

Q3

INTERIM REPORT
FOR THE PERIOD
FROM JANUARY 1 TO
SEPTEMBER 30, 2016

XING AG

Key figures

	Unit	9M 2016	9M 2015	Q3 2016	Q3 2015	Q2 2016
Revenues ¹⁾	in € million	108.3	89.9	37.8	30.5	36.2
B2C segment	in € million	57.1	49.9	19.9	17.4	19.0
B2B E-Recruiting segment	in € million	39.2	29.6	13.9	10.0	13.1
B2B Advertising & Events segment ²⁾	in € million	9.2	8.2	3.1	2.7	3.2
kununu International segment	In € million	0.9	0.0	0.4	0.0	0.4
EBITDA	in € million	35.8	27.1	12.9	9.3	12.4
EBITDA margin	in %	33	30	34	31	34
Net profit/loss for the period	in € million	18.2	13.4	6.4	4.6	6.4
Earnings per share (diluted)	in €	3.23	2.40	1.14	0.83	1.14
Cash flow from operations	in € million	39.3	26.8	11.5	8.9	14.9
Equity	in € million	64.5	56.3	64.5	56.3	58.0
Liquid funds	in € million	82.3	74.2	82.3	74.2	75.2
XING users Germany, Austria, Switzerland (D-A-CH), total	in million	11.6	9.7	11.6	9.7	11.10
thereof platform members (D-A-CH)	in million	10.9	9.2	10.9	9.2	10.5
thereof subscribers (D-A-CH)	in thsd.	925	869	925	869	914
B2B customers (D-A-CH)						
in the E-Recruiting segment	in thsd.	17.5	17.6	17.5	17.6	18.1
in the Advertising & Events segment	in thsd.	6.6	4.9	6.6	4.9	6.2
Employees	number	921	741	921	741	913

1) Total revenues including other operating income

2) Incl. intercompany revenues

3) Definition and disclosure of B2B Ad & Events customers adjusted retrospectively from 1/1/2015

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XING is the leading social network for business professionals.

The leading social network for business professionals in the German-speaking market gives advice and support to its members during the upheavals in the world of work. In an environment marked by a shortage of skilled workers, digitalization, and changes in values, XING helps its over 11 million members achieve as harmonious a work/life balance as possible. For example, members can use XING Jobs to find the position that meets their individual needs, keep up to date with the news offerings on XING and participate in the debate, or find out about changes and trends in the new world of work on the XING spielraum topics portal. In early 2015, the Jobbörse.com website – the biggest job search engine in the German-speaking market – was added to the Company's portfolio. Prior to this, XING had further strengthened its position as the market leader in social recruiting by acquiring kununu, the leading employer review platform in the German-speaking market.

Established in 2003, XING has been listed since 2006 and has been a TecDAX member since September 2011. Members can meet and exchange views on XING in over 80,000 groups or get together at one of the more than 100,000 relevant events for professionals that are organized each year. Across all of its platforms, XING has more than 11.6 million users in its core markets of Germany, Austria and Switzerland, just under 11 million of whom are members of the XING platform. The Company has more than 900 employees at its locations in Hamburg, Munich, Aschaffenburg, Barcelona and Vienna.

www.xing.com

To our shareholders

- 03 Executive Board letter
- 06 XING shares

Executive Board letter

Dear Shareholders,

The third quarter of this year was another really strong three-month period for XING. Consolidated revenues including other operating income expanded by 24 percent year-on-year to €37.8 million (Q3 2015: €30.5 million). The B2C business, which increased by 14 percent to €19.9 million (€17.4 million), was again the principal revenue driver.

Growth was mainly driven by the B2B E-Recruiting segment, which reports the revenue from products and services that XING sells to companies so that these can prevail in the increasingly challenging “war for talents.” Revenues in this segment climbed 39 percent year-on-year to €13.9 million (€10 million). B2B Advertising & Events, the smallest segment in terms of revenues, also achieved growth of 13 percent, generating revenues of €3.1 million (€2.7 million). Group EBITDA in the third quarter amounted to €12.9 million, an increase of 38 percent compared with the prior-year figure of €9.3 million.

Dr. Thomas Vollmoeller,
Chief Executive Officer of XING AG



The dynamic growth in the third quarter is therefore also reflected in the figures for the nine-month period. In the first three quarters of the year, total revenues including other operating income rose by 20 percent, from €89.9 million to €108.3 million. Adjusted for an extraordinary item (the appreciation of the Swiss franc in the first quarter of 2015), growth in revenues from operations amounted to a robust 22 percent. The Group's operating result (EBITDA) in this period increased by 32 percent to €35.8 million (9M 2015: €27.1 million).

Membership growth is also at a record level. In the third quarter, we welcomed 441,000 new members in Germany, Austria and Switzerland, more than in any previous third quarter. As of the end of Q3, XING therefore had 10.9 million members; we exceeded the 11 million mark in October.

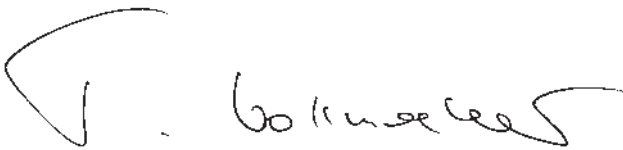
These figures are the result of our strategic initiatives and the product innovations arising from these that all build on a single megatrend: the fundamental changes in the world of work. In these times of multiple paradigm shifts, our challenge is to support our members in the same way as a mentor. To make useful, inspirational contacts available to them. To draw their attention to opportunities in the job market. And to help them stay abreast of developments in a convenient manner that fits perfectly with their industries and interests. A "flagship" in these endeavors is our "Klartext" media format that celebrated its first anniversary in the third quarter. And the figures are indeed impressive: Klartext has produced over 5 million article views and attracted nearly 600 authors including prominent figures such as Deutsche Post CEO Frank Appel, Federal Minister of Labor and Social Affairs Andrea Nahles, and Dieter Hallervorden.

In recent weeks, we also expanded the solutions for our corporate business by adding another key component, the XING ReferralManager. This gives companies a simple and straightforward opportunity to contact talent for their vacancies systematically and in digital form by using their employees' contact network – a very effective recruitment channel and the supreme discipline of recruitment, so to speak.

Dear shareholders, as you can see, rather than resting on the laurels of past successes we are systematically pursuing our mission with the highest level of dedication. We are firmly committed to helping our members to grow in their jobs and realize their full potential – and to continuing to delight you with reports of XING's successful business performance. Thank you for your commitment to XING. We hope you will continue to give us your support.

Hamburg, November 2016

Kind regards,

A handwritten signature in black ink, appearing to read 'T. Vollmoeller', with a large, sweeping initial stroke on the left.

Dr. Thomas Vollmoeller,
Chief Executive Officer of XING AG

XING shares

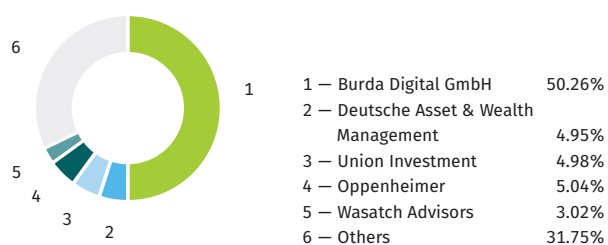
Basic data about the XING share

Number of shares as of September 30, 2016	5,620,435
Share capital in €	5,620,435
Share type	Registered shares
IPO	12/07/2006
ISIN	DE000XNG8888
Bloomberg	O1BC
Reuters	OBCGn.DE
Transparency level	Prime Standard
Index	TecDAX
Sector	Software

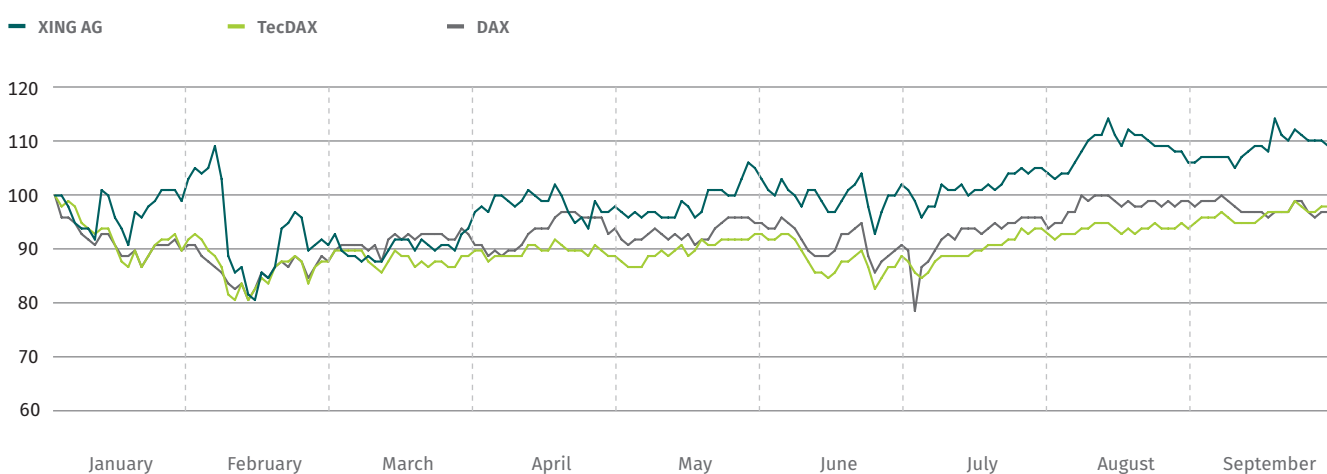
Key data on the XING share at a glance

	9M 2016	9M 2015
XETRA closing price at the end of the period	187.05 €	192.00 €
High	194.95 €	192.60 €
Low	138.40 €	92.19 €
Market capitalization at the end of the period in € million	1,051	1,079
Average trading volume per day (XETRA)	9,340	15,330
Earnings per share (diluted) excl. kununu earn-out	3.23 €	2.40 €

Shareholder structure in September 2016



Share price performance vs. indices in the first nine months of 2016 (in percent)



Analyst recommendations for XING share (September 2016)

Bank	Analyst	Recommendation	Price target
Bankhaus Metzler	Nicholas Balz	Buy	195 €
Berenberg Bank	Sarah Simon	Buy	217 €
Commerzbank	Heike Pauls	Buy	240 €
Deutsche Bank	Benjamin Kohnke	Buy	200 €
Goldman Sachs	Carl Hazeley	Hold	185 €
Hauck & Aufhäuser	Lars Dannenberg	Hold	205 €
Jefferies	James Lockyer	Buy	192 €
Montega	Alexander Braun	Hold	180 €
Oddo Seydler	Marcus Silbe	Hold	183 €
Warburg Research	Jochen Reichert	Buy	217 €

Financial information

INTERIM GROUP MANAGEMENT REPORT

for the period from January 1 to
September 30, 2016

RESULTS OF OPERATIONS IN THE GROUP

Consolidated revenues up 20 percent in the first nine months of 2016

The first three quarters of the current financial year were a successful period of unabated growth for us in which we increased revenues and earnings substantially year-on-year.

Consolidated revenues including other operating income climbed 20 percent from €89.9 million to €108.3 million. Adjusted for an extraordinary item (the appreciation of the Swiss franc in the first quarter of 2015), growth in revenues from operations amounted to a robust 22 percent in the reporting period.

The B2B E-Recruiting and B2C segments contributed to this development with growth rates of 32 and 15 percent, respectively.

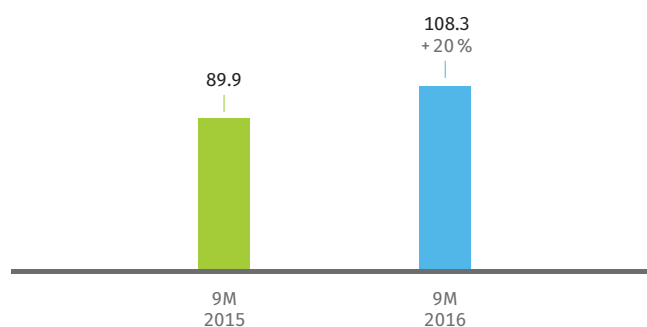
The Group's operating result (EBITDA) rose even more appreciably compared with the prior-year period. This was because the main operating expenses increased at a lower rate than revenues in the reporting period. For instance, personnel expenses, the largest single cost item, rose by just 17 percent to €40.0 million (9M 2015: €34.2 million).

Marketing expenses also increased at a substantially slower pace than revenues, at just 13 percent. Altogether, we invested €9.8 million in building the brand, in our positioning and in acquiring new members. In addition, we also further grew our B2B marketing activities, particularly to market our innovative e-recruiting solutions.

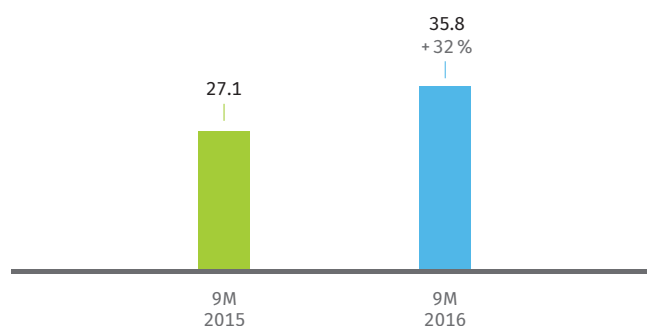
Other operating expenses likewise increased at a significantly lower rate than revenues, rising by only 13 percent to €22.6 million in the first nine months of the current financial year.

Consequently, the Group's operating result (EBITDA) in the reporting period rose disproportionately by 32 percent to €35.8 million (9M 2015: €27.1 million). As a result, the margin in the first nine months was 33 percent, up from 30 percent in the prior-year period.

Revenues incl. other operating income (in € million)



EBITDA (in € million)

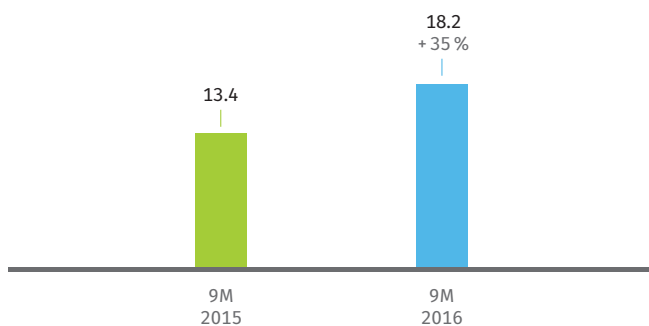


Depreciation, amortization and impairment losses totaled €7.2 million, six percent higher than the prior-year figure of €6.8 million. This was mainly due to an increase in investments in new products. The figure includes write-downs of around €0.2 million for the assets of the acquired company Buddybroker identified in the purchase price allocation.

As a result, EBIT for the period under review was €28.6 million, compared with EBIT of €20.2 million for the same period in 2015 (+41 percent).

After deducting taxes of €8.7 million, net profit was €18.2 million and thus 35 percent higher than net profit reported in the same period of 2015 (€13.4 million).

Net profit for the period (in € million)



Earnings per share in the reporting period therefore were €3.23, compared with earnings per share of €2.40 for the same period of 2015.

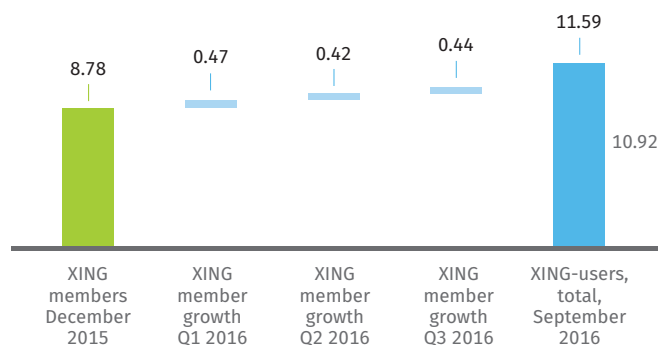
DEVELOPMENT IN THE B2C SEGMENT

Unabated membership growth

The XING platform is witnessing unabated growth in the D-A-CH region. We added over 1.3 million new members to the XING platform in the first nine months of the current financial year (9M 2015: 1.2 million), more than in any other nine-month period. This increased the membership base to 10.9 million at the end of September (September 2015: 9.2 million).

Ever since our event ticketing platform amiando was rebranded as XING Events and thus integrated even more closely with the XING platform, we have also reported on the growth of XING Events users. We added around 670,000 new users to the XING Group since figures were first recorded. Together with the 10.9 million platform members, this gives a XING user base of 11.6 million at the end of September 2016.

Member and user growth in D-A-CH in the first nine months of 2016 (in million)





One year of Klartext

XING Klartext was rolled out as a novel journalistic platform one year ago for experts and well-known personalities to take a position and put their opinions on current and controversial topics concerning business and professions up for debate.

The views held are accompanied by conflicting or different opinions. XING members not only have the chance to comment on opinion pieces, but can themselves also become Klartext authors and participate interactively in the debate. Klartext authors are chosen by the editorial team headed up by publisher Roland Tichy and editor-in-chief Jennifer Lachman.

This offering aims to help our members stay abreast of developments in their industries. We offer XING members a customized portfolio of information that is local, nearby and relevant.

Here, too, we are concerned with the activity of our members. We want to make users' address books come alive.

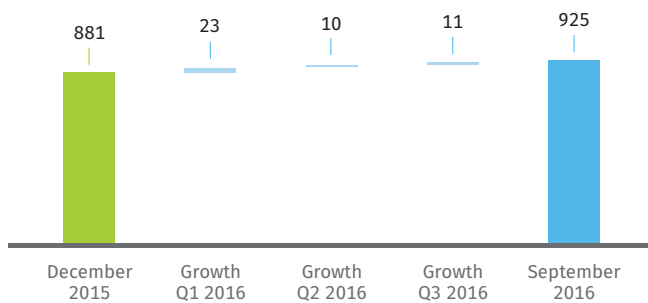
Summing up after the first year of Klartext:

- Articles/posts were read more than 5 million times
- Around 90,000 likes
- More than 40,000 comments
- Some 600 authors, including high-profile figures such as Deutsche Post CEO Frank Appel, Deutsche Bank CFO Markus Schenk and prominent politicians such as Andrea Nahles and Olaf Scholz, made their views and opinions on current topics public on XING Klartext.

Paid memberships driving growth in the B2C segment

XING's robust member growth has resulted in a further increase in the rate of conversion from free to paid memberships. In the reporting period, we added more than 44,000 new subscribers for the enhanced and fee-based functions (9M 2015: +34,000). In the third quarter of 2016, the number of subscribers increased by around 11,000 (Q3 2015: 8,000). At the end of the third quarter, the membership base of paying B2C customers in the D-A-CH region therefore comprises around 925,000 subscribers.

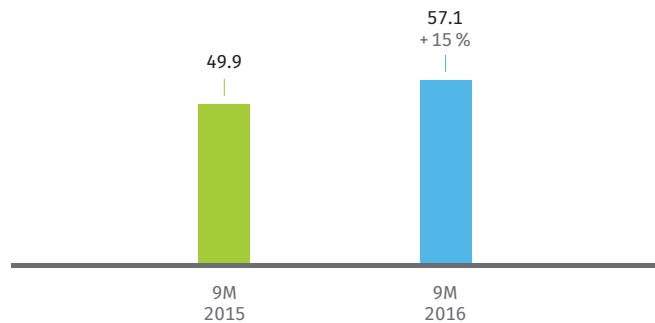
Subscribers (in thousand)



B2C segment revenues up 15 percent

The dynamic development in relation to non-financial key performance indicators in the B2C segment had a correspondingly positive impact on the segment's revenue performance. Revenues rose from €49.9 million to €57.1 million, representing growth of 15 percent in the first nine months. We are very satisfied with the results achieved. The B2C segment's growth is largely due to the rise in the number of subscribers (Premium, ProJobs) and the further increase in average revenue per user (ARPU).

B2C revenues (in € million)



Segment EBITDA rose six percent in the reporting period, from €29.0 million to €30.7 million. This result in a segment margin of 54 percent.

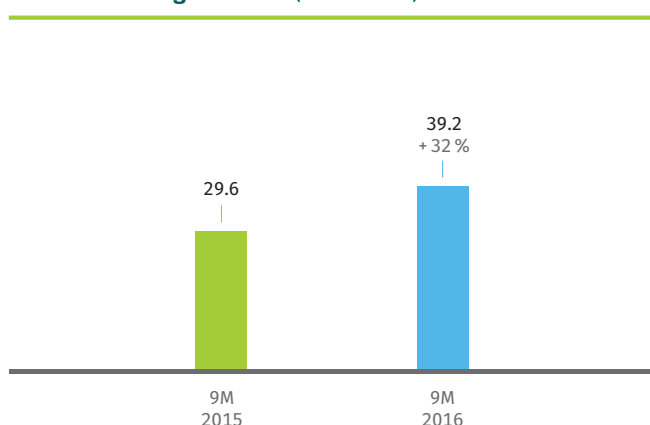
DEVELOPMENT IN THE B2B E-RECRUITING SEGMENT

Growth of over 30 percent

The XING recruiting products offer innovative solutions enabling companies to be successful in the “war for talents” and attract the right talent to their organizations. XING supports corporate customers with products for active sourcing and passive sourcing (XING Talent Manager and XING Jobs), and for building and maintaining their employer brand (Employer Branding Profiles). By acquiring Eqipia Technologie in the second quarter of 2016, we also expanded our range of products through the addition of a highly efficient recruitment tool – the XING referral manager (XING EmpfehlungsManager – XEM). This gives companies a simple and straightforward opportunity to contact talent for their vacancies systematically and in digital form by using their employees’ contact network – a very effective recruitment channel and the supreme discipline of recruitment, so to speak.

The initiatives had a positive effect on the revenue and earnings performance of the B2B E-Recruiting segment in the reporting period, with nine-month revenues climbing 32 percent from €29.6 million to €39.2 million. In the third quarter of 2016, segment revenues jumped by a very healthy 39 percent. Segment EBITDA rose at a disproportionately high rate of 48 percent to €26.1 million (9M 2015: €17.6 million). At around 17,500, the number of corporate customers (B2B customers) matched the prior-year level. However, this is only due to the fact that we discontinued old XING company profiles at the end of 2015.

B2B E-Recruiting revenues (in € million)

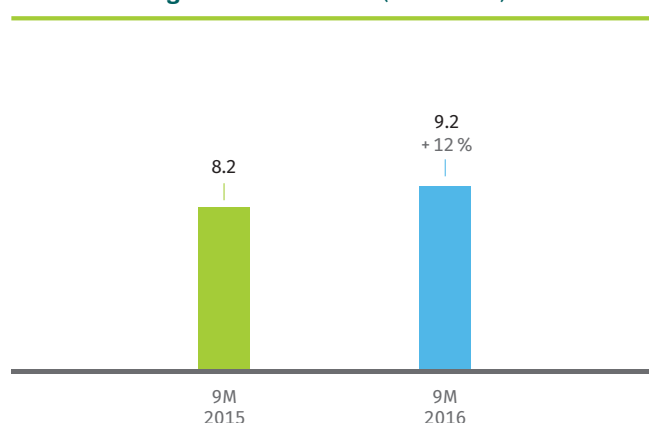


DEVELOPMENT IN THE B2B ADVERTISING & EVENTS SEGMENT

Significant improvement in segment result

We generated considerable growth over the prior-year period in the B2B Advertising & Events segment, lifting revenues by 12 percent to €9.2 million. The revenue boost is largely due to the success of XING AdManager, which is winning over more and more customers: We increased the total number of B2B customers from around 4,900 (Q3 2015) to over 6,600 as of the end of September 2016. We retrospectively adjusted the disclosure of B2B customers compared with prior periods and prior-year periods. Using AdManager, our customers increase the range for their events, products or profiles by additionally marketing or positioning their offerings and services on XING. Customer growth had a positive impact on the segment’s profitability. EBITDA climbed from €1.4 million (9M 2015) to €1.8 million in the first nine months of 2016.

B2B Advertising & Events revenues (in € million)



DEVELOPMENT IN THE (KUNUNU) INTERNATIONAL SEGMENT

In the (kununu) International segment, which we report on separately, the revenues and results currently reported are those generated by XING AG from the provision of technical infrastructure and services to the joint venture between kununu and US-based Monster, Inc. The joint venture's results are consolidated in the financial result of XING AG using the equity method. In this case, we expect start-up losses in 2016 and the following year.

The joint venture was formed with its registered office in Boston and is already doing business in the US market. The first steps are quite promising. Since its foundation in the past year, it has generated more than 200,000 reviews of US companies on the US kununu platform.

RISK REPORT

Permanent monitoring and management of risks are key tasks of a listed company. For this purpose, the Company has implemented the risk early warning system required in accordance with Section 91 (2) AktG and continuously develops it within the context of current market and company developments. 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. It is every employee's task 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, kununu GmbH and XING E-Recruiting GmbH & Co.KG 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.

No further going concern risks were identified in addition to the risks presented in the 2015 Annual Report.

Financial information

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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Consolidated statement of comprehensive income of XING AG

for the period from January 1, 2016 to September 30, 2016

Consolidated statement of comprehensive income

In € thousand	Note no.	01/01/2016 – 09/30/2016	01/01/2015 – 09/30/2015	07/01/2016 – 09/30/2016	07/01/2015 – 09/30/2015
Service revenues		106,054	87,291	37,154	30,001
Other operating income	7	2,224	2,642	599	454
TOTAL OPERATING INCOME		108,278	89,933	37,753	30,455
Personnel expenses		-40,027	-34,179	-14,004	-11,402
Marketing expenses		-9,817	-8,659	-2,919	-2,979
Other operating expenses	8	-22,639	-20,028	-7,923	-6,753
EBITDA		35,795	27,067	12,907	9,321
Depreciation, amortization and impairment losses	9	-7,196	-6,817	-2,502	-2,390
EBIT		28,599	20,250	10,405	6,931
Share of profits and losses of equity-accounted investments		-1,674	0	-866	0
Finance income		156	23	22	12
Finance costs		-234	-123	-119	-80
EBT		26,847	20,150	9,442	6,863
Taxes on income		-8,681	-6,725	-3,017	-2,223
CONSOLIDATED NET PROFIT/LOSS		18,166	13,425	6,425	4,640
Earnings per share (basic)		3.23 €	2.40 €	1.14 €	0.83 €
Earnings per share (diluted)		3.23 €	2.40 €	1.14 €	0.83 €
CONSOLIDATED NET PROFIT/LOSS		18,166	13,425	6,425	4,640
Currency translation differences		0	-8	0	0
Other comprehensive income		0	-8	0	0
CONSOLIDATED TOTAL COMPREHENSIVE INCOME		18,166	13,417	6,425	4,640

Consolidated statement of financial position of XING AG

as of September, 30 2016

Assets

In € thousand	Note no.	09/30/2016	12/31/2015
NON-CURRENT ASSETS			
Intangible assets			
Purchased software		4,578	3,784
Internally developed software	9	28,582	19,855
Goodwill		13,143	8,228
Other intangible assets		1,883	1,930
Property, plant and equipment			
Leasehold improvements		327	411
Other equipment, operating and office equipment			
Advance payments made and construction in progress		4,928	4,570
Financial assets			
Equity-accounted investments		1,033	0
Other equity investments		1	51
Other financial assets		50	34
Deferred tax assets		1,054	378
		55,579	39,241
CURRENT ASSETS			
Receivables and other assets			
Receivables from services		16,646	15,873
Income tax receivables		0	237
Other assets		2,778	3,547
Cash and short-term deposits			
Cash		82,346	78,034
Third-party cash		6,321	2,993
		108,091	100,684
		163,670	139,925

Equity and liabilities

In € thousand	Note no.	09/30/2016	12/31/2015
EQUITY			
Subscribed capital	6	5,620	5,620
Treasury shares		0	0
Capital reserves		22,622	22,622
Other reserves		2,432	2,432
Net retained profits		33,780	29,834
		64,454	60,508
NON-CURRENT LIABILITIES			
Deferred tax liabilities		10,196	6,992
Deferred income		2,358	3,244
Other provisions		336	333
Other financial liabilities		3,129	1,304
Other liabilities		2,229	2,495
		18,248	14,368
CURRENT LIABILITIES			
Trade accounts payable		1,640	3,797
Deferred income		53,284	44,234
Other provisions		752	588
Other financial liabilities		2,017	435
Income tax liabilities		1,989	154
Other liabilities		21,286	15,841
		80,968	65,049
		163,670	139,925

Consolidated statement of cash flows of XING AG

for the period from January 1, 2016 to September 30, 2016

Consolidated statement of cash flows

In € thousand	Note no.	01/01/2016 – 09/30/2016	01/01/2015 – 09/30/2015
Earnings before taxes		26,847	20,150
Amortization and impairment of capitalized development costs		2,734	2,274
Depreciation, amortization and impairment losses on other fixed assets		4,462	4,543
Personnel expenses, stock option program		0	15
Interest income		-28	-23
Interest received		30	25
Interest expense		233	123
Share of profits and losses of equity-accounted investments		1,674	0
Taxes paid		-4,294	-4,292
Profit from disposal of fixed assets		-134	0
Change in receivables and other assets		-22	-1,436
Change in liabilities and other equity and liabilities		3,294	885
Change in deferred income		8,031	7,412
Non-cash changes in basis of consolidation		-228	-15
Elimination of amianto third-party obligation		-3,328	-2,902
CASH FLOWS FROM OPERATING ACTIVITIES		39,271	26,759
Payment for capitalization of internally developed software		-11,461	-7,587
Payment for purchase of software		-526	-457
Payments for purchase of other intangible assets		-468	-407
Payments for purchase of property, plant and equipment		-2,525	-1,646
Proceeds from the disposal of fixed assets		178	0
Payments for acquisitions of consolidated companies (less cash acquired)	4	-3,148	-5,820
Payments for equity-accounted investments	3	-2,706	0
Payments for investments in other financial assets		0	-6
CASH FLOWS FROM INVESTING ACTIVITIES		-20,656	-15,923

Consolidated statement of cash flows

In € thousand	01/01/2016 – 09/30/2016	01/01/2015 – 09/30/2015
Proceeds from the exercise of options	0	2,942
Proceeds from the sale of treasury shares	0	1,635
Payment of regular dividend	-5,789	-5,145
Payment of special dividend	-8,431	0
Interest paid	-83	-54
CASH FLOWS FROM FINANCING ACTIVITIES	-14,303	-622
Currency translation differences	0	-8
Net change in cash funds	4,312	10,206
Cash funds at the beginning of the period	78,034	63,951
CASH FUNDS AT THE END OF THE PERIOD ¹⁾	82,346	74,157
Third-party cash funds at the beginning of period	2,993	3,248
Change in third-party cash and cash equivalents	3,328	2,902
THIRD-PARTY CASH FUNDS AT THE END OF THE PERIOD	6,321	6,150

¹⁾ Cash and cash equivalents consist of liquid funds.

Consolidated statement of changes in equity of XING AG

for the period from January 1, 2016 to September 30, 2016

Consolidated statement of changes in equity of XING AG

In € thousand	Subscribed capital	Capital reserves	Treasury shares	Other reserves	Net retained profits	Total equity
AS OF 01/01/2015	5,592	18,479	-434	2,429	17,341	43,407
Currency translation	0	0	0	-8	0	-8
Other comprehensive income	0	0	0	-8	0	-8
Consolidated net profit/loss	0	0	0	0	13,424	13,424
Consolidated total comprehensive income	0	0	0	-8	13,424	13,416
Capital increase from share-based payment	28	2,942	0	0	0	2,970
Sale of treasury shares	0	1,201	434	0	0	1,635
Dividend for 2014	0	0	0	0	-5,145	-5,145
Personnel expenses, stock option program	0	0	0	15	0	15
AS OF 09/30/2015	5,620	22,622	0	2,436	25,620	56,298
AS OF 01/01/2016	5,620	22,622	0	2,432	29,834	60,508
Consolidated net profit/loss	0	0	0	0	18,166	18,166
Consolidated total comprehensive income	0	0	0	0	18,166	18,166
Regular dividend for 2015	0	0	0	0	-5,789	-5,789
Special dividend	0	0	0	0	-8,431	-8,431
AS OF 09/30/2016	5,620	22,622	0	2,432	33,780	64,454

Notes to the interim consolidated financial statements

for the period from January 1 to September 30, 2016

1. Information on the Company and the Group

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

Operating the leading social network for business professionals in the German-speaking market, XING gives advice and support to its members during the upheavals in the world of work. In an environment marked by a shortage of skilled workers, digitalization, and changes in values, XING helps its over 10 million members achieve as harmonious a work/life balance as possible. XING generates its revenues primarily from fee-based products for end customers and businesses. It is a model in which our customers pay for most of the services provided in advance.

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

These condensed interim consolidated financial statements of XING AG for the reporting period ending on September 30, 2016, have been prepared in accordance with the International Financial Reporting Standard for interim financial reporting (IAS 34). The condensed interim consolidated financial statements do not contain all of the information required for full annual consolidated financial statements, and should therefore be read in conjunction with the consolidated financial statements as of December 31, 2015.

The period under review began on January 1, 2016, and ended on September 30, 2016. The corresponding prior-year period began on January 1, 2015, and ended on September 30, 2015. The interim consolidated financial statements and the interim group management report of XING AG as of September 30, 2016, were approved for publication on November 7, 2016, by the Executive Board.

The accounting policies applied to these condensed interim consolidated financial statements are consistent with those used for the consolidated financial statements as of December 31, 2015. These interim financial statements have not been audited by the auditor, nor have they been subjected to a review.

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

The amortization period, the residual values and the amortization method used for finite-lived intangible assets are reviewed regularly. The review of the remaining useful lives in the reporting period revealed that the useful life of the XING platform had been extended by a further 12 months to December 31, 2020.

Several amended IFRSs became effective for 2016. However, the application of these IFRSs did not have any material effects on the annual consolidated financial statements or the condensed interim consolidated financial statements.

3. Joint venture with Monster Worldwide, Inc.

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.

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 joint venture is Boston.

XING contributed US\$3,000 thousand (€2,706 thousand) to the joint venture in the reporting period. The financial result includes XING's share of the start-up loss of the joint venture in the amount of US\$1,876 thousand (€1,674 thousand).

4. Acquisition of BuddyBroker AG Zurich/Switzerland in April 2016

On April 14, 2016, XING AG acquired all of the shares of BuddyBroker AG, Zurich/Switzerland, eqipia GmbH, Zug/Switzerland (hereafter: BuddyBroker). Among others, BuddyBroker operates eqipia, the leading program for employee referrals in Switzerland. This product enables us to offer a referral manager to all of our customers in the D-A-CH region, which makes us the first professional network to offer such a product. In accordance with IFRS 3, the purchase comprises cash price in the equivalent of €2.7 million for 100 percent of the shares, which becomes due immediately, and an earn-out component (up to CHF 4.8 million), which is based on certain assurances and revenue figures. The fair value of this contingent purchase price component is estimated at €3.7 million. Most of the contingent purchase price will become due in 2019. The initial preliminary consolidation was carried out as of the date on which ownership of the interests was transferred (April 14, 2016).

Transaction costs amounting to €225 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.

The following table shows the financial effects of this business combinations on the consolidated financial statements of XING AG. The table includes only those items of the statement of financial positions that include a value:

Acquisition of BuddyBroker AG	
in € thousand	04/14/2016
Purchased software	1,940
Property, plant and equipment	9
Deferred income tax assets	145
Non-current assets	2,094
Trade accounts receivable	40
Other assets	17
Current assets	57
Deferred income tax liabilities	358
Non-current liabilities and provisions	358
Trade accounts payable	24
Deferred income	76
Other liabilities	187
Current liabilities and provisions	287
Net assets	1,506
Purchase price pursuant to IFRS 3	6,420
Goodwill	4,914

First-time purchase price allocation was initially performed on a provisional basis in the interim consolidated financial statements as of June 30, 2016.

Since its acquisition by XING, BuddyBroker has contributed €50 thousand to revenues and € -323 thousand to EBITDA. If the merger of the two companies had taken place at the start of the year, these figures would be €92 thousand and € -576 thousand, respectively.

The goodwill recognized results primarily from synergies arising from the integration of the technology into the XING platform. Recognized goodwill is not tax-deductible.

5. Segment information

Since January 2016, we have reported on four segments (B2C, B2B E-Recruiting, B2B Advertising & Events, (Kununu) International).

Overview of business units / reporting segments



The B2C reporting segment includes the Platform/Content, Premium Network, Pro Work, Kununu DACH and New B2C business units. They serve XING members who 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. The reconciliation statement (other operating income/expenses) includes corporate divisions such as IT, Finance, and Human Resources, as well as other business activities that by definition do not constitute segments.

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), impairment losses and reversals of impairment losses are presented in the reconciliation statement along with the operating result from central functions that do not constitute a segment. Extraordinary items and items arising from purchase price allocation are eliminated. Adjusted

extraordinary items include restructuring expenses, gains/losses on disposal, impairment losses, and other non-operating expenses or income.

The figures for the prior-year period have been reconciled with the new structure applicable to the reporting period. The segment revenues and results for the period under review are shown in the following tables:

in € thousand	B2C		B2B E-Recruiting		B2B Advertising & Events		kununu International		Consolidation of intersegment reve- nues / expenses		Total segments	
	01/01/ - 09/30/ 2016	01/01/- 09/30/ 2015	01/01/ - 09/30/ 2016	01/01/- 09/30/ 2015	01/01/ - 09/30/ 2016	01/01/- 09/30/ 2015	01/01/ - 09/30/ 2016	01/01/- 09/30/ 2015	01/01/ - 09/30/ 2016	01/01/- 09/30/ 2015	01/01/ - 09/30/ 2016	01/01/- 09/30/ 2015
Revenues (from third parties)	57,123	49,880	39,229	29,642	8,795	7,769	907	0	0	0	106,054	87,291
Intragroup revenues	0	0	0	0	414	476	0	0	-414	-476	0	0
Total revenues	57,123	49,880	39,229	29,642	9,209	8,245	907	0	-414	-476	106,054	87,291
Intragroup segment expenses	-414	-476	0	0	0	0	0	0	414	476	0	0
Other segment expenses	-26,056	-20,380	-13,163	-12,028	-7,377	-6,891	-890	0	0	0	-47,485	-39,298
Segment operating result	30,654	29,024	26,066	17,614	1,832	1,355	17	0	0	0	58,569	47,992
Other operating income/expenses											-22,773	-20,925
EBITDA											35,795	27,067

Revenues by region

In Tsd. €	01/01/2016 – 09/30/2016	01/01/2015 – 09/30/2015
D-A-CH	100,886	83,535
International	5,168	3,756
	106,054	87,291

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

As was the case as of December 31, 2015, the non-current assets (excl. deferred tax assets) of €53,598 thousand (December 31, 2015: €38,863 thousand) are attributable exclusively to the D-A-CH region.

6. Equity

As of September 30, 2016, XING AG had share capital of €5,620,435 (December 31, 2015: €5,620,435) and the Company no longer held any treasury shares.

In accordance with a resolution adopted by the Annual General Meeting on June 2, 2016, a dividend of €1.03 per share for the 2015 financial year (2014: €0.92 per share) plus a special dividend of €1.50 per share was paid. With 5,620,435 shares carrying dividend rights, this corresponds to a total payout of €14.2 million. The liquid funds of €75.2 million as of September 30, 2016 and XING's cash-generative business model enable the Company to pay a special dividend without changing its business strategy, which is aimed at achieving growth.

7. Other operating income

Other operating income includes income of €92 thousand (previous year: €1,246 thousand) from currency translation. Also included is income from receivables written off in the amount of €392 thousand (previous year: €36 thousand) and from expired liabilities in the amount of €195 thousand (previous year: €0 thousand).

8. Other operating expenses

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

in € thousand	01/01/2016 – 09/30/2016	01/01/2015 – 09/30/2015
IT services, management services	7,241	6,237
Occupancy expenses	3,827	3,148
Server hosting, administration and traffic	1,879	1,684
Travel, entertainment and other business expenses	1,812	1,458
Payment transaction costs	1,517	1,574
Other personnel expenses	1,338	1,003
Legal consulting fees	890	587
Bad debts	813	990
Training costs	669	473
Accounting fees	492	342
Phone/cell phone/postage/courier costs	416	374
Financial statements preparation and auditing costs	265	260
Rental/leasing expenses	257	208
Supervisory Board remuneration	241	215
Office supplies	195	218
Expenses attributable to prior periods	193	128
Exchange rate losses	139	466
Other	455	663
Total	22,639	20,028

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

Financial calendar

Interim Report Q3 2016	November 7, 2016
Annual Report 2016	March 22, 2017
Interim Report Q1 2017	May 3, 2017
Annual General Meeting	May 16, 2017
Half-year Report 2017	August 7, 2017
Interim Report Q3 2017	November 6, 2017

(Preliminary dates)

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www.silvestergroup.com

Our social media channels

Corporate blog of XING AG

<http://blog.xing.com>

Information and news related to the capital markets

Twitter: xing_ir

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

Twitter: xing_de

Corporate information and news in English

Twitter: xing_com

XING AG's YouTube channel

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

XING AG's Facebook profile

Facebook: www.facebook.com/XING

This interim financial report is available in both German and English.

In the event of diversity in interpretation, the German version shall prevail. Both versions and further press information are available for download at <http://corporate.xing.com>.

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