Company, in order to fulfill its obligations relating to the taking up of shares, may grant to the beneficiary treasury shares or a cash payment instead of new shares using the contingent capital.

The subscription rights provided by the stock options can only be exercised after the end of a waiting period. For the stock option plans 2006 to 2009, the waiting period for 50 percent of the stock options granted is at least two years; it is at least three years for a further 25 percent of the stock options granted, and at least four years for the remaining 25 percent. In the stock option plan 2010, the waiting period is four years. The waiting period commences on the day after the corresponding stock options are issued. In the stock option plans 2006 and 2010, the subscription rights can be exercised within a period of up to five years, starting on the day on which the stock options are issued. In the stock option plans 2008 and 2009, the subscription rights can be exercised within a period of up to ten years, starting on the day on which the stock options are issued.

The exercise price for a share of the Company corresponds to the arithmetic mean of the closing auction prices of the Company's shares in Xetra trading (or an equivalent successor system) on the Frankfurt stock exchange on the last five market days before the corresponding stock option is issued (the day on which the beneficiary's declaration that he intends to take up shares is accepted by the Company or by the credit institution engaged by the Company for processing purposes). Alternatively, the exercise price for stock options issued before the start of trading for shares within the framework of the company IPO corresponds to the price at which the Company shares were placed within the framework of the IPO.

Subscription rights in relation to stock options can only be exercised if the closing auction price of the shares of the Company in Xetra trading (or an equivalent successor system) on the Frankfurt stock exchange has outperformed the SDAX index (or a comparable successor index) on at least ten successive trading days within one year before the day on which the subscription right is exercised.

The expense of the share-based payment shown in the income statement for the period ending December 31, 2015, amounted to €15 thousand (previous year: €61 thousand).

All option rights issued under the stock option plans that have been resolved were exercised by the end of the reporting period or have lapsed.

The weighted average exercise price in the previous year was €29.48 and was calculated as the exercise price of the options in question less the fair value of the amount of future service to be rendered over the remainder of the vesting period of these options. The weighted average term remaining for options which were outstanding as of December 31, 2014, was 1.3 years.

The weighted average fair value for the stock options still outstanding as of December 31, 2014, was €6.10.

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

As remuneration for the current financial year, the fair value for the virtual options granted in this year is shown on the basis of a target achievement level of 100.3 percent. Overall, personnel expenses of €521 thousand (previous year: €511 thousand) for cash-settled share-based payment were recognized in the income statement for the 2015 financial year. Provisions of €2,010 thousand (previous year:

€955 thousand) were recognized as of December 31, 2015 for entitlements arising from the long-term incentive programs, taking into account the share price performance.

The calculations are based on an actuarial report obtained for measuring the value of the stock options and the parameters set out in the report. The fair value of the option rights under the stock option plan 2010 was determined using a binomial model as of the issue date (March 29, 2011). An expected volatility of 30 percent was taken into account. The term was assumed to be 4.5 years and the risk-free discount rate was assumed to be 2.59 percent. The fair value determined this way was €6.07 per option at the grant date.

#### RELATIONS WITH RELATED PARTIES

The members of the Executive Board and the Supervisory Board of XING AG are deemed to be related parties for the purposes of IAS 24. In the year under review, with the exception of their executive body activities, there were no business relations between the Executive Board, the Supervisory Board and the companies included in the consolidated financial statements. The Executive Board and the Supervisory Board received total remuneration of €4,060 thousand and €285 thousand (previous year: €2,141 thousand and €283 thousand) for their work in the financial year ended. Of this amount, benefits payable in the short term amounted to €956 thousand (previous year: €1,679 thousand), while benefits payable in the long term totaled €1,765 thousand (previous year: €510 thousand). To reflect the change in value in claims to date to cash-settled share-based payment, an amount of €495 thousand was recognized in the 2015 financial year (previous year: €40 thousand). Further information is included in the remuneration report, which is an integral part of the Group management report.

Since December 18, 2012, Burda Digital GmbH, Munich, Germany (a subsidiary of Hubert Burda Media Holding Kommanditgesellschaft, Offenburg, Germany) has held more than 50 percent of the share capital of XING AG. XING AG is accordingly a dependent company in accordance with Section 312 (1) Clause 1 in conjunction with Section 17 (2) AktG.

Because a control agreement does not exist between XING AG and Hubert Burda Media Holding Kommanditgesellschaft, Offenburg, the Executive Board of XING AG prepares a report regarding relations with affiliated companies in accordance with Section 312 (1) Clause 1 AktG. In the 2015 financial year, XING AG or the companies controlled by it and Hubert Burda Media Holding Kommanditgesellschaft, Offenburg, or its affiliated companies as in the previous year purchased products and services from each other subject to arm's length conditions.

The shareholder Burda Digital GmbH, Offenburg, received €2,599 thousand (previous year: €11,864 thousand) in dividend payments. As in the prior year, other transactions with Burda Digital GmbH totaled less than €1 thousand.

Services in the amount of €3,720 thousand (previous year: €4,140 thousand) were provided to affiliated companies of Burda Media Holding Kommanditgesellschaft, Offenburg, Germany. Services purchased from affiliated companies totaled €571 thousand (previous year: €1,256 thousand). The receivables from services show net amounts of €1,578 thousand (previous year: €1,385 thousand) due from affiliated companies, and the trade accounts payable show net amounts of €82 thousand (previous year: €639 thousand) due to affiliated companies.

#### NUMBER OF EMPLOYEES

XING employed an average of 730 persons (previous year: 623) as well as four members of the Executive Board (previous year: 4) during financial year 2015. As of December 31, 2015, a total of 788 persons (previous year: 645) as well as four Executive Board members (previous year: 4) were employed by the Group.

#### NOTIFICATIONS RECEIVED IN ACCORDANCE WITH SECTION 21 WPHG

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

## MEMBERS OF THE SUPERVISORY BOARD

### *Stefan Winners,*

Executive Board member for Digital Brands at Hubert Burda Media Group, Munich, Germany (Chairman of the Supervisory Board)

Other Supervisory Board posts / memberships in control bodies:

- Chairman of the Supervisory Board of Tomorrow Focus AG, Munich, Germany
- Chairman of the Advisory Board of BurdaForward GmbH, Hamburg, Germany (since July 2015)
- Member of the Supervisory Board of zooplus AG, Munich, Germany
- Member of the Advisory Board of Cyberport GmbH, Dresden, Germany
- Member of the Supervisory Board and the Advisory Board of Giesecke & Devrient GmbH, Munich, Germany

### *Dr. Johannes Meier,*

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

Other Supervisory Board posts / memberships in control bodies: none

### *Dr. Jörg Lübcke,*

Managing Director, Barcare GmbH, Munich, Germany

Other Supervisory Board posts / memberships in control bodies: none

### *Jean-Paul Schmetz,*

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

Other 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 (since February 2015)

### *Anette Weber,*

Global Head Finance Pharma Development of Novartis Pharma AG, Basel, Switzerland

Other Supervisory Board posts / memberships in control bodies: none

### *Sabine Bendiek,*

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

## MEMBERS OF THE EXECUTIVE BOARD

### *Dr. Thomas Vollmoeller,*

CEO, Hamburg, (Chairman)

Supervisory Board posts / memberships in control bodies:

- Member of the Supervisory Board of Ravensburger AG, Ravensburg, Germany (since August 2015)
- Member of the Administrative Board of Conrad Electronic SE, Hirschau, Germany

### *Ingo Chu,*

CFO, Hamburg, Germany

Supervisory Board posts / memberships in control bodies:

none

### *Jens Pape,*

CTO, Hamburg, Germany

Supervisory Board posts / memberships in control bodies:

none

### *Timm Richter,*

CPO, Hamburg, Germany

Supervisory Board posts / memberships in control bodies:

none

Further information is included in the remuneration report, which is an integral part of the Group management report.

## FEES AND SERVICES OF THE AUDITOR

In financial year 2015, costs of €160 thousand (previous year: €165 thousand) were recognized for the auditing services for the period ending December 31, 2015. Other services used totaled €20 thousand (previous year: €0 thousand). As was the case in the previous year, tax consultancy services or other assurance services were not utilized.

## DIRECTORS' DEALINGS

In accordance with Section 15a of the Security Trading Act (Wertpapierhandelsgesetz; WpHG), members of the Executive Board and Supervisory Board are subject to a legal requirement for disclosing the acquisition or disposal of shares of XING AG or related financial instruments if the value of the transactions carried out within a calendar year by the member and the member's related parties is equal to or exceeds the figure of €5,000. The transactions reported to XING AG had been properly disclosed, and can be downloaded from the Company's web site <http://corporate.xing.com/deutsch/investor-relations/corporate-governance/directors-dealings>.

## STATEMENT CONCERNING THE CORPORATE GOVERNANCE CODE

In February 2016, the Executive Board and the Supervisory Board of XING AG published the statement specified in accordance with Section 161 AktG and made it available by publishing it on the Company's web site (<http://corporate.xing.com/deutsch/investor-relations/corporate-governance>).

## SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

XING entered into a joint venture with the leading US job portal Monster with the aim of sounding out the opportunities for success with shared service provision in the USA.

# Responsibility statement of the Executive Board

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

Hamburg, March 23, 2016

The Executive Board

Dr. Thomas Vollmoeller

Ingo Chu

Timm Richter

Jens Pape



# Auditors' report

We have audited the consolidated financial statements prepared by the Xing AG, Hamburg, comprising the statement of financial position, the statement of comprehensive income, statement of changes in equity, cash flow statement and the notes to the consolidated financial statements, together with the Group management report for the business year from January 1 to December 31, 2015. The preparation of the consolidated financial statements and the Group management report in accordance with the IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315a (1) HGB ("Handelsgesetzbuch": German Commercial Code) is the responsibility of the parent Company's Executive Board. Our responsibility is to express an opinion on the consolidated financial statements and on the Group management report based on our audit.

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

Our audit has not led to any reservations.

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

Hamburg, March 23, 2016

PricewaterhouseCoopers  
Aktiengesellschaft  
Wirtschaftsprüfungsgesellschaft

Niklas Wilke  
Wirtschaftsprüfer  
[German Public Auditor]

ppa. Jana Zemmrich  
Wirtschaftsprüferin  
[German Public Auditor]

# Financial calendar

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Publication of the annual financial report	March 24, 2016
Publication of the quarterly financial report (Q1 reporting date)	May 04, 2016
Annual General Meeting	June 02, 2016
Publication of the half-year financial report	August 08, 2016
Publication of the quarterly financial report (Q3 reporting date)	November 07, 2016

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

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*This Annual Report is available in both German and English.*

*In the event of diversity in interpretation, the German version shall prevail. Both versions and further press information are available for download at [www.xing.com](http://www.xing.com).*



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