

Q2

HALF-YEAR REPORT
FOR THE PERIOD
FROM JANUARY 1 TO
JUNE 30, 2016

XING AG

Key figures

	Unit	H1 2016	H1 2015	Q2 2016	Q2 2015	Q1 2016
Revenues ¹⁾	in € million	70.5	59.5	36.2	30.2	34.3
B2C segment	in € million	37.3	32.5	19.0	16.7	18.3
B2B E-Recruiting segment	in € million	25.3	19.6	13.1	10.1	12.2
B2B Advertising & Events segment ²⁾	in € million	6.1	5.5	3.2	3.1	2.9
kununu International segment	in € million	0.5	0.0	0.4	0.0	0.0
EBITDA	in € million	22.9	17.7	12.4	9.5	10.4
EBITDA margin	in %	32	30	34	31	30
Net profit/loss for the period	in € million	11.7	8.8	6.4	4.7	5.3
Earnings per share (diluted)	in €	2.09	1.57	1.14	0.83	0.95
Cash flow from operations	in € million	27.8	17.9	14.9	3.9	12.9
Equity	in € million	58.0	51.7	58.0	51.7	65.9
Liquid funds	in € million	75.2	68.1	75.2	68.1	83.2
XING users Germany, Austria, Switzerland (D-A-CH), total	in million	11.10	9.22	11.10	9.22	10.6
thereof platform members (D-A-CH)	in million	10.5	8.78	10.5	8.78	10.1
thereof subscribers (D-A-CH)	in thsd.	914	861	914	861	904
B2B customers (D-A-CH)						
B2B E-Recruiting	in thsd.	18.1	17.4	18.1	17.4	18.5
B2B Advertising & Events	in thsd.	9.5	3.3	9.5	3.3	4.0
Employees	number	913	697	913	697	852

1) Total revenues including other operating income

2) Incl. intercompany revenues

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XING is the 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 10 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 11.1 million users in its core markets of Germany, Austria and Switzerland, over 10.5 million of whom are members of the XING platform. The Company has more than 900 employees at its locations in Hamburg, Munich, Aschaffenburg, Barcelona, Vienna and Zurich.

www.xing.com

01. To our shareholders

03	Executive Board letter
06	XING shares

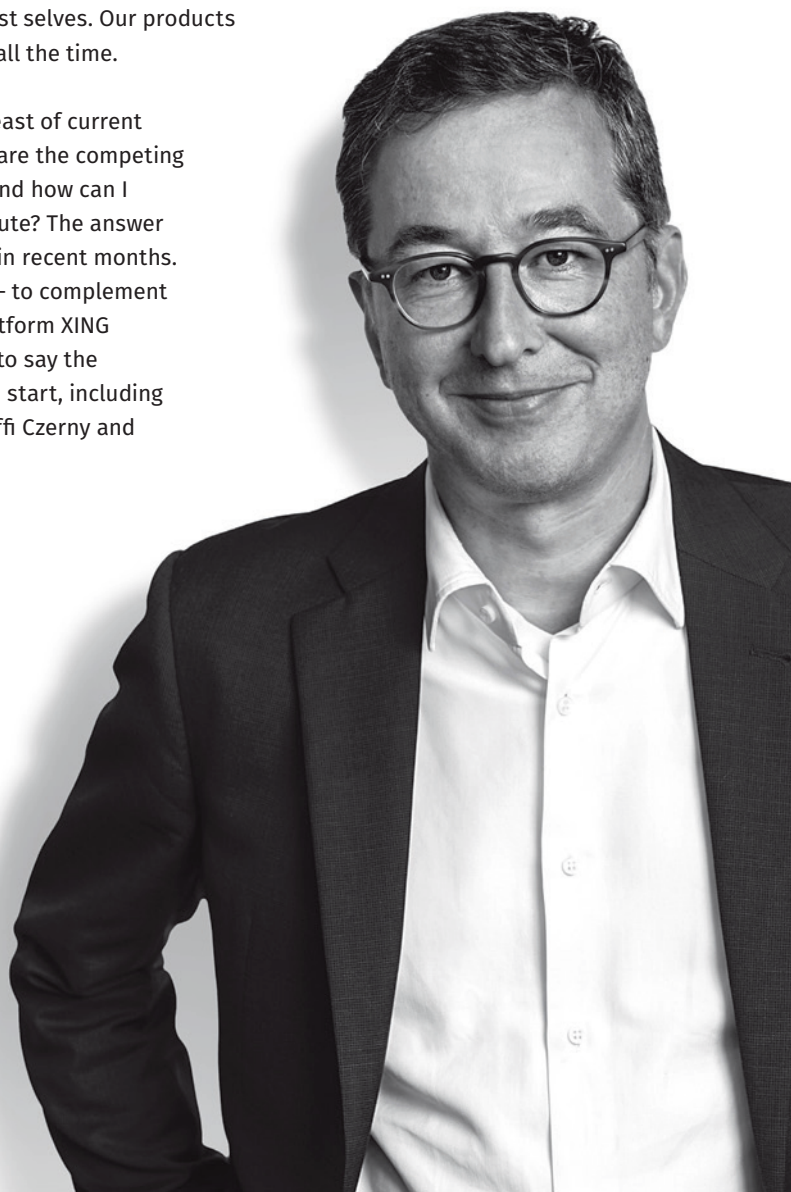
Executive Board letter

Ladies and gentlemen,

In the first half of 2016, XING continued on its dynamic growth trajectory. We added record numbers of members: In the first six months, we welcomed some 882,000 new members, more than ever before in the first half of any year. This boosted the number of XING members in the German-speaking market to 10.5 million. Across all platforms, XING had 11.1 million users at the end of June. We provide our members with services that help them advance their careers and, ideally, become their best selves. Our products and services tap into the zeitgeist, winning over more people all the time.

Getting ahead professionally requires continually staying abreast of current debates. What are the important issues in my industry? What are the competing opinions on current work-related issues and developments? And how can I participate in these discussions if I have something to contribute? The answer is XING's content streams, which have been greatly expanded in recent months. We recently launched a new product – XING Industry Insiders – to complement our widely read XING newsletters and issue-driven debate platform XING Klartext. Industry Insiders gives people who have something to say the opportunity to say it. More than 60 experts joined us from the start, including Opel CEO Karl-Thomas Neumann, DLD Conference founder Steffi Czerny and German financial expert Dirk Müller ("Mr. DAX").

Dr. Thomas Vollmoeller,
Chief Executive Officer of XING AG



XING newsletters contain curated information for more than 25 industries and are read by around 2.6 million users per month. In October 2015, we launched XING Klartext, a platform for journalistic content, under the leadership of publisher Roland Tichy (former Editor-in-chief of Wirtschaftswoche) and Editor-in-chief Jennifer Lachman. On Klartext, experts and personalities offer their exclusive opinions on controversial topics from the world of careers and business. What is unique is that XING members can also take part in these debates. Since its launch, the articles on Klartext have generated over 3.5 million responses.

Services like these make the XING network attractive to an increasing number of people, a fact reflected in the other key performance indicators as well. In the first half of this year, we lifted total revenues – adjusted for a one-time currency effect from the previous year – by 21 percent to €70.5 million. All of our divisions contributed to this growth.

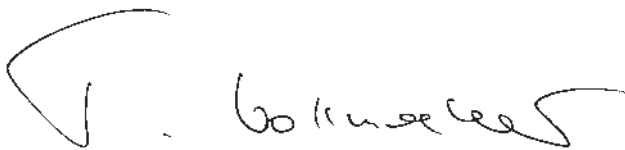
The largest share of revenue growth in the first six months of 2016 was again attributable to the B2C business. Revenues in this segment climbed 15 percent, from €32.5 million to €37.3 million. The total number of subscribers in Germany, Austria, and Switzerland increased by 33,000 to 914,000 in the first half.

A key growth driver was again the B2B E-Recruiting segment, where revenues were up by nearly one-third to €25.3 million (€19.6 million). B2B Advertising & Events business grew 11 percent over the reference period to €6.1 million (€5.5 million).

This dynamic growth is also reflected in our EBITDA, which amounted to €22.9 million, rising 29 percent over the prior-year period (€17.7 million). In the first six months, profit was up by some 34 percent to €11.7 million (H1 2015: €8.8 million).

This shows that XING is in an excellent market position, our strategic initiatives are paying off, and all signals point to growth. In closing, I would like to thank you for your interest in XING! We hope you will continue to give us your support.

Hamburg, August 2016
Kind regards,

A handwritten signature in black ink, appearing to read 'Dr. Vollmoeller', with a large, stylized initial 'V' 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 June 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

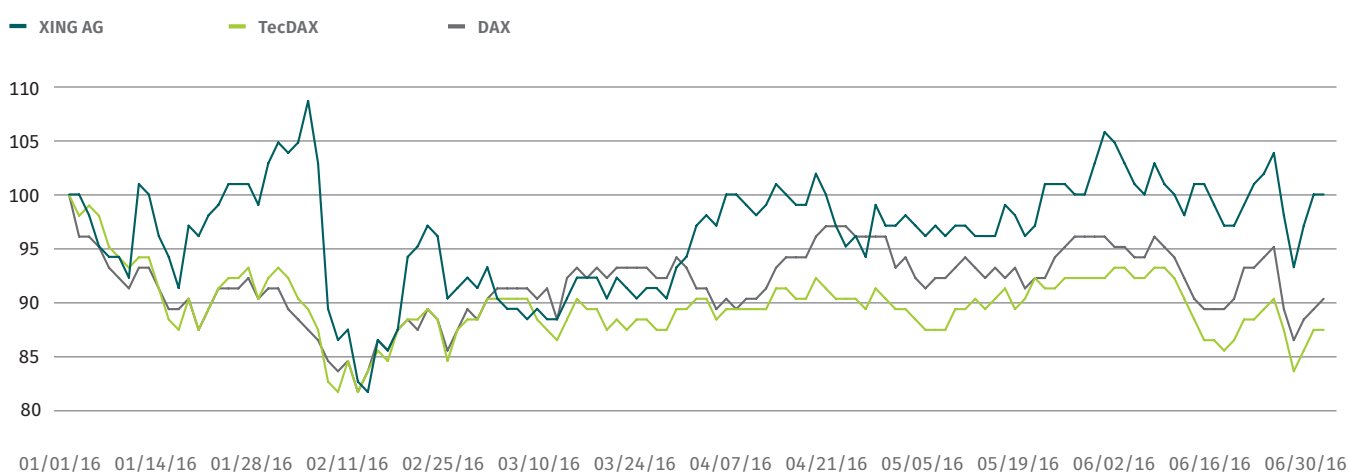
Key data on the XING share at a glance

	H1 2016	H1 2015
XETRA closing price at the end of the period	170.75 €	147.15 €
High	185.40 €	173.00 €
Low	138.40 €	92.19 €
Market capitalization at the end of the period in € million	959.7	827.0
Average trading volume per day (XETRA)	10,391	17,062
TecDAX ranking		
based on free-float market capitalization	22	23
based on trading volume	25	23
Earnings per share (diluted) excl. kununu earn-out	2.09 €	1.57 €

Shareholder structure in June 2016



Comparison of share price performance in the first half of 2016 (indexed)



Analyst recommendations for the XING share (June 2016)

Bank	Analyst	Recommendation	Price target
Bankhaus Metzler	Nicholas Balz	Buy	195 €
Berenberg Bank	Sarah Simon	Hold	181 €
Commerzbank	Heike Pauls	Buy	200 €
Deutsche Bank	Benjamin Kohnke	Buy	200 €
Goldman Sachs	Carl Hazeley	Hold	180 €
Hauck & Aufhäuser	Lars Dannenberg	Hold	180 €
Jefferies	James Lockyer	Buy	192 €
Montega	Alexander Braun	Hold	150 €
Oddo Seydler	Marcus Silbe	Buy	200 €
Warburg Research	Jochen Reichert	Buy	184 €

02. Interim Group management report

for the period from January 1 to June 30, 2016

- 09 Course of business
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Course of business

MACROECONOMIC ENVIRONMENT

Germany's economy had a strong start in 2016, partly due to the weather. According to a forecast by the Ifo Institute, the gross domestic product (GDP) grew by 2.1 percent in the first quarter in real terms (Q1: 1.3 percent). Deutsche Bundesbank sees the underlying cyclical trend in the German economy as fairly robust, mainly due to favorable labor market conditions and rising household income. Further momentum stems from purchasing power gains and an expansionary fiscal policy. After four years of weak growth, Austria's economy is again picking up the pace. Two extraordinary factors are driving this development according to the OeNB's: income tax reform and expenditure for individuals seeking asylum and those with refugee status. The official OeNB estimate indicates that the GDP rose 1.6 percent in real terms in the first quarter and is expected to have sustained its momentum in the second quarter. After experiencing a countervailing trend as its currency surged in the previous year, economic growth in Switzerland stabilized further in 2016, with consumer spending fueling the economy. Eurostat's statistics put Switzerland's GDP growth at a real 0.7 percent in the first quarter of 2016. In subsequent months, the construction sector and exports also provided momentum to the economy.

SECTOR-SPECIFIC ENVIRONMENT

The German labor market saw a multi-year positive trend continue. According to the Federal Statistical Office, just over 43.5 million people were in gainful employment in June. The number of employed persons rose by 528,000, or 1.2 percent, as against the same month a year earlier. Until June, the internationally comparable unemployment rate (ILO concept) decreased from 4.7 to 4.2 percent year on year. According to figures published by the Federal Employment Agency, the number of unemployed persons declined by just under 97,000 year on year to 2.61 million in June 2016 (unemployment rate as calculated by the Federal Employment Agency: 5.9 percent, down from 6.2 percent). Unlike in previous years, the Austrian labor market is experiencing a sharp uptick in employment in

2016. In May alone, the number of non-self-employed workers climbed 1.6 percent to almost 3.6 million. However, because the labor supply also grew substantially, the ILO unemployment rate has continued to hover at around 6 percent (May: 6.1 percent). The strong appreciation of the franc in the previous year is still affecting the labor market in Switzerland, although the situation has recently been trending more positive. In June, the number of jobless as reported by the Swiss State Secretariat for Economic Affairs (SECO) was 4.4 percent higher than a year before (unemployment rate: 3.1 percent, previous year: 3.0 percent). Data released by the Swiss Federal Statistical Office shows that the number of people in work increased by 1.3 percent in the first quarter of 2016.

The labor markets in the D-A-CH region (Germany, Austria, Switzerland) therefore continue to be much healthier than those in the euro zone (ILO unemployment rate in May: 10.1 percent) or the EU as a whole (8.6 percent). However, major disparities exist within the D-A-CH area, depending on the city and region. In some areas, unemployment is high, but many places suffer from a noticeable shortage of qualified workers in specific professions. In this context, the readiness of the workforce to be mobile is becoming more and more important. Especially for younger and online-savvy employees, the Internet is becoming an increasingly important source of information for the labor market situation and career planning.

Internet use is increasing further in Germany. Current data (as of Q1 2015) from the Federal Statistical Office shows that 84.6 percent of the population over 10 years old, or nearly 60 million people, use the Internet for personal reasons (2014: 83.2 percent). In the age bracket up to 44, the usage rate is practically 100 percent. The main reasons people go online continue to be e-mail (91 percent) and to seek out information about products and services (89 percent). Social media use is growing at a particularly fast pace. 64 percent of users

are now active on social media, while two years ago this figure was just 50 percent. In the 25-to-44 age group, the penetration rate jumped from 60 to 77 percent. Social media are used to maintain professional contacts by 11 percent of Internet users. One-fifth of users look for work on the Internet and use it to submit job applications. The trend toward higher penetration rates and, in particular, growing numbers of users in absolute terms is likely to have continued in 2016. Internet use in Switzerland is slightly higher than in Germany, while in Austria it is marginally lower.

RESULTS OF OPERATIONS IN THE GROUP

Consolidated revenues up 19 percent in the first half of 2016

We had a successful first six months and saw a strong increase in our revenues and earnings, as in the previous year.

Consolidated revenues including other operating income climbed 19 percent from €59.5 million to €70.5 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 20 percent in the first half of 2016.

The B2B E-Recruiting and B2C segments contributed to this development with growth rates of 29 and 15 percent, respectively.

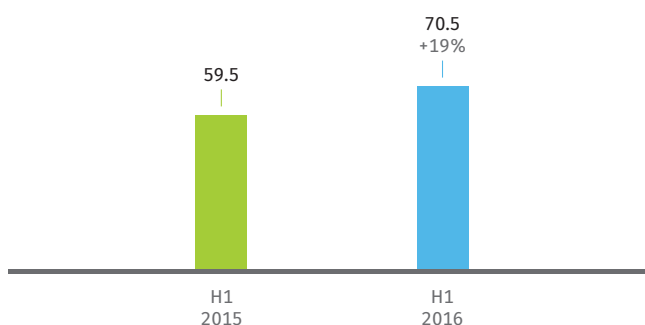
Another major driver of the sharp increase in profit was the disproportionately low increase in costs compared with revenue growth in the first six months of 2016. For instance, personnel expenses, the largest single cost item, rose by 14 percent to €26.0 million (H1 2015: €22.8 million).

However, marketing expenses did approximately keep pace with revenues. In the first half of the year, we invested a total of €6.9 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. That represents an increase of 21 percent over the prior-year period.

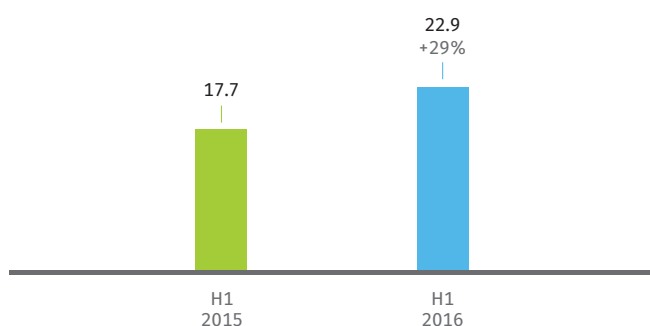
Like personnel expenses, the third cost category in other operating expenses also increased at a much lower rate than revenue, growing only 11 percent to €14.7 million in the first six months of 2016.

Consequently, the Group's operating result (EBITDA) in the first half year rose disproportionately by 29 percent to €22.9 million (H1 2015: €17.7 million). As a result, the margin in the first six months was 32 percent, up from 30 percent in the same period in 2015.

Revenues incl. other operating income (in € million)



EBITDA (in € million)

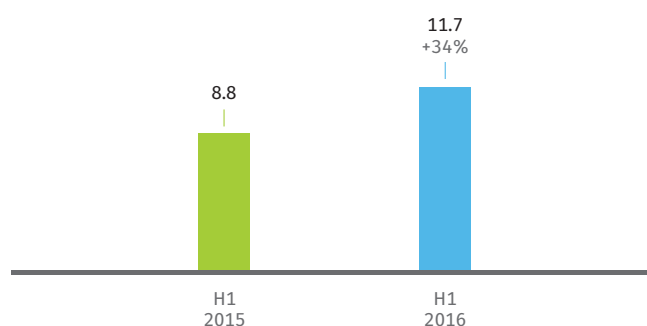


Depreciation, amortization and impairment losses in the first half-year totaled €4.7 million, 6 percent higher than the prior-year figure of €4.4 million. This was mainly due to an increase in investments in new products. The figure includes write-downs of around €0.1 million for the assets of the acquired company Buddybroker identified in the purchase price allocation.

As a result, EBIT for the period under review was €18.2 million, compared with EBIT of €13.3 million for the first half of 2015 (+37 percent).

After deducting taxes of €5.7 million, net profit for the first six months was €11.7 million and thus 34 percent higher year on year than net profit reported in the first six months of 2015 (€8.8 million).

Net profit for the period (in € million)



Earnings per share in the reporting period therefore were €2.09, compared with earnings per share of €1.57 for the first half of 2015.

DEVELOPMENT IN THE B2C SEGMENT

Strongest growth in the Company's history

The XING platform continues to show strong growth in the D-A-CH region. With more than 880,000 new members, the first half of 2016 (H1 2015: 773,000) was therefore the most successful half-year in the Company's history. More than 1.7 million people thus have registered a new account with us since the end of June 2015, pushing the membership base to 10.5 million at the end of June (June 2015: 8.8 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 620,000 new users to the XING Group since figures were first recorded. Together with the 10.5 million platform members, this gives a XING user base of 11.1 million at the end of June 2016.

Member growth (D-A-CH) (in million)

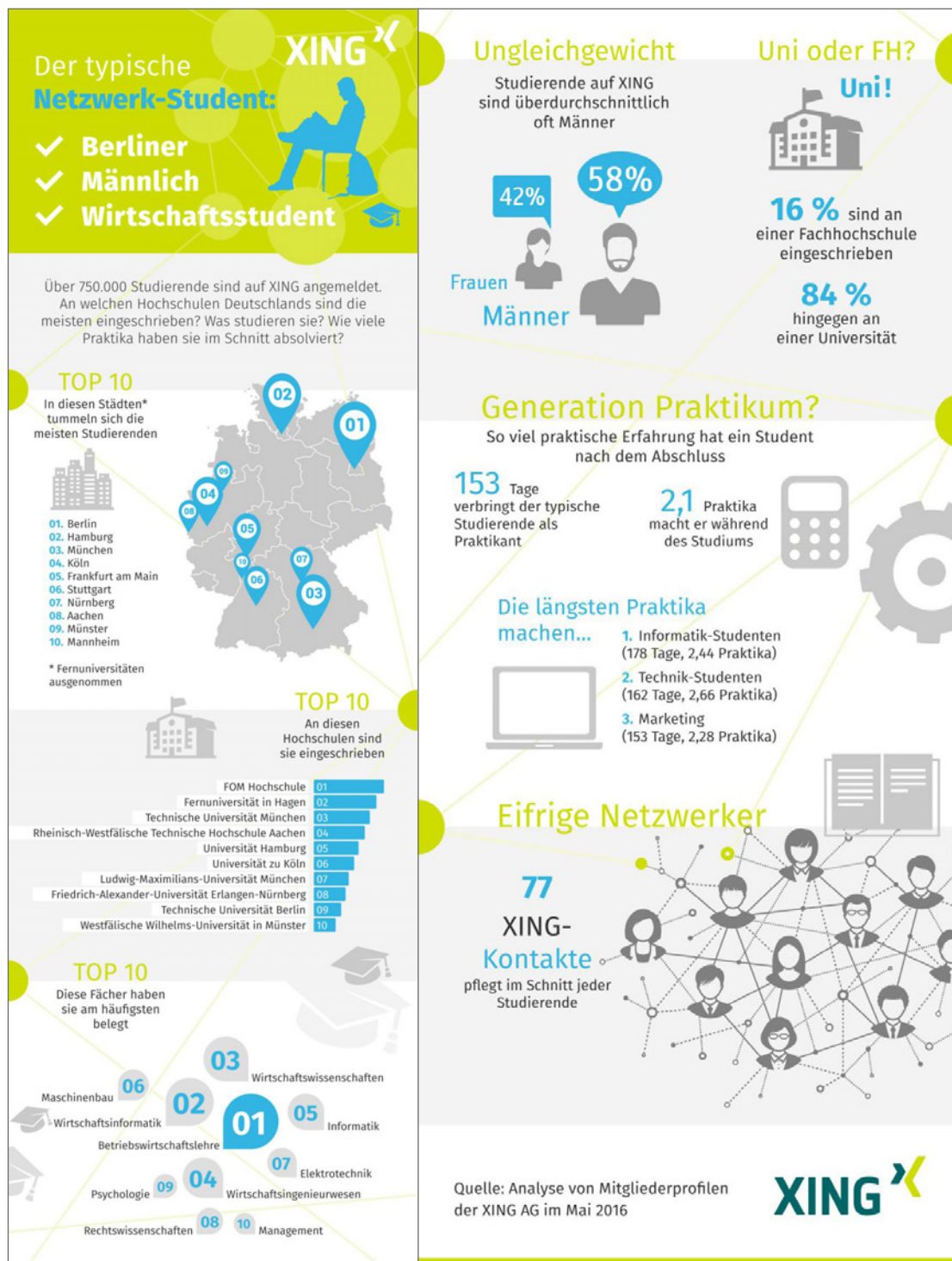


Launch of XING Campus

In May 2016, we launched the XING Campus and XING Campus Magazine services, a new way of learning about careers. XING Campus shows young people the careers for which they would be most suited based on their degree course using an analysis of the work histories in the more than 10 million member profiles on XING. Rounding out this new service is XING Campus Magazine, which provides tips and tricks for entering the working world. In addition, XING features more than 100,000 ads for internships, student traineeships, and opportunities to complete final projects or theses. The beta version of the service is available free of charge at <https://www.xing.com/campus/>. Additional features will be added this year.

Approximately 750,000 college and university students from German-speaking countries are already registered on XING. Professional networking is important and should definitely start before beginning a career – in the last few semesters of university, if not earlier. In general, however, students should start building a professional network as soon as possible for purposes of maintaining contact with fellow students, professors and especially colleagues they worked with during internships. Over time, this network will be extremely valuable and will greatly ease the transition into the working world later.

Business and economics students as well as students in IT and technical fields are already particularly well represented on XING. The capital of Germany, Berlin, is home to the largest number of XING's student members, followed by Hamburg and Munich. The top institutions attended by typical XING students are FOM University of Applied Sciences for Economics and Management, the University of Hagen, and Technical University of Munich (see infographic).



XING launches fresh news format: Industry insiders post expert knowledge on XING

During the second quarter, we presented a new content stream to our members. Just a few weeks ago, experts chosen by XING's news editors – XING Industry Insiders – began publishing industry-specific articles and personal reports on XING. Among the more than 60 experts joining us from the start are Opel CEO Karl-Thomas Neumann, DLD Conference founder Steffi Czerny and German financial expert Dirk Müller (“Mr. DAX”). All Industry Insiders receive additional functions on their XING profiles. This new service allows XING members to subscribe to articles by the experts and to discuss them subsequently with the Industry Insiders and other members. This new product has expanded XING's news content, which already included more than 25 industry newsletters, news pages from 200-plus media brands and the debate platform XING Klartext.

The Industry Insiders are the logical extension of the content offensive we launched successfully. In addition to the popular XING newsletters and our issue-driven debate platform XING Klartext, we are putting forward a new, expert-focused news format.

An overview of all Industry Insiders is available in the XING News tab under https://www.xing.com/news/selections/insider_pages.

Current study: XING most informative

“XING users are particularly confident in the information they receive from their network, and that is not limited to work-related issues,” state the results of the representative online “Social Media-Atlas 2015/2016” survey of 3,518 Internet users by Hamburg-based communications consultants Faktenkontor and market research firm Toluna.

Additionally, the study revealed XING to be the leader in career information: Nearly one-quarter of users (23 percent) actively exchange information on XING about work-related topics such as job offers, training and office issues. XING also ranks highly in terms of quality. More than four out of five respondents (81 percent) who use XING to obtain information about corporate employers place a high degree of trust in the information they receive on our platform.

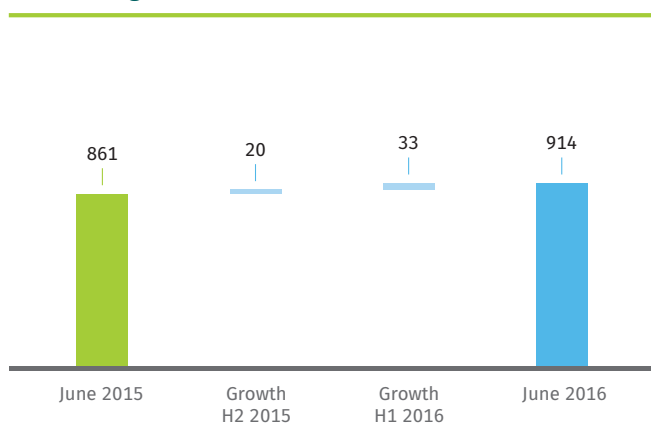
It was particularly gratifying to learn that XING users are also better informed than the users of other social media about other issues not directly related to a professional context. The level of confidence of the users in our network surveyed about the topic of banking services is higher than that of users of all other social media channels: 72 percent of respondents seeking information about banking services on XING rank this information as very trustworthy, while 73 percent say the same about information concerning insurance services.

The survey results underscore our aim to provide optimal support to our members in their daily working lives. The fact that XING is a vital part of the lives of our members is also demonstrated by our current usage statistics, which indicate a continually high level of activity by our users. For example, XING had 211 million page views in June of this year, according to IVW (Informationsgemeinschaft zur Feststellung der Verbreitung von Werbeträgern e.V.). In total, the AGOF counted 6.9 million unique users in the month of June (digital facts 2016).

Strongest subscriber growth in six years

XING's robust member growth has had a correspondingly positive impact on the rate of conversion from free to paid memberships. In the reporting period, we recorded the highest half-year growth in subscribers in the past six years. From December 2015 to June 2016, 33,000-plus members decided to subscribe as Premium, ProJobs or ProCoach members (December 2014 to June 2015: +26,000). Over the last 12 months, we added approximately 53,000 subscribers. We have been particularly successful in carving out a market position for the new XING ProJobs membership in recent years. By the end of June 2016, a total of just under 914,000 members in the D-A-CH region were therefore paying for the enhanced functions and services of paid membership accounts.

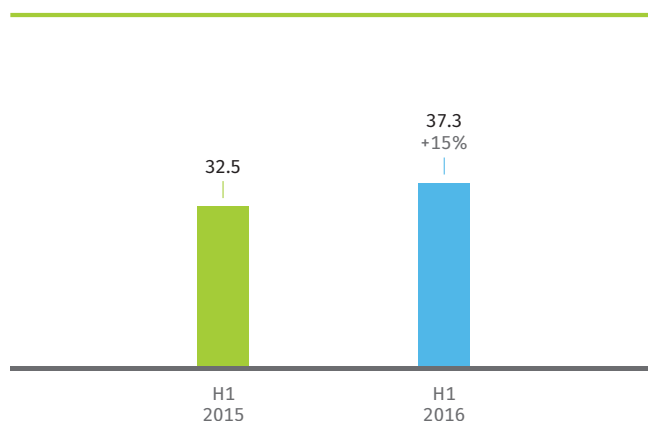
Subscriber growth (in thsd.)



B2C segment revenues up 15 percent

The success of the B2C segment's activities led to rapid revenue growth overall in the first six months of 2016. Revenues rose from €32.5 million to €37.3 million, representing growth of 15 percent in the first six 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)



The persistently dynamic revenue growth had a correspondingly positive effect on segment EBITDA, which climbed eight percent in the reporting period, from €18.7 million to €20.1 million. This results in a segment margin of 54 percent.

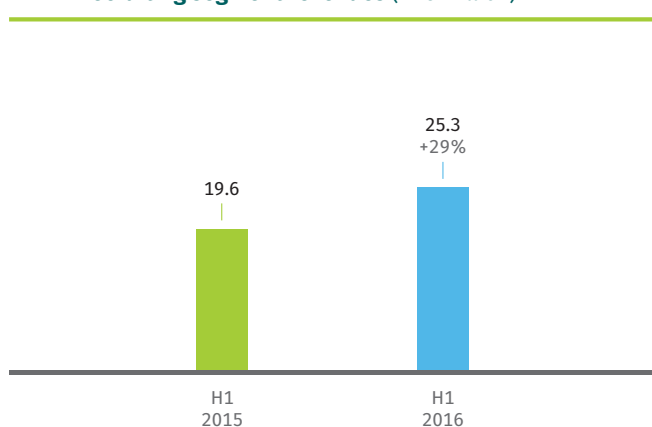
DEVELOPMENT IN THE B2B E-RECRUITING SEGMENT

Growth of 29 percent

Our corporate recruiting solutions continue to fuel XING's growth. Demand for products especially in the Active Sourcing (XING Talent Manager) and Employer Branding (Employer Branding Profiles) subsegments continues to be strong. Companies face an enormous challenge in attracting suitable candidates to their organizations, especially in the current labor market environment. Six-month revenues climbed by 29 percent from €19.6 million in 2015 to €25.3 million. In the second quarter of 2016, segment revenues again jumped by a very healthy 30 percent.

Segment EBITDA rose at a disproportionately high rate of 47 percent to €16.9 million (H1 2015: €11.5 million). The number of Corporate Customers (B2B customers) climbed from around 18,400 to over 19,000 at the end of June 2016, once again validating the attractiveness of our recruiting solutions for employers.

B2B E-Recruiting segment revenues (in € million)



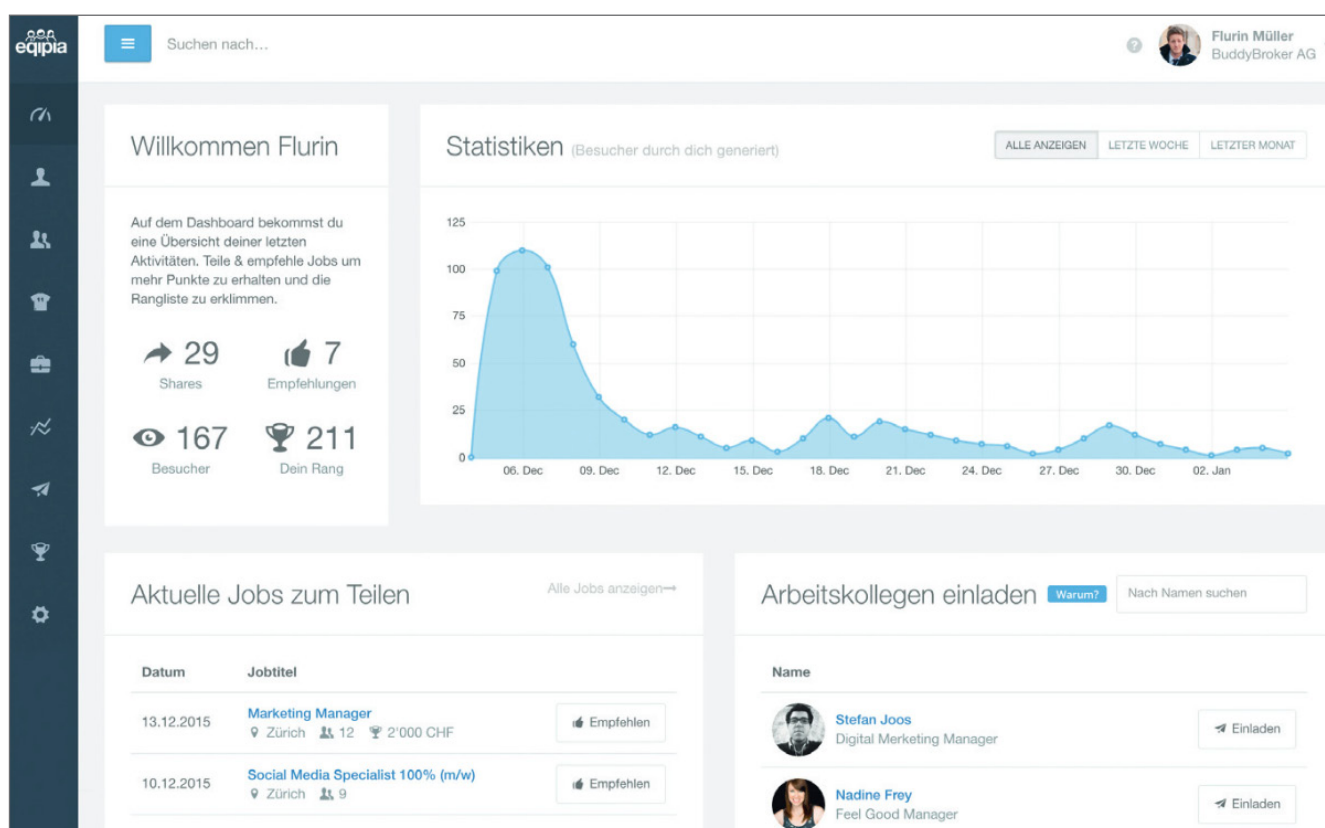
XING acquires provider of employee referral solutions

In April 2016, we added another B2B product to our range of recruiting solutions after a successful acquisition. eqipia is the leading smart automated employee referral program in Switzerland.

Employee referrals are on the rise in the human resources area. In the United States, around 40 percent of all new hires come through recommendations from employees. However, only about 7 percent of all applications received are based on employee referrals because companies often fail to implement professional processes or tools for integrating this important recruiting channel into their HR strategies. With the use of automated or digital solutions, there is enormous potential to significantly increase the share of applications stemming from referrals or targeted use of the social graph in XING, to greatly boost the number of hires, and to speed up recruiting processes.

The eqipia ReferralManager digitizes and automates this process, allowing companies to identify more highly qualified candidates at a substantially lower cost in a much shorter time than via traditional channels. Employees act as ambassadors for their own company, and contact with candidates is personal, reliable and highly relevant. For this reason, the share of candidates actually hired as a result of recommendations is also particularly high.

The eqipia ReferralManager has been available as part of XING's E-Recruiting services at recruiting.xing.com/eqipia since April. Moreover, XING is also developing a solution integrated fully into the XING platform that will be unveiled at the HRM Expo in Cologne in October.

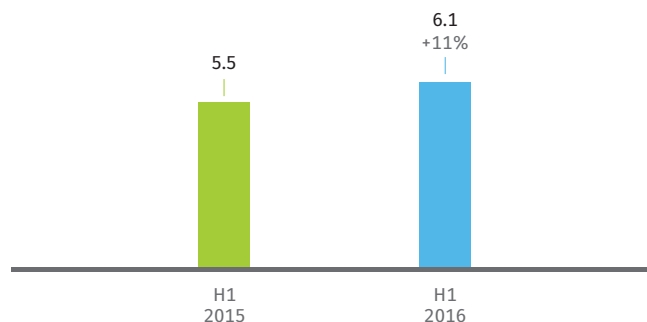


DEVELOPMENT IN THE B2B ADVERTISING & EVENTS SEGMENT

Significant improvement in segment result

We generated solid growth over the prior-year period in the B2B Advertising & Events segment, lifting revenues by 11 percent to €6.1 million. The revenue boost is largely due to the success of XING AdManager. Several thousand new customers who market or position their events, products or profiles on XING were added in this segment in the past 12 months. The segment's profitability increased accordingly. EBITDA climbed from €0.9 million to €1.4 million in the first six months of 2016.

B2B Advertising & Events segment revenues (in € million)



XING business pages launched

In the second quarter of 2016, we expanded our advertising services with the addition of business pages. Companies can attract attention to their products and services with a business page on XING. With just a few clicks, users can create a customized business page with the help of an editor in the company's colors and featuring images, videos or photos. Companies can then use their business pages to interact meaningfully with potential customers and always track which members are interested in their products and services. XING AdManager significantly increases the visibility of these pages thanks to numerous targeting options for creating tailored messages for specific target groups.

DEVELOPMENT IN THE KUNUNU INTERNATIONAL SEGMENT

In the kununu International segment, which we report on separately, the only 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. In just a short period, more than 200,000 reviews of US companies have already been generated on the US kununu platform.

FINANCIAL POSITION IN THE GROUP

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 37.9 percent compared with 43.2 percent as of December 31, 2015. The decrease against the backdrop of a positive consolidated total comprehensive income of €11.7 million is due to the distribution of the regular dividend of €5.8 million and a special dividend of €8.4 million. XING continues to be in an excellent position for future growth.

The Company's equity still amounted to a 106.2 percent surplus over the non-current assets (previous year: 154.2 percent). The decrease results from the rise in non-current assets that is mainly attributable to the additions to internally developed software and goodwill. Furthermore, equity decreased due to a regular dividend (€5.8 million) and a special dividend (€8.4 million).

There is a 127.9 percent surplus of current assets (including liquid assets) over the current liabilities (prior period: 154.8 percent). The decline is mainly the result of an increase in deferred income (€8.2 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 period amounted to €27.8 million, after €17.9 million in the prior-year period (+55 percent year on year). This increase is mainly attributable to the €5.1 million increase in EBITDA over the previous year. The figure for the prior period 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 in the prior period amounted to €21.9 million (+27 percent compared with the prior-year period).

Cash flows from investing activities

In the reporting period, the cash flows from investing activities included significantly higher amounts invested in platform development than in the prior-year period (€7.5 million compared with €4.4 million). At €2.3 million, investments in property, plant and equipment were up on the prior-year period (€1.2 million). This is due mainly to the expansion of the data center and leasehold improvements. Further drivers of the cash flows from investing activities were the acquisition of BuddyBroker AG in the amount of €2.7 million and the €2.7 million contribution to kununu US LLC.

Cash flows from financing activities

During the prior period, the implementation of the stock option plan 2010 for employee stock options led to proceeds from financing activities of €2.5 million. Cash payments in the first half of 2016 were made primarily for the distribution of the regular dividend of €5.8 million as well as a special dividend of €8.4 million (previous year: regular dividend of €5.1 million).

NET ASSETS IN THE GROUP

Non-current assets increased by €15.4 million from €39.2 million as of December 31, 2015 to €54.6 million as of June 30, 2016. This is mainly due to the acquisition of BuddyBroker AG and the recognition of new modules for the XING platform. The share of on-current assets in total assets increased from 28.0 percent in the prior period to 35.7 percent. As a result, current assets accounted for a lower proportion of total assets, decreasing to 64.3 percent (previous year: 72.0 percent).

On June 30, 2016, the Group had liquid funds of €79.5 million (prior period: €81.0 million), representing 51.8 percent (previous year: 57.9 percent) of the total assets of €153.2 million (prior period: €139.9 million).

Liquid funds as of June 30, 2016 included third-party cash of €4.3 million from the XING Events segment (prior period: €3.0 million). The Company had €75.2 million in cash, which accounts for 49.1 percent of total assets (prior period: €78.0 million or 55.8 percent). The regular dividend of €5.8 million and the special dividend of €8.4 million account for €14.2 million of the decrease in liquid funds.

The receivables from services showed a reporting-date related slight decrease from €15.9 million in the prior period to €15.5 million as of June 30, 2016. Receivables from services mainly include receivables from B2B customers and membership subscriptions from Premium members.

Investments in purchased software amounting to €0.4 million (before acquisitions) in 2015 were lower than the amortization of €1.2 million. As is usual in the online industry, software solutions and platform extensions are mainly developed inhouse. As a consequence of the acquisition of BuddyBroker AG, the eqipia technology is also reported under purchased software (€1.9 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 testing tools. Internally generated intangible assets were reduced by amortization and impairment losses of €0.1 million (previous year: €0.1 million), resulting from the overhaul and redesign of the platform.

The goodwill mainly relates to Intelligence Competence Center (Deutschland) AG (€6.1 million), BuddyBroker AG (€4.9 million) and kununu GmbH (€2.2 million).

The value of the other intangible assets was reduced by €0.4 million through amortization expense, which was offset by additions in the amount of €0.5 million.

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 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.

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

Report on expected developments and opportunities

ECONOMIC OUTLOOK

Thanks to the recovery in the financial and oil markets, global economic growth was robust up to the time of the UK's EU referendum, sometimes even slightly higher than expected, the International Monetary Fund (IMF) reported. However, the pace of growth in the advanced economies remained moderate for the most part. In addition to existing risks stemming from geopolitical crises, high levels of government debt and ailing bank balance sheets, the Brexit vote significantly worsened the economic outlook. According to the IMF, a noticeable decline in growth should be expected above all for the UK economy but also that of the euro zone and especially Germany. The extent of the negative impact depends on factors including the duration of exit negotiations and the form taken by the future relationship between the UK and the EU. Until then, considerable uncertainty will cast a shadow on the economy and the financial markets. Worldwide growth will fail to pick up once again. In its current World Economic Outlook, the IMF has therefore lowered its forecast for global economic growth in 2016 from 3.2 percent to 3.1 percent (2015: 3.1 percent).

If economic performance continues to be favorable, the US Federal Reserve considers it appropriate to gradually lift interest rates. Currently, market expectations point to at most one interest rate change in 2016. The ECB, on the other hand, looks set to continue its highly expansionary monetary policy with low interest rates and quantitative easing through bond-buying – even accelerating these activities, if necessary. In this environment, the economy in the euro zone is recovering further. The IMF anticipates growth of 1.6 percent for 2016 (2015: 1.7 percent). Germany's upswing is continuing without any signs of overheating, the Ifo Institute finds. Key leading indicators (Ifo, ZEW) climbed sharply up to and including June, plummeting in July following the Brexit vote, a trend that reflects the precipitous rise in uncertainty. At least in the

short term, the effects of the Brexit could remain limited in the opinion of Deutsche Bundesbank, which sees the domestic drivers of the upswing, such as a strong labor market, rising real wages and an expansive fiscal policy, as intact. The IWF projects GDP growth in Germany of 1.6 percent for 2016, while Deutsche Bundesbank puts it at 1.7 percent.

The Austrian economy is expanding solidly at a moderate rate, says the National Bank of Austria (OeNB). In view of the weakness of the previous four years, this is a notable improvement, which is buoyed by both consumer and government spending. In addition, investments and exports are again picking up the pace. The OeNB estimates the country's GDP growth for 2016 at 1.6 percent (2015: 0.8 percent). In Switzerland, the KOF Swiss Economic Institute reports that the economy is being bolstered by consumer spending and capital investments in 2016. The aftershocks of the surge in the value of the franc and the weak global economy are putting the brakes on the country's pace of growth, however. On balance, the KOF anticipates GDP growth of 1.0 percent for 2016 (2015: 0.9 percent). Other Swiss economic researchers (SECO and the Expert Group of the Swiss Federal Government) are more optimistic and put growth at 1.4 percent for the current year. For 2017, both forecasts assume that growth will accelerate further.

EXPECTED SECTOR-SPECIFIC ENVIRONMENT

The underlying trend in the German labor market remains positive despite a growing shortage of skilled workers. Employment will continue to increase until 2017 despite a slowdown in growth as per the Ifo Institute. In 2016, the number of employed persons in Germany will rise by 514,000 accordingly (2017: 379,000). The influx of refugees will expand labor force potential by 260,000 persons this year (2017: 200,000). In 2016, the number of jobless will drop again by 97,000 to nearly 2.7 million people, according to the Institute. However, it will rise again by 34,000 unemployed persons on average for 2017. The unemployment rate (as defined by the Federal Employment Agency) will therefore shrink from 6.4 percent in the previous year to 6.1 percent for 2016 and 2017. The internationally comparable unemployment rate (ILO concept) will improve to 4.0 percent in 2016 and then grow slightly to 4.1 percent next year (2015: 4.3 percent). A cooling of the economy due to growing uncertainty could have a stronger effect on labor market performance, however. The labor market situation in Austria is also improving as a result of the economic upturn there. In 2016, the number of open positions and the labor force both grew. The OeNB forecasts a rise in the number of non-self-employed individuals in Austria of around 1.5 percent for 2016 and another increase of 1.1 percent in 2017. The ILO unemployment rate will amount to 6.0 percent in 2016 (2017: 6.1 percent) after 5.7 percent in the previous year, according to the OeNB. This is due to the sharp increase in the labor supply. The Swiss labor market has not

yet stabilized, reports the KOF Swiss Economic Institute. As a result, the pressure to reduce costs by improving productivity remains strong and represents a hurdle for labor market performance. Swiss economic researchers (KOF, SECO, Expert Group of the Swiss Federal Government) expect a slight increase in the jobless rate for 2016 and 2017 to 3.5 to 3.6 percent (2015: 3.3 percent) according to the national SECO definition. The ILO model used internationally has the rate rising to 4.8 percent in both forecast periods.

In the euro zone, the labor force will become more mobile in the coming years. The very large imbalances between some of the labor markets will disappear, albeit exceedingly slowly and in the long term. Companies are now increasingly competing for suitable, highly qualified people. This will increase the importance of e-recruiting, which could especially benefit digital services and solutions.

EXPECTED DEVELOPMENT OF XING

Revenue and earnings targets

In our financial key performance indicators, we expect revenues and earnings to continue to increase at Group level. In our 2015 annual report, we therefore provided the following detailed overview of the 2016 revenue and earnings targets for the Group as well as the main segments.

Financial key performance indicators	Forecast for 2016	Progress in H1 2016 vs. H1 2015
Consolidated revenues	Double-digit percentage growth	19%
EBITDA (adjusted for extraordinary items) Group	Significant increase in EBITDA	29%
Revenues, B2C segment	Double-digit percentage growth	15%
EBITDA (adjusted for extraordinary items), B2C segment	EBITDA roughly constant	+8%
B2B E-Recruiting segment revenues	Double-digit percentage growth	29%
EBITDA (adjusted for extraordinary items), B2B E-Recruiting segment	Significant increase in EBITDA	+47%
B2B Advertising & Events segment revenues	Double-digit percentage growth	11%
EBITDA (adjusted for extraordinary items), Advertising & Events segment	Significant increase in EBITDA	+64%

Dividend targets

We have been pursuing a sustainable dividend policy since 2012. The liquid funds of €75.2 million as of the end of the first half of 2016 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.

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 €15.1 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: +46,000 new subscribers).

Relationships with business customers are the most important measure in the B2B E-Recruiting and B2B 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 B2B E-Recruiting segment slightly in the 2015 financial year. We also expect the number of business customers in the B2B Advertising & Events segment to increase slightly.

Non-financial key performance indicators	Forecast for 2016	Progress in H1 2016
B2C segment: Members in the D-A-CH region	Substantial member growth	+882,000
B2C segment: Subscribers in the D-A-CH region	Slight growth	+33,000
B2B E-Recruiting segment Number of corporate customers (B2B)	Slight growth	+700
B2B Advertising & Events segment Number Corporate customers (B2B)	Slight growth	+6,000

REPORT ON OPPORTUNITIES

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 offerings 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 B2B 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 products 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 B2B E-Recruiting segment, 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 B2B 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.

03. Interim consolidated financial statements

for the period from January 1 to June 30, 2016

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Consolidated statement of comprehensive income of XING AG

for the period from January 1 to June 30, 2016

Consolidated statement of comprehensive income

In € thousand	Note no.	01/01/2016 – 06/30/2016	01/01/2015 – 06/30/2015	04/01/2016 – 06/30/2016	04/01/2015 – 06/30/2015
Service revenues		68,900	57,290	35,570	29,609
Other operating income	7	1,625	2,187	668	605
TOTAL OPERATING INCOME		70,525	59,477	36,238	30,214
Personnel expenses		-26,023	-22,777	-13,400	-11,530
Marketing expenses		-6,898	-5,680	-2,719	-2,095
Other operating expenses	8	-14,716	-13,275	-7,677	-7,073
EBITDA		22,888	17,745	12,442	9,516
Depreciation, amortization and impairment losses	9	-4,694	-4,427	-2,461	-2,278
EBIT		18,194	13,318	9,981	7,238
Share of profits and losses of equity-accounted investments		-808	0	-705	0
Finance income		134	12	133	6
Finance costs		-115	-43	-89	-27
EBT		17,405	13,287	9,320	7,217
Taxes on income		-5,664	-4,503	-2,923	-2,550
CONSOLIDATED NET PROFIT/LOSS		11,741	8,784	6,397	4,667
Earnings per share (basic)		2.09 €	1.57 €	1.14 €	0.83 €
Earnings per share (diluted)		2.09 €	1.57 €	1.14 €	0.83 €
CONSOLIDATED NET PROFIT/LOSS		11,741	8,784	6,397	4,667
Currency translation differences		0	-8	0	0
Other comprehensive income		0	-8	0	0
CONSOLIDATED TOTAL COMPREHENSIVE INCOME		11,741	8,776	6,397	4,667

Consolidated statement of financial position of XING AG

as of June 30, 2016

Assets

In € thousand	Note no.	06/30/2016	12/31/2015
NON-CURRENT ASSETS			
Intangible assets			
Purchased software		4,955	3,784
Internally developed software		25,603	19,855
Goodwill		13,143	8,228
Other intangible assets		2,084	1,930
Property, plant and equipment			
Leasehold improvements		347	411
Other equipment, operating and office equipment		5,516	4,570
Financial assets			
Equity-accounted investments	3	1,900	0
Other equity investments		1	51
Other financial assets		49	34
Deferred tax assets		1,037	378
		54,635	39,241
CURRENT ASSETS			
Receivables and other assets			
Receivables from services		15,532	15,873
Income tax receivables		0	237
Other assets		3,579	3,547
Cash and short-term deposits			
Cash		75,180	78,034
Third-party cash		4,306	2,993
		98,597	100,684
		153,232	139,925

Equity and liabilities

In € thousand	Note no.	06/30/2016	12/31/2015
EQUITY			
Subscribed capital	6	5,620	5,620
Capital reserves	6	22,622	22,622
Other reserves	6	2,432	2,432
Net retained profits	6	27,355	29,834
		58,029	60,508
NON-CURRENT LIABILITIES			
Deferred tax liabilities		9,218	6,992
Deferred income		3,488	3,244
Other provisions		335	333
Other financial liabilities		3,068	1,304
Other liabilities		2,015	2,495
		18,124	14,368
CURRENT LIABILITIES			
Trade accounts payable		1,847	3,797
Deferred income		52,473	44,234
Other provisions		900	588
Other financial liabilities		2,009	435
Income tax liabilities		1,386	154
Other liabilities		18,464	15,841
		77,079	65,049
		153,232	139,925

Consolidated statement of cash flows of XING AG

for the period from January 1 to June 30, 2016

Consolidated statement of cash flows

In € thousand	Note no.	01/01/2016 – 06/30/2016	01/01/2015 – 06/30/2015
Earnings before taxes		17,405	13,287
Amortization and impairment of capitalized development costs		1,743	1,344
Depreciation, amortization and impairment losses on other fixed assets		2,951	3,083
Personnel expenses, stock option program		0	15
Interest income		-6	-12
Interest received		3	12
Interest expense		115	43
Share of profits and losses of equity-accounted investments		808	0
Taxes paid		-2,841	-2,273
Profit from disposal of fixed assets		-134	0
Change in receivables and other assets		294	-4,028
Change in liabilities and other equity and liabilities		626	-1,571
Change in deferred income		8,350	9,213
Non-cash changes in basis of consolidation		-228	-15
Elimination of amiando third-party obligation		-1,313	-1,196
CASH FLOWS FROM OPERATING ACTIVITIES		27,773	17,902
Payment for capitalization of internally developed software		-7,491	-4,415
Payment for purchase of software		-400	-142
Payments for purchase of other intangible assets		-490	-353
Payments for purchase of property, plant and equipment		-2,320	-1,218
Proceeds from the disposal of fixed assets		178	0
Payments for acquisitions of consolidated companies (less cash acquired)	4	-3,148	-5,003
Payments for equity-accounted investments proceeds from the disposal	3	-2,706	0
CASH FLOWS FROM INVESTING ACTIVITIES		-16,377	-11,131

Consolidated statement of cash flows

In € thousand	Note no.	01/01/2016 – 06/30/2016	01/01/2015 – 06/30/2015
Proceeds from the exercise of options		0	1,053
Proceeds from the sale of treasury shares		0	1,457
Payment of regular dividend		-5,789	-5,145
Payment of special dividend		-8,431	0
Interest paid		-30	-17
CASH FLOWS FROM FINANCING ACTIVITIES		-14,250	-2,652
Currency translation differences		0	-8
Net change in cash funds		-2,854	4,111
Cash funds at the beginning of the period		78,034	63,951
CASH FUNDS AT THE END OF THE PERIOD ¹⁾		75,180	68,062
Third-party cash funds at the beginning of period		2,993	3,248
Change in third-party cash and cash equivalents		1,313	1,196
THIRD-PARTY CASH FUNDS AT THE END OF THE PERIOD		4,306	4,444

¹⁾ Cash and cash equivalents consist of liquid funds.

Consolidated statement of changes in equity of XING AG

for the period from January 1 to June 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	—	-8
Total income and expenses for the period recognized directly in equity	0	0	0	-8	0	-8
Consolidated net profit/loss	0	0	0	0	8,784	8,784
Consolidated total comprehensive income	0	0	0	-8	8,784	8,776
Capital increase from share-based payment	28	2,958	0	0	0	2,986
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 06/30/2015	5,620	22,638	0	2,436	20,980	51,674
AS OF 01/01/2016	5,620	22,622	0	2,432	29,834	60,508
Consolidated net profit/loss	0	0	0	0	11,741	11,741
Consolidated total comprehensive income	0	0	0	0	11,741	11,741
Regular dividend for 2015	0	0	0	0	-5,789	-5,789
Special dividend	0	0	0	0	-8,431	-8,431
AS OF 06/30/2016	5,620	22,622	0	2,432	27,355	58,029

Notes to the interim consolidated financial statements

for the period from January 1 to June 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 June 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 June 30, 2016. The corresponding prior-year period began on January 1, 2015, and ended on June 30, 2015. The interim consolidated financial statements and the interim group management report of XING AG as of June 30, 2016, were approved for publication on August 4, 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 interim 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\$911 thousand (€808 thousand).

4. Acquisition of BuddyBroker AG Zurich/Switzerland in January 2015

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

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 €24 thousand to revenues and €-168 thousand to EBITDA. If the merger of the two companies had taken place at the start of the year, these figures would be €66 thousand and €-421 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

Business Unit	Platform / Content	Premium Network	Pro Work	kununu D-A-CH	New B2C	E-Recruiting	Advertising	Events	kununu International
Reporting Segment	B2C					B2B E-Recruiting	B2B Advertising & Events		kununu International

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 B2B 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.

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:

[illegible]

Revenues by region

in € thousand	01/01/2016 – 06/30/2016	01/01/2015 – 06/30/2015
D-A-CH	65,559	54,821
International	3,341	2,469
	68,900	57,290

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 June 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 June 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 €29 thousand (previous year: €1,203 thousand) from currency translation. Also included is income from receivables written off in the amount of €380 thousand (previous year: €26 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 – 06/30/2016	01/01/2015 – 06/30/2015
IT services, management services	4,679	3,940
Occupancy expenses	2,374	2,103
Server hosting, administration and traffic	1,188	1,152
Travel, entertainment and other business expenses	1,149	958
Payment transaction costs	1,046	1,095
Other personnel expenses	985	763
Legal consulting fees	667	419
Bad debts	445	722
Training costs	431	313
Accounting fees	276	231
Phone/cell phone/postage/courier costs	276	255
Rental/leasing expenses	170	137
Financial statements preparation and auditing costs	166	165
Expenses attributable to prior periods	165	118
Supervisory Board remuneration	160	143
Office supplies	107	129
Exchange rate losses	63	144
Other	370	488
Total	14,716	13,275

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

9. Depreciation, amortization and impairment losses

In the reporting period, the useful life of internally developed software was extended by a further 12 months to December 31, 2020. This led to the recognition of lower amortization of €497 thousand than as stipulated in the previous amortization schedule.

10. Related parties

Please refer to the consolidated financial statements as of December 31, 2015, for information about related parties. From the perspective of XING AG, no significant changes with respect to the Burda Group occurred until June 30, 2016.

As of June 30, 2016, there are receivables in the amount of €555 thousand outstanding from kununu US LLC, the joint venture with Monster Inc. established in the reporting period. These receivables are shown under receivables from services.

There were no claims against members of the Executive Board and the Supervisory Board as of June 30, 2016.

11. Significant events after the interim reporting period

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

Hamburg, August 4, 2016

The Executive Board

Dr. Thomas Vollmoeller

Ingo Chu

Timm Richter

Jens Pape

Responsibility statement

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

Hamburg, August 4, 2016

The Executive Board

Financial calendar

Half-year Report 2016
Interim Report Q3 2016

August 4, 2016
November 6, 2016¹⁾

1) Preliminary date

Publishing information and contact

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

XING AG

Investor Relations

Patrick Möller
Dammtorstrasse 30
20354 Hamburg, Germany
Phone +49 40 41 91 31 – 793
Fax +49 40 41 91 31 – 44

For press inquiries and current information about XING AG, please contact:

XING AG

Corporate Communications

Marc-Sven Kopka
Phone +49 40 41 91 31 – 763
Fax +49 40 41 91 31 – 44
presse@xing.com

Concept, design and realisation

CAT Consultants, Hamburg
www.cat-consultants.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>.

www.xing.com

XING AG

Dammtorstrasse 30

20354 Hamburg

Germany

Phone +49 40 41 91 31 – 793

Fax +49 40 41 91 31 – 44

investor-relations@xing.com

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