NEW WORK SE

2019

ANNUAL REPORT

New Work SE offers a wide range of brands, products and services for a better working life, thus continuing the success story of the former XING SE. Founded by Lars Hinrichs as the openBC professional network, the Company was renamed XING in 2006 and New Work in 2019. The Company's commitment to a better world of work is now also reflected in its name, which serves as the visible framework for all corporate activities.

The Company has been listed since 2006. New Work SE is headquartered in Hamburg and employs a total of 1,928 staff at several locations including Munich, Vienna and Porto.
For more information, see
→ **new-work.se** and
→ **nwx.new-work.se**

Key figures

	Unit	2019	2018	2017	2016	2015
Revenues	€ million	269.5	231.5	184.9	145.9	119.9
EBITDA	€ million	85.6	75.2	61.3	47.9	36.6
EBITDA margin	in %	32	32	33	32	30
Consolidated net profit/loss, reported	€ million	34.4	31.0	25.7	23.6	17.6
Consolidated net profit/loss, adjusted	€ million	36.4 [1]	30.1 [2]	23.3 [3]	23.6	17.6
Earnings per share (diluted), reported	in €	6.13	5.51	4.56	4.19	3.15
Earnings per share (diluted), adjusted	in €	6.47 [1]	5.35 [2]	4.15 [3]	4.19	3.15
Regular dividend per share	in €	2.59 [4]	2.14	1.68	1.37	1.03
Cash flow from operations, reported	€ million	79.7	73.8	62.3	49.9	35.8
Cash flow from operations, adjusted	€ million	79.7	73.8	62.3	49.9	39.8 [5]
Equity	€ million	101.5	98.3	77.6	69.9	60.5
XING users Germany, Austria, Switzerland (D-A-CH), total	million	18.5	16.4	14.3	12.1	10.1
thereof platform members	million	17.2	15.3	13.4	11.4	9.6
thereof subscribers	thousand	1,065	1,025	994	929	881
InterNations members	million	3.7	3.3	2.8		
thereof subscribers	thousand	128	135	124		
B2B E-Recruiting customers (subscription)		13,397	11,169	7,972	6,034	
B2B Advertising & Events segment customers (D-A-CH)		8,526	8,733	8,072	6,616	5,464
Employees		1,928	1,567	1,290	961	792

[1] *Adjusted for non-operating expenses: kununu US impairment loss in the amount of €–8.3 million; non-recurring earn-out adjustments incl. kununu step-up in the amount of €–6.4 million*
[2] *Adjusted for €0.9 million, or €0.16 per share, in non-operating income arising from the adjustment of earn-out obligations*
[3] *Adjusted for €2.4 million, or €0.41 per share, in non-operating expenses arising from the adjustment of earn-out obligations*
[4] *Proposal to the Annual General Meeting (May 29, 2020)*
[5] *Due to changes in the IFRS guidance on accounting for purchase price obligations from earn-out arrangements arising from the acquisition of companies, earn-out payments (relating to kununu in this case) must be recognized under cash flows from operating activities. The effect is €3.9 million. The cash flows from operating activities for the reporting period, excluding the non-operating kununu effect, thus amounted to €39.8 million.*

Contents

WHO WE ARE

Every single day, our ten prestigious brands help shape the future of work by focussing on people. Consequently, our products and services are essential to making working life more fulfilling for individuals, while companies enjoy greater success.

XING

XING Marketing Solutions

XING Events

XING E-Recruiting

InterNations connecting global minds

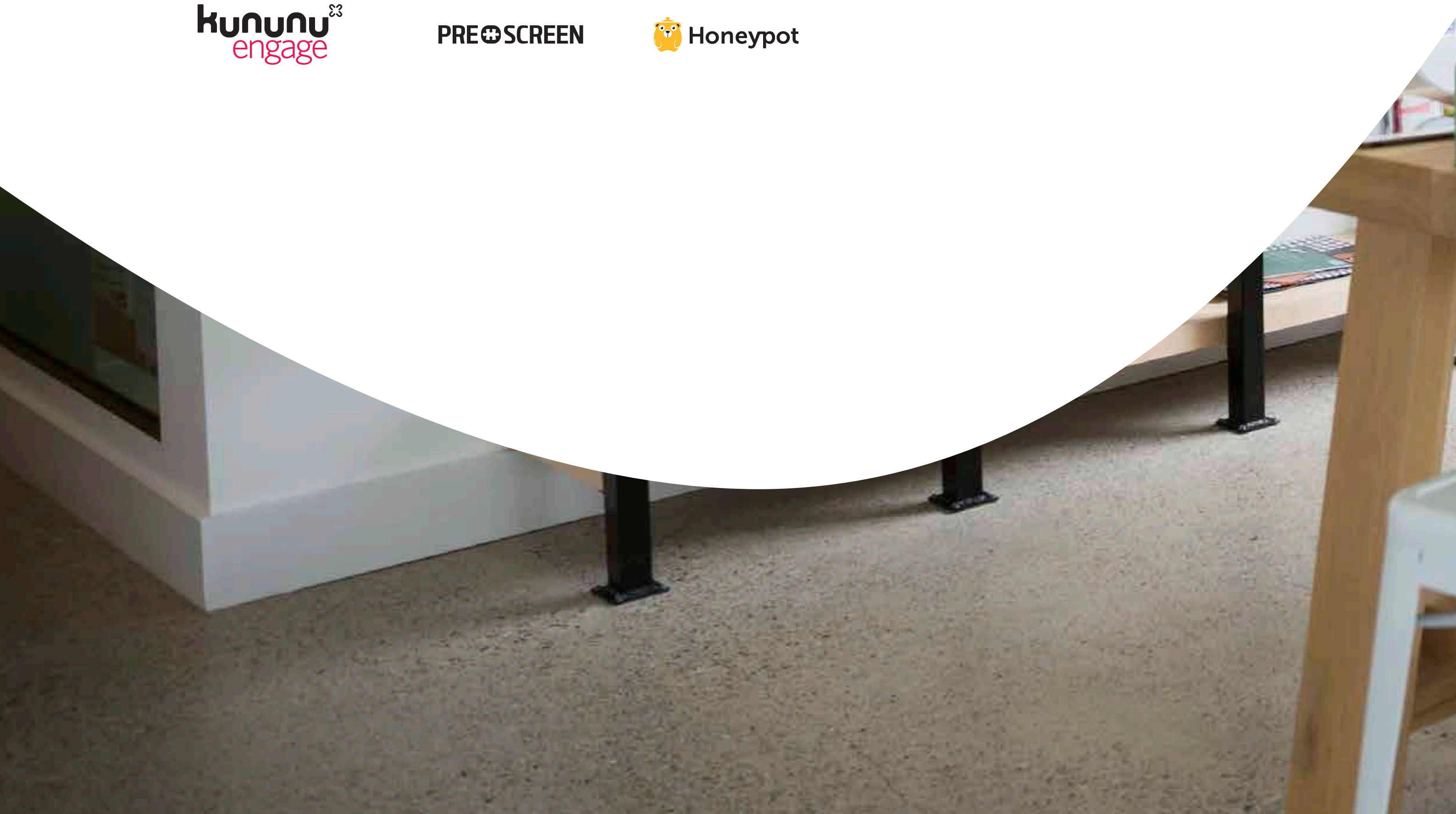
Hallo Freelancer Ein Service von XING

kununu

kununu engage

PRESCREEN

Honeypot



WE ARE EXCEL-LENTLY POSI-TIONED WITH OUR BRANDS.

Letter to our shareholders by
Dr. Thomas Vollmoeller, CEO

CEO Dr. Thomas Vollmoeller

Dear shareholders,
In these times, looking back to last year is a bit like looking back into the distant past. Just a few weeks ago, I would have described 2019 as an eventful year for New Work SE. We changed our name, with XING SE becoming New Work SE. We found an excellent new Chief Executive Officer (CEO) in Petra von Strombeck, who will take over from me at this year's Annual General Meeting. We made our largest acquisition by taking over Honeypot. And we launched plenty of new products and services, of course.

From a macroeconomic perspective, last year was already one of considerable uncertainty and we, too, felt the effects. However, the extent of that uncertainty hardly compares with the current situation. In any case, I am all the more delighted to be able to present to you in this report financial figures for last year that once again show growth.

Total revenues rose by 16 percent to €269.5 million. The operating result (EBITDA) climbed by 14 percent to €85.6 million. The consolidated net profit achieved by New Work SE grew by 11 percent to €34.4 million (previous year: €31.0 million); adjusted for extraordinary items, it was up by as much as 21 percent.

Revenues in the B2C segment rose by 3 percent to €103.2 million in the reporting period, driven mainly by the growth in customers who opted for the paid services offered by our XING brand. Incidentally, XING will continue to expand its Premium offering in order to make it even more attractive. The platform provides members with more analysis options to enable them to optimize their own profile and strengths as well as exclusive news content (from Harvard Business Manager, for example) and free access to e-learning resources.

The member growth recorded by XING was also very encouraging: XING welcomed around 1.9 million new members last year, thereby surpassing the 17 million member mark in 2019. Currently, the figure stands at more than 17.6 million.

Our subsidiary kununu, the leading employer review portal in Europe, also performed very well last year. The number of company reviews across the German-speaking world rose by around 630,000. kununu currently records an average of more than 3 million visitors a month, which equates to roughly half of all job seekers in Germany.

Business with corporate customers was once again New Work SE's key growth driver in 2019. Segment revenues grew by 29 percent (including Honeypot) to €140.4 million. Revenues in the B2B Marketing Solutions and Events segment rose by 20 percent to €26.1 million.

In both areas of business, our subsidiaries brought numerous new solutions to market. Since last year, corporate customers have had access to new employer branding products, for example, which are based on kununu's culture analyses and enable each company to find the right talent for them. Moreover, XING gradually switched off display advertising during the course of 2019 and has now reduced it to zero. Product solutions now concentrate entirely on native advertising, which offers brands authentic ways of showcasing themselves to the attractive XING target group. In addition, XING members benefit from an improved user experience.

The figures show that we are superbly positioned with our brands and continue to benefit from the paradigm shift in the world of work, a megatrend that we spotted early on and made our focus. We see it as our job to help the individual lead a happier working life. At the same time, we help companies in their search for the right talented professionals.

> "2020 will be dominated by uncertainty across large parts of the economy."

The current financial year will be dominated by uncertainty across large parts of the economy. And we have some important internal developments and changes on our agenda. I have already mentioned the handover of the position of CEO to my successor, Petra von Strombeck. In addition, we will continue to very systematically develop individual businesses. Following the discontinuation of traditional display advertising, for example, XING will develop the native advertising formats, benefiting both corporate and B2C customers.

> “We firmly believe that the future of work will be a much more pressing topic after the corona crisis than it was before.”

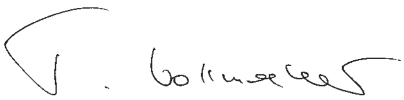
But back to the situation at the time of writing this report. Our company is, of course, also affected by the corona pandemic – like just about the whole world. We have gradually sent all employees at all sites home to work from there – as a precaution to protect each and every individual, and in order to do our best to prevent potential infections. Fortunately, remote working, along with all the necessary tools, is already well established at our company and so we are able to cope with these special circumstances thanks to the active support of our IT colleagues.

It would be frivolous to claim that the precise impact of the crisis on our business and therefore on revenues and earnings can be predicted and calculated in detail. At the present time, however, we still believe that we are well on track to meet our communicated targets despite the myriad challenges and the dramatic slump in the global economy. Based on the preliminary results, the entire Management Board of New Work SE has also resolved to propose to the Supervisory Board a 21 percent increase in the regular dividend to €2.59 per share (previous year: €2.14).

The current focus of our attention is on protecting our employees so that they and their families come through this crisis as safely as possible. Whilst we as a company are able to function, the circumstances are, of course, more than challenging. Nevertheless, we continue to work on the next steps in our journey. For we firmly believe that the future of work will be a much more pressing topic after the corona crisis than it was before. The crisis is throwing old certainties into disarray. But the time to reorganize ourselves will come. And we intend to contribute to the discussion that then follows.

Finally, I would like to thank you for your trust in New Work SE. Stay healthy and take care of yourself!

Kind regards,



Thomas Vollmoeller

"MY GLASS IS ALWAYS HALF FULL."

This May, Petra von Strombeck will take over from Thomas Vollmoeller as CEO of New Work SE. In this interview, von Strombeck talks with XING Editor in Chief Astrid Maier about her management style, the challenging environment at the start, the focus of her work and her personal passions.

Astrid: Petra, we have to talk about the coronavirus. The crisis we're living through now is posing enormous challenges for individuals and companies alike. The employees of New Work SE are working from home, the office buildings are empty. This can't be how you imagined starting out here. What's the situation like for you right now?

Petra: The coronavirus is currently dominating everything - our private lives and, of course, the way we work together. I was lucky to have had a great, intensive settling-in period for the first two months after I joined the company in January. I got to meet a lot of my colleagues in person. I'm benefiting from that now, because obviously I'm also working from home. I naturally miss the direct contact with colleagues, which I find very inspiring. At the same time, I'm extremely impressed at how this organization adapted to the difficult new situation in such a short period. It happened as if at the touch of a button. I'm proud of our staff, of their unbelievable solidarity and flexibility. That's also why, despite all the challenges this crisis poses for all of us, I'm optimistic. If any company can weather this crisis, we can.

Astrid: Many of us had to accustom ourselves to new forms of collaboration in a short time, while others were already used to working this way. What will the consequences be of this abrupt pivot to remote work for our company?

Petra: We're privileged. We work in an industry and an environment that enables us to react flexibly. We have also worked across different sites before the coronavirus. We have been using the tools necessary for this for a long time, while other companies have to get used to them first. So we're well equipped. But of course, we're facing similar challenges to everyone else.

Astrid: What are these, exactly?

Petra: How do I manage people under these circumstances? How do I ensure team spirit when we only see each other virtually? How do I organize work? We'll have to find very individual answers to some of these questions, just like every other company, manager and employee.

Astrid: Do you see anything positive in the current situation?

Petra: It may seem a long way off at the moment, but this difficult phase will eventually pass. I'm firmly convinced that we're going to see much broader acceptance of the new work concept in the entire working world. This will be nothing but a benefit to us as a company. Besides, every crisis offers opportunities as well. We'll find them and take advantage of them.

Petra von Strombeck will take over as CEO of New Work SE from May 2020.

Astrid: Let's talk about people, and specifically about managers. To oversimplify it, there are two types: One type shows up on the first day with a fixed plan and implements it immediately. And then there are the others who prefer to look around first before making their own decisions. What type are you?

Petra: It depends on the circumstances. But in this particular case, I'm definitely more like the second type. New Work SE is a company in an outstanding position which has achieved exceptional things in the past years. This is apparent even now, as we find ourselves in turbulent waters. There's no reason to make abrupt changes, so I didn't show up with a fixed plan. Right now I'm watching and listening very carefully and learning as much as possible, and at the end I'll contribute my own ideas and impulses.

Astrid: Even before the coronavirus, you had some very interesting new beginnings in your professional life. For example, when you joined the management board of Tipp24, the authorities suddenly banned online lottery games. This meant the basis of the company's business was gone.

Petra: That's right, I had a really eventful start back then as well. Imagine, I've just been elected – it was my first time on the board of a listed company – and I'm sitting in my office when I get this message: a law has just been passed prohibiting online lottery games. After the initial shock, we spent the rest of the year very successfully transforming the business model to online betting and made it even more profitable in the process. There were definitely obstacles at the start, but I never considered resigning from my post. I'm not afraid of risks and challenges.

Astrid: That wasn't even the most exciting new beginning for you. There was another situation as well, wasn't there?

Petra: I experienced the hardest part of my career in France. Incidentally, it was Thomas Vollmoeller who had sent me there. There was a French mail-order company that Tchibo had acquired. The company had to be completely restructured, but we had a works council and unions there that made it very difficult to get anything done at all. The management was still led by the 75-year-old French owner. When I replaced him, that was also a shock for the employees, of course. It was all a huge effort. I was there with my eight-month-old

"New Work SE is a company in an outstanding position which has achieved exceptional things in the past years. This is apparent even now, as we find ourselves in turbulent waters."

Petra von Strombeck at the annual kick-off of New Work SE in Valencia

PETRA VON STROMBECK

has been a member of the Management Board of New Work SE since January 2020 and will take over as CEO at the Company's Annual General Meeting in late May. She has many years of proven expertise in the online and e-commerce business. Most recently, she was the Chief Executive Officer of Lotto24 AG since May 2012. Her previous positions include Managing Director of Serpie S.A.S., a French subsidiary of Tchibo GmbH, Head of E-Commerce at Tchibo direct GmbH, and three years as Head of Advertising at Premiere Medien GmbH & Co KG (now Sky Deutschland AG).

daughter, while my husband worked in Hamburg and could only visit on weekends. I didn't get much sleep back then.

Astrid: You restructured this company in France, then you also undertook major restructuring at Tipp24 and subsequently rebuilt Lotto24. It seems that "change" is a theme running through your whole career. What have you learned from all of these changes?

Petra: That changes are not something to fear, in any case. That they are always associated with opportunities - even in times of crisis. And that transparency and communication are the key to getting teams on board with your ideas.

Astrid: Are you more of a "wartime" or "peacetime" CEO?

Petra: War is an extreme word. But I would definitely say that I hate boring jobs.

Astrid: I'm fairly sure you won't be bored with us. While we're on the subject: Was there one specific moment when you decided you wanted to be the next CEO of New Work SE?

Petra: There wasn't one decisive moment. But what I can say is that with every single discussion I had with the Management Board, the members of the Supervisory Board and others – really, with every single conversation – my motivation grew. Everyone I talked to was and is passionate about this company. I'd never experienced anything like it before. It must have been infectious (laughs).

Astrid: How did you prepare for the new job?

Petra: I led Lotto24 for seven years. The best preparation for me was to relax, sleep a bit and do a lot of exercise. And as I said, I didn't draw up a plan that I've brought with me. That's why I'm open and want to learn.

Astrid: What do you think are the greatest strengths of New Work SE today, in the year 2020?

Petra: The greatest strengths are the team and the culture. We've shown that we can adapt quickly to a new situation, so I see good growth potential despite the current overall economic situation. Structurally, we also have a very cash-generative business model with a solid financial cushion of more than €65 million.

Astrid: What do you think the biggest challenges are?

Petra: Aside from the immediate economic crisis, our business is very complex. We have strong competition out there. And we have to understand and serve our customer needs even better.

Astrid: You led 150 employees at Lotto24, now you'll have a total of around 1,900. That's a fairly big increase. How did you prepare for it?

Petra: I gave a lot of thought to it. I reconsidered my management methods and asked myself how to scale up what I can do. Do I have to do something differently? Is there something that won't work in a company this size? But in the end, I came to the conclusion that it's always about motivating people and teams to achieve the best results while enjoying and feeling passionate about what they do. So that's where we'll start.

Astrid: The recession started with the outbreak of the coronavirus at the latest. How will this affect us?

Petra: The foundation of our strategy and future business activities are megatrends such as digitalization, the aging population and the shortage of skilled workers. These trends will remain structurally intact even if the world economy is stuck in a recession. This recession will naturally cause some problems for us, so we have to stay creative. Luckily, we have very different business models as well as great employees with good ideas. So I remain optimistic.

> “This recession will naturally cause some problems for us, so we have to stay creative. Luckily, we have very different business models as well as great employees with good ideas. So I remain optimistic.”

Astrid: Last year we renamed ourselves New Work SE. Of course, now everyone is talking about how we have to live up to this name. What does new work mean to you in your personal everyday working life?

Petra: I’m a true believer when it comes to new work. Over the past years, I have repeatedly tried to create an atmosphere for my teams in which they can work happily and love what they do. That’s always been very important to me. As a company, we’ve already made fairly good strides in the field of new work. I look forward to continuing this journey. And as I said before, some new work concepts have proven that they not only function in times of crisis, they can actually make all the difference.

Astrid: When are you happiest?

Petra: When I celebrate successes together with the teams. I like winning.

Astrid: And in your private life?

Petra: A rumor has already gone around that, besides boxing, I also like working in the garden. The rumor isn’t true (laughs). No, I like to spend time with family and friends, I love having a full house and I enjoy cooking for lots of people.

Astrid: Is there anything that drains your energy?

Petra: Politics. I think I would be totally useless as a politician.

Astrid: And what about office politics?

Petra: That’s not my thing. I prefer direct, open, honest communication. And I also want direct, open and honest feedback.

Astrid: What frightens you?

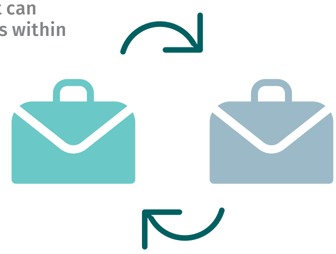
Petra: I’m not normally driven by fear. I’m always optimistic and open-minded. My view of life, of work, of everything is always positive. My glass is always half full.

READY FOR NEW TIMES

New Work SE has just completed a successful and eventful 2019. Some of the highlights of the year include a name change and many product innovations. With our B2C and B2B offerings and new management, we are very well positioned for the future.

There has been much talk of a revolution in the world of work. But what exactly does that mean? A few figures should help us understand. The following are taken from recent studies of the job market:

NEARLY 40%
of Germans in employment can imagine changing their jobs within the next twelve months.

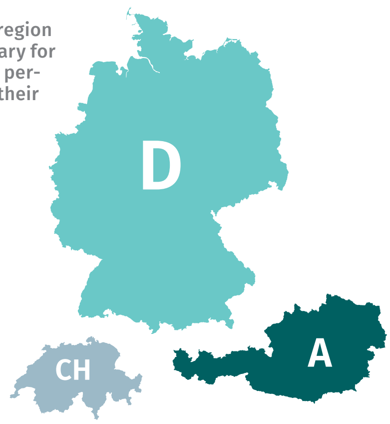


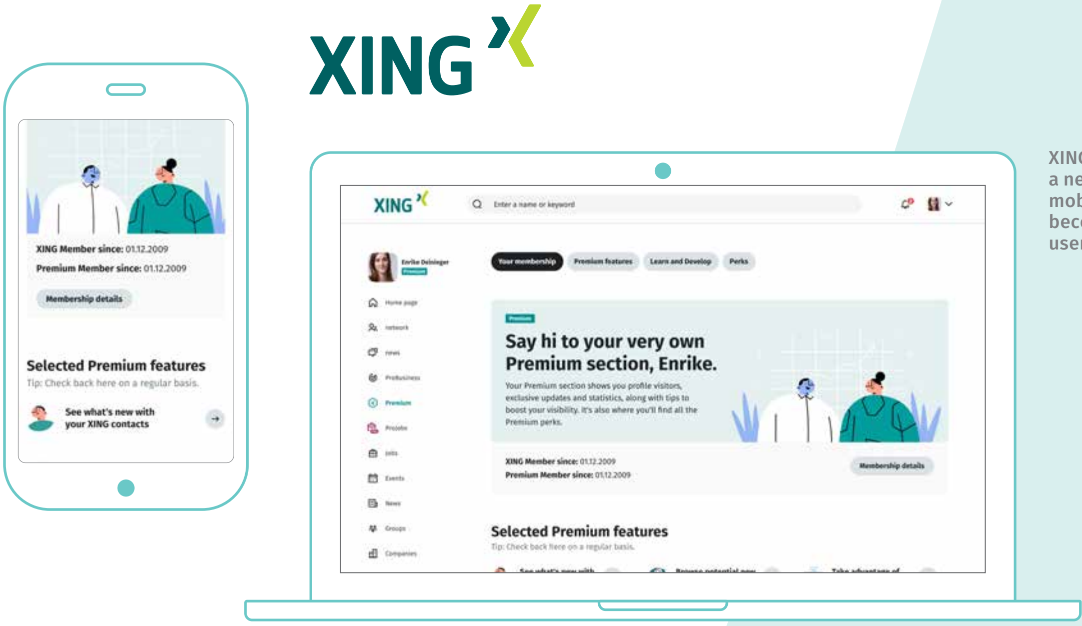
AROUND 71%
would like to be able to determine their own income – and every second employee would also like to have a say in determining the income of their co-workers and managers.

EVERY SECOND
employee in the D-A-CH region would accept a lower salary for a more rewarding job. 10 percent would even change their employer to do this.

ALMOST 80%
are in favor of salary transparency within their company.

ALMOST HALF
of German employees would like to see a reduction in their working week; one in five, on the other hand, can also imagine working more hours.





XING platform with a new design: the mobile app has become even more user-centric

Welcome to the world of New Work, with its fundamental changes in values, forms of organization and remuneration models. Welcome to the world of New Work SE.

The adoption by XING SE of its new name effective October 1, 2019 was undoubtedly a defining moment in the history of a company that has been quick to respond to the massive changes in the world of work and has from its inception consistently supported and promoted the trend towards New Work. The past financial year at New Work SE was a busy one, and there is much to report.

XING.COM FEATURES A NEW LOOK – AND HAS BECOME EVEN MORE MOBILE

For example, over **17 million** people from Germany, Austria and Switzerland have now joined XING – almost two million more than in 2018 – in search of advice and guidance and a career support network in the fast-moving world of work.

The **XING** networking platform is, of course, still one of the most important building blocks of our business. To make this service even more attractive to our members, we have worked hard to continually improve our mobile and desktop products.

The most conspicuous change was undoubtedly the new design with its improved user guidance and usability. The platform is now much more attractive and more functional, especially for mobile users who are now responsible for well over **70 percent** of all access requests.

As far as content is concerned, our XING members now have even more ways to analyze and optimize their own profile and strengths, as well as a significantly expanded job inventory. XING currently offers an average of about one million jobs, which can be searched and filtered even more thoroughly with the help of our job agent – which has also been improved.

In the future, these and other planned measures for networking and direct communication between members should strengthen user commitment to the platform. And with our new self-development and e-learning offers, our premium members have enjoyed even greater added value since the start of 2020.

The XING editorial team recognized successful authors with the XING Top Minds award.

XING TOP MINDS DELIVER TOP EXPERTISE

The content offered by the **XING News editorial team** is also being fine-tuned. The topics the team chooses to write about are aimed at "helping users to experience the working life they really want," says XING News editor-in-chief Astrid Maier. Astrid believes in the importance of the orientation function of XING as a platform, "particularly its 'Insider Community', which offers users advice and inspiration."

> "XING offers an ideal platform for ideas like these from the new world of work."
>
> Astrid Maier

XING insiders now comprise more than **400 experts** and influencers from a wide range of industries. So far, they have published over **25,000 articles** that have been read over 32 million times and regularly inspire lively debate on the XING platform.

The most successful and widely read of these authors have, for the first time, been celebrated as **"XING Top Minds"**. With this award, our editors have paid tribute to the 25 XING insiders who have reached out and inspired our users in a very special way. The Top Minds 2019 include personalities such as tech investor Frank Thelen, biathlon Olympic champion Magdalena Neuner, and new work pioneer Lasse Rheingans, whose idea of a 5-hour working day for his agency attracted worldwide attention. "XING offers an ideal platform for ideas like these from the new world of work," says Astrid Maier.

XING E-Recruiting

Innovative recruiting solutions
for a perfect team

INTELLIGENT OFFERS FOR FIGHTING THE SHORTAGE OF SKILLED LABOR

But our ideas and solutions are not restricted to helping individuals deal with the consequences of a rapidly changing workplace; we are also mindful of the challenges faced by companies.

For example, a large proportion of German companies – mainly medium-sized firms but also corporate groups and small businesses – are struggling massively with the shortage of skilled workers. In a Forsa study conducted on behalf of XING, around 40 percent of German HR professionals stated that they are unable to fill even highly paid positions within a reasonable period of time. The vast majority of HR managers expect that it will take even longer to fill posts in the next five years.

There are many reasons for these difficulties in filling vacancies. One of the main reasons is, of course, that demographic changes have led to a shortage of applicants in certain professions. From the job applicant's point of view, there is also a lack of awareness, particularly on the part of medium-sized companies. While large corporations with their well-known brands regularly head the annual rankings of the most popular employers, many medium-sized companies lack this visibility.

They therefore need to improve both the precision of their recruitment efforts and their attractiveness to the talented people and specialists they are looking for. Two of our subsidiaries have launched a range of new solutions in both of these areas. **XING E-Recruiting**, one of our Group's mainstays with revenues of EUR 140 million (2018: 109 million), has already built up a customer base of several thousand companies. These companies promote themselves to potential young professionals and specialists via their professional employer branding profile on kununu and the XING platform, or they actively identify and approach potential candidates via the XING Talent Manager, also on the XING platform.

We believe the field of employer branding has a lot of catching up to do. Many companies still communicate without knowing exactly what they stand for as an employer – especially in the SME sector. According to experts, there is a clear trend towards transparency and authenticity in this field. As a result, conventional branding, which does little more than list the merits of a company, is in decline. What is needed instead is a credible presentation of a company's culture and the characteristics that make it special.

USING KUNUNU TO PERFECT YOUR CORPORATE CULTURE

At **kununu**, which has been part of our family since 2013, a lot has happened over the past year. Even though it was only established in 2007, Europe's leading employer review site, which currently welcomes over three million visitors per month, has a long tradition of developing innovative tools that continued in 2019.

The new **"Cultural Compass"** is particularly interesting. It allows you to quickly obtain a detailed report of reviews by employees of their own company in categories such as leadership, strategic direction, interpersonal behavior and work-life balance. This provides the first trustworthy analysis of corporate culture, something that is becoming increasingly

The kununu Cultural Compass helps companies to analyze feedback from their employees.

“Corporate culture is becoming a critical success factor for companies. The battle for talent isn’t decided by fine-sounding benefits and traditional career packages, but rather by a corporate culture that encourages people to develop and be who they are.”

kununu CEO
Moritz Kothe

Hallo Freelancer
Ein Service von XING

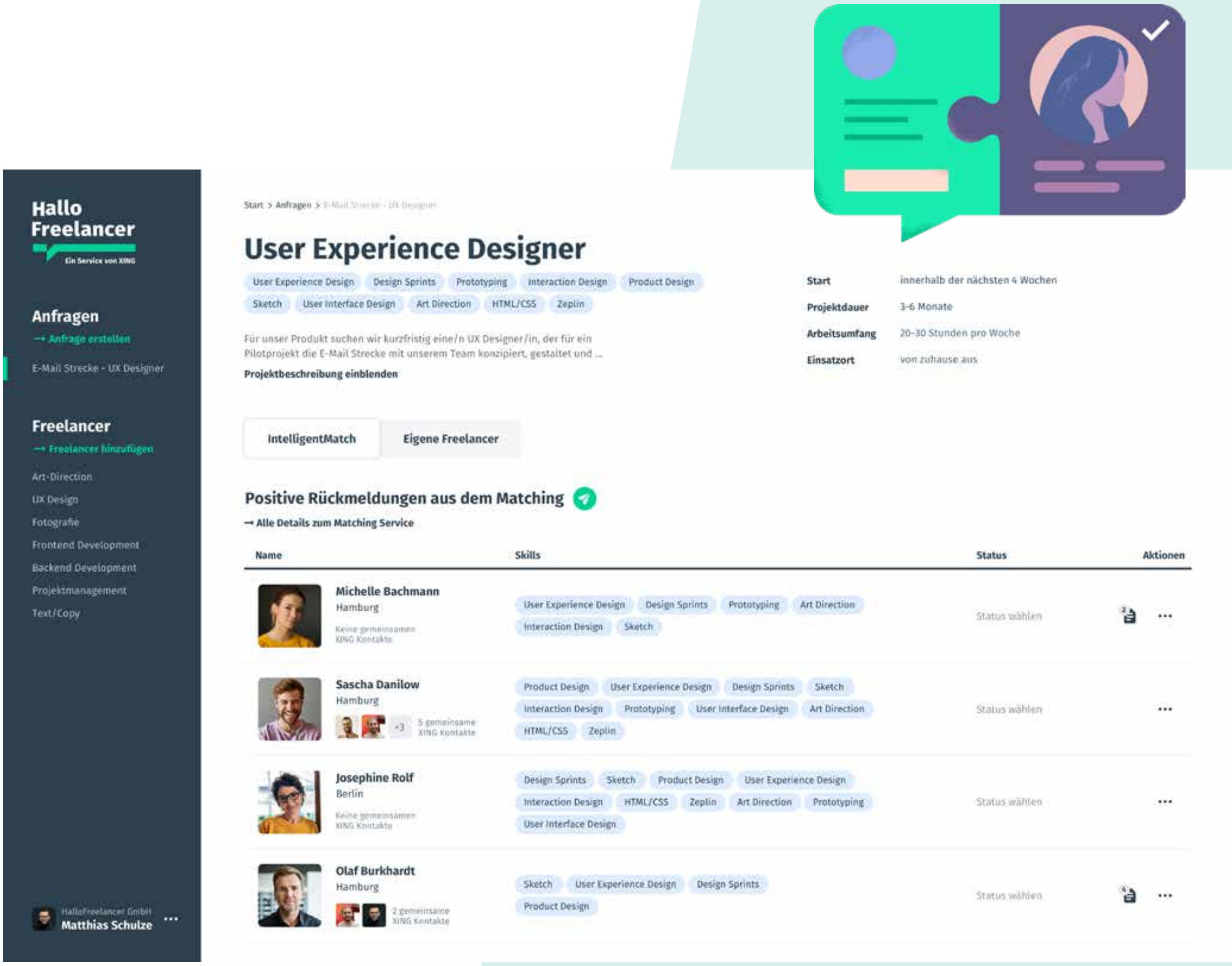
important to potential applicants when making their decision. “Corporate culture is becoming a critical success factor for companies,” says kununu CEO Moritz Kothe. “The battle for talent isn’t decided by fine-sounding benefits and traditional career packages, but rather by a corporate culture that encourages people to develop and be who they are.”

Employers can use the kununu Cultural Compass not only to understand their company better but also to create a corporate culture that is easy for others to identify, thus allowing them to significantly increase their cultural fit. The kununu offering is rounded off by **kununu engage**, a software tool that can help employers continuously measure and improve employee commitment.

This, in combination with the expertise of XING E-Recruiting, creates an integrated program that allows companies to make a favorable impression on talented people and specialists in this era of New Work.

LEVERAGING THE POWER OF ALGORITHMS TO FIND THE BEST FREELANCER

The shortage of skilled workers has been driving another trend on the labor market: more and more companies are asking freelance specialists to carry out project tasks quickly and professionally. Freelancers, for their part, benefit from



Finding the perfect fit among freelancers is not easy.
HalloFreelancer supports companies with intelligent software.

the fact that digitalization allows them to sell their services in a continually expanding market. The number of freelancers in Germany, for example, has more than doubled in the last 20 years. According to a recent Forsa study, every second employee in Germany can see themselves working as a freelancer.

HalloFreelancer GmbH has been helping companies to acquire and manage freelance specialists since 2018. In March 2019, we launched **IntelligentMatch** to make it even easier for companies to find suitable freelancers quickly. This is an intelligent matching algorithm that locates and proposes the most suitable candidates – with available capacity – from the XING network in less than 48 hours. Over 450,000 freelancers have registered on XING. Our specially developed matching software analyzes the experience, skills and job history of the freelancers, automatically queries their availability, and quickly provides companies with a shortlist of the most suitable candidates. It enables companies to fill project vacancies within 48 hours.

The service also acquired another tool in 2019 that has great relevance to this segment of the job market. In order to provide companies and freelancers with more security prior to signing a contract, HalloFreelancer has partnered with TW Legal Tech, a new partnership set up by the respected law firm Taylor Wessing, to offer a digital pseudo self-employment check. Companies can use the pseudo self-employment check developed by TW Legal Tech to easily check whether their working relationship with their preferred freelancer complies with the law.

HalloFreelancer is also being continuously expanded. Several new services were launched this spring, including a “Full Service” that supervises each stage of the freelancer assignment, from completion of the project request, to carrying out preselection and aptitude testing of the eligible candidates, through to contract and invoicing management. More services are currently in the planning stage.

A HONEYPOT FOR THE TECH COMMUNITY

The latest addition to our Group also serves to create more opportunities for companies to recruit sought-after specialists. The acquisition of **Honeypot** in spring 2019 has expanded our network to include the fascinating tech community, where digitalization and a shortage of skilled workers has brought about an upheaval in the world of work that has been particularly evident for a number of years. In 2019, there were around 100,000 unfilled IT positions in Germany.

The company, which is headquartered in Berlin, has employed a very innovative strategy that turns the classic principle of supply and demand in the job market on its head. On the Honeypot platform, companies advertise their jobs to specialists. Predefined rules ensure the effectiveness and transparency of the process, especially with regard to information on salary and the professional expertise required. Conversely, IT specialists must undergo a technical check, after which they may state their preferences for programming languages, salary expectations, and work location.

In addition to its mediation activities, Honeypot has a particularly impressive community program, with regular events – from specialist workshops to large international conferences – and a constantly expanding content offering that delivers news and information about the latest technological developments to IT specialists.

Since the acquisition, Honeypot has seen strong growth from 45 to over 100 employees. The next step on the agenda is to expand our offering internationally beyond the German-speaking markets. In addition to Berlin, Munich and Vienna, there will soon be offices in Barcelona and Paris.

In a strategically noteworthy move in the **marketing solutions segment**, we phased out “display advertising” (static company ads) from our platforms during the course of 2019. Our product solutions for B2C customers will focus instead on “native advertising”, which will be implemented by our newly established **XING Brand Studio**. Our in-house agency helps companies promote their individual corporate cultures in their positioning, communication and campaign strategies, thus attracting the attention of and winning over potential job applicants.

XING Events GmbH succeeded in further expanding its business in 2019: Around 40,000 organizers staged events on the platform, up about 14 percent year on year.

The new “Event Plus Package” was launched in response to the event marketing trend of making greater use of AI-assisted tools in the planning process. The package provides event organizers with an intelligent data analysis of their event and all the support measures taken. “This offers a decisive competitive advantage and the basis for an ideal set-up for future events,” says XING Events Director Kati Rittberger.

Honeypot

The team of our new Group company Honeypot is well connected in the IT community.

XING events (here in Cologne) are a very special mix of information, networking and a good atmosphere.

Great locations like Leipzig create an inspiring setting.

Building valuable contacts is at the top of the agenda at the meetings.

"The Event Plus Package offers a decisive competitive advantage and the basis for an ideal set-up for future events."

XING Events Director
Kati Rittberger

The unique New Work Experience event at the Elbphilharmonie Concert Hall will now take place on April 20, 2021.

Visitors can look forward to a packed program in 2021.

NWX21 will be all about embarking into a new era after the Coronavirus crisis.

XING Events

NEW WORK SESSIONS

NEW WORK EXPERIENCE

XING itself is sticking to its plans of holding more high-value offline member meetings once the coronavirus crisis has passed. The focus here will be on local events, including the expansion of networking events in the 50 largest cities in the D-A-CH region by XING Ambassadors and our new event series XING Puls.

The **New Work Sessions**, XING's own **conference format**, were also very successful in 2019. This innovative series of events on the working world of tomorrow has attracted a large number of experts and practitioners wishing to discuss **new models of work**, best practices, and innovation workshops. It is a successful example of how discussion of the important topic of New Work can be continued at regional level.

Unfortunately, one of our company highlights had to be postponed from June 10, 2020 to April 20, 2021 – but then the fifth installment of our **New Work Ecperience** will live up to its role as the largest event on the topic of new work in Europe.

The most important personnel change within our company is already in full swing: After our previous CEO Thomas Vollmoeller announced in 2018 that he intended to hand over to a successor at the end of his second term on the job, **Petra von Strombeck** has been on board as a Management Board member since January, familiarizing herself with our company. The former CEO of Lotto24 AG has already gained many insights into our organizational structures and future plans. In the interview on page 8, Petra von Strombeck outlines the goals she will be pursuing in her new role and how she sees the future of her new company.

It will then be time for us to say farewell to Thomas Vollmoeller. He can look back on an impressive term of office. Since he has been with us, revenue and profits have increased about fourfold. In addition, the number of XING members has risen from approximately 6 to over 17 million, and the number of employees from 500 to approximately 1,900.

Excellent work, Thomas!

Harmonious handover: New Work CEO Thomas Vollmoeller with his successor Petra von Strombeck at a company event in Valencia

REPORT OF THE SUPERVISORY BOARD

Dear Shareholders,
I am pleased that New Work was able to report another highly successful financial year. Across all segments, revenues climbed to €269.5 million. The operating result rose to €85.6 million. Based on this encouraging business performance, the Company will pay a higher dividend again this year.

But taking a wider view beyond the positive revenue performance, New Work SE can also look back on a year full of important milestones in further expanding its excellent market position.

The XING platform, for example, was once again able to attract a number of new members and further expand its position as the largest professional network in the German-speaking market. XING surpassed the 17 million member mark for the first time during the past financial year; today, the count stands at more than 17.6 million members. Revenues from paid memberships continue to provide the Company with a stable and growing backbone. Another important source of revenue is the XING brand's e-recruiting business, whose products include a portfolio of software solutions for corporate recruitment and human resources management. This business line also grew strongly during the reporting period, chalking up a rapid double-digit rate of increase. But looking beyond the strongest sources of revenue, the Company's other businesses also post encouraging growth.

During the past financial year, the management responded to the increased significance of the brands that the Company holds in addition to XING by renaming the Company New Work SE. The new name reflects the fact that all business lines contribute to the "new work" megatrend driven by demographic change, a shortage of skilled workers and digital transformation. In this respect, the change of name follows the Company's systematic policy of serving this trend from end to end. All of the Group's products contribute to helping users and members to do what they really want to do and assisting companies with the challenges arising from the changes taking place in the world of work.

Stefan Winners,
Chairman of the
Supervisory Board

This is also the background to the takeover of Berlin-based Honeypot GmbH in March last year, the largest acquisition in the Company’s history. The innovative platform used to place tech talent with companies enabled New Work SE to expand its B2B portfolio in a strong and highly relevant growth market and further diversify the range of products for business customers in particular.

In the fall, we laid crucial foundations for the Company’s future management by appointing Petra von Strombeck as a member of the Management Board as of 2020 and as Chief Executive Officer with effect from the close of the coming Annual General Meeting on May 29, 2020. She has many years of proven expertise in the online and e-commerce sectors, making her an excellent successor to Dr. Thomas Vollmoeller, who back in 2018 had announced that he wished to hand over to a successor at the end of his second term of office.

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

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

When required, we also commissioned external consultants and employees from various departments to assist with our consultations in 2019. We were promptly involved by the Management Board in all major decisions that were of key importance to the Company. In accordance with its Rules of Procedure, the Management Board also presented transactions requiring consent to us Following their review and deliberation with the Management Board, these were all unanimously approved by us.

Composition of the Supervisory Board

The composition of the Supervisory Board did not change during the financial year ended.

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

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

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

Supervisory Board meetings

During the financial year ended, the Supervisory Board came together for four regular meetings (one per quarter) and one additional strategy meeting. Four resolutions were passed during conference calls or by circulating written motions for approval. Dr. Jörg Lübcke sent apologies for his absence from the conference call held on September 30, and Dr. Andreas Rittstieg sent apologies for his absence from our meeting on December 3. Otherwise, all serving members of the Supervisory Board participated in all meetings and resolutions. Each meeting at which the members met in person involved thorough deliberations on the current state of the business, the Company's KPIs and product initiatives for the B2C business.

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

The Supervisory Board meeting held on March 21 exhaustively discussed the annual financial statements, management report, consolidated financial statements, Group management report and dependent company report for the 2018 financial year. As recommended by the Audit Committee and following in-depth deliberations by the auditors, the 2018 annual financial statements were adopted by the Supervisory Board. Other key resolutions adopted by this meeting included the Supervisory Board's approval of the Management Board's recommendation on profit appropriation, and the recommendation by the Company's officers for the choice of annual auditor for the 2019 financial year, to be presented to the Annual General Meeting. In doing so, we followed the recommendations provided by the Audit Committee and proposed to the Annual General Meeting to once again appoint PricewaterhouseCoopers to conduct the 2019 audit. We also approved the planned agenda items and proposed resolutions for the Annual General Meeting on June 6, 2019. In addition, we dealt with the strategy project on further growth areas for the Company, the Company's plan to change its name and the HR situation in the Group, and approved various investment plans.

At the meeting on June 5, 2019, we turned our attention to the status of the ongoing search for a CEO successor and once again thoroughly discussed HR matters at the Company. Lastly, we made preparations for the Company's Annual General Meeting on the following day.

The further strategic development of the Company was discussed at the annual strategy meeting attended by the Management Board and Supervisory Board on July 3, 2019.

At the Supervisory Board meeting on September 18, 2019, we once again discussed the status of the process of selecting the future CEO. We approved Dr. Thomas Vollmoeller's assumption of a position on the Supervisory Board. We looked in depth at the Company's data science activities and approved investments in the business premises occupied by the subsidiaries in Vienna and Porto.

At the meeting on December 3, 2019, we discussed the findings of the annual Supervisory Board efficiency review and unanimously concluded that the review was satisfied with the Supervisory Board's work. We dealt at length with the current status of activities in the E-Recruiting segment, at kununu and at Honeypot. We discussed in detail and approved both the 2020 budget and the 2020–2022 three-year plan presented by the Management Board. Finally, we approved the signing of a lease for additional office space in Berlin and an investment in the Company's IT security architecture.

Outside the face-to-face Supervisory Board meetings described, urgent decisions were taken in conference calls and by circulating written motions for approval. On January 19, 2019, for example, we approved the agreement regarding the procurement of a uniform communication tool for all employees. Following detailed discussions on March 15, we approved the acquisition of Honeypot GmbH, which had already been deliberated at length at previous meetings. On May 22, 2019, we approved the extension of Alastair Bruce's appointment as a member of the Management Board until 2023 as well as the signing of an agreement regarding certain cloud services. On August 27, we decided, like the Management Board before us, on the defense against the legal challenge of the resolution to rename the Company that had been filed by a shareholder after the Annual General Meeting. On September 30, 2019, we discussed the appointment of Petra von Strombeck to the Management Board and approved this appointment and the signing of her contract of employment as a Management Board member. Finally, on October 29, 2019, we approved a settlement that brought to a close the aforementioned proceedings in the legal challenge against the Company.

Audit Committee meetings

Over the last year, the Audit Committee held four face-to-face meetings, specifically on February 20, March 20, September 17 and December 2, 2019. Dr. Andreas Rittstieg had sent apologies for his absence from the meeting on February 20. The committee reviewed the financial statements and the consolidated financial statements, discussed auditing issues with the auditors, and dealt with internal audit and risk management. The Audit Committee received the application for the statement of independence of the auditor in accordance with (what used to be) item 7.2.1 of the German Corporate Governance Code, and focused on the proposal on the choice of auditor for the 2019 Annual General Meeting. The resolutions to approve the annual financial statements and the consolidated financial statements were prepared for the Supervisory Board along with the profit appropriation proposal. The key points of the audit for the 2019 annual financial statements were also discussed and decided on with the auditor of the annual financial statements.

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

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

Technical Committee meetings

The Technical Committee held four meetings over the past financial year. On March 20, June 5, September 17 and December 2, 2019, it dealt with issues surrounding the Company's tech organization. I had sent apologies for my absence from the meetings held on September 17 and December 2. The various IT matters presented to the Committee spanned data science and IT security, the use of cloud services at New Work, the measures to ensure the availability of the platforms and the Company's future tech strategy. At several meetings, discussions addressed the overall situation of the Company's tech organization. The Technical Committee and its members also advised the Management Board on technology-related topics outside of its face-to-face meetings.

Audit of the 2019 annual financial statements and consolidated financial statements

The annual financial statements, which were prepared by the Management Board in accordance with the rules of German commercial law and the management report of New Work SE for the 2019 financial year were audited by PricewaterhouseCoopers GmbH, Hamburg, and issued with an unqualified auditor's report. The consolidated financial statements and Group management report of New Work SE for the 2019 financial year, which were prepared in accordance with the International Financial Reporting Standards (IFRSs) pursuant to Section 315e German Commercial Code, were also issued with an unqualified auditor's report by the auditor. Pursuant to Section 312 AktG, the Management Board has prepared a report on relations with affiliated companies to be prepared by the Management Board due to Burda Digital SE's majority shareholding in New Work SE. The auditors have examined this report and issued the following opinion: "In our opinion, based on the examination which we have carried out in accordance with professional standards,

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

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

The annual financial statements and the consolidated financial statement, including the Group management report and the management report, the report on relations with affiliated companies as well as the audit reports of the auditor and the profit appropriation proposal of the Management Board were submitted to the Supervisory Board prior to the Audit Committee's meeting on March 25, 2020 and the Supervisory Board's meeting on March 26, 2020 for them to be reviewed and discussed thoroughly. The auditors attended Audit Committee and Supervisory Board meetings concerning the submitted documents and reported on the main findings of their audits. They were available to the Supervisory Board at all times in order to answer questions and provide information. As part of auditing the financial statements, the Supervisory Board and Audit Committee also discussed the Management Board's accounting policy and financial planning. Other specific matters discussed with the Management Board and the auditor of the annual financial statements included findings from the audits conducted by the auditor on the agreed key audit matters.

Following the final result of its own review, the Supervisory Board did not have any reservations with regard to the annual financial statements which were submitted, the management report as well as the consolidated financial statements and the Group management report and the report on relations with affiliated companies and, following its own review, approved the results of the auditors concerning the audit of the financial statements and the consolidated financial statements as well as the management report and Group management report of New Work SE and the report on relations with affiliated companies during its meeting on March 26, 2020. The Supervisory Board has approved the annual financial statements prepared by the Management Board and the consolidated financial statements of New Work SE. The annual financial statements of New Work SE have thus been adopted.

The Supervisory Board has conducted a thorough audit and considered all of the arguments in connection with the Management Board's profit appropriation proposal. As a result, the Supervisory Board will propose to the Annual General Meeting on May 29, 2020 to distribute a dividend of around €14.6 million, or €2.59 per share.

Corporate Governance

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

Conflicts of interest

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

Closing remarks

We would like to thank all of New Work's members and customers as well as its shareholders for the trust they have vested in the Company. We also thank the Management Board and all employees in the New Work Group for their excellent work. Together they have made 2019 a tremendously successful financial year.

Hamburg, March 26, 2020

Stefan Winners,
Chairman of the Supervisory Board

MANAGEMENT BOARD AND SUPERVISORY BOARD

From left to right:

Jean-Paul Schmetz
Member of the Supervisory Board

Alastair Bruce
CSO

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

Dr. Patrick Alberts
CPO

Ingo Chu
CFO

Stefan Winners
Chairman of the Supervisory Board

Anette Weber
Independent (GCGC) member of the Supervisory Board

Jens Pape
CTO

Dr. Andreas Rittstieg
Member of the Supervisory Board

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

Dr. Thomas Vollmoeller
CEO

Not in the photo:

Petra von Strombeck
has been a new member of the Management Board of New Work SE since January 1, 2020. She will take over as CEO from Thomas Vollmoeller in late May.

For more information on the members of the Supervisory Board and the Management Board, please see pages 130 and 131.

THE NEW WORK SE SHARE

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

Basic data about the New Work SE share

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

Key data on the New Work SE share at a glance

	2019	2018	2017	2016	2015
XETRA closing price at year-end	€292.00	€237.50	€268.60	€175.45	€170.70
High	€375.50	€326.00	€274.20	€194.95	€192.95
Low	€229.00	€224.50	€174.95	€138.40	€92.19
Market capitalization at year-end	€1,641 million	€1,335 million	€1,509 million	€986 million	€959 million
Average trading volume per day (XETRA)	4,696	4,840	7,124	8,225	13,357
TecDAX ranking					
based on trading volume	33	34	32	27	25
based on free-float market capitalization	29	25	24	23	24
Earnings per share (basic)	€6.47 [1]	€5.35 [3]	€4.15 [4]	€4.19	€3.15
Number of shares	5,620,435	5,620,435	5,620,435	5,620,435	5,620,435
Dividend per share	€2.59 [2]	€2.14	€1.68	€1.37	€1.03
Special dividend per share		€3.56		€1.60	€1.50

1 *Adjusted for non-operating expenses: kununu US impairment loss of €–8.3 million; non-recurring earn-out adjustments incl. kununu step-up in the amount of €–6.4 million*
2 *Proposal to the Annual General Meeting (June 6, 2019)*
3 *Adjusted for positive non-recurring effects from acquisitions of €0.9 million or €0.16 per share*
4 *Adjusted for positive non-recurring effects from acquisitions of €2.4 million or €0.41 per share/retrospectively restated according to IFRS 15/16*

XING SE IS NOW NEW WORK SE

For 13 years, Deutsche Börse's quotations list featured XING SE, whose activities included the operation of the network platform www.xing.com. During this period, we successfully positioned ourselves in line with our vision "For a better working life." We help our members to benefit from radical changes in the world of work. We assist them to ensure that they can work in a way that suits their long-term goals and individual needs. We have also provide a platform for the important discussion on the "future of work," including through our New Work Experience event. The New Work concept has thus already served as the guiding principle for everything we do as a company for some years now. Over the past few years, we have significantly expanded our portfolio and the product brands featured in the XING Group. In addition to the XING platform, the XING marketing and events solutions and the XING e-recruiting solutions, they now also include offerings from kununu, Prescreen, InterNations, Honeypot and HalloFreelancer. For this reason, we have decided to establish a common profile for all of our activities and to rename XING SE New Work SE. At the same time, we have presented our new mission statement "We pioneer a working world where people can do what they love and love what they do."

Since August 1, 2019, the New Work SE share can be found on all of the quotations lists under the new **ISIN DE000NWRK013**, and the Company's entire team is highly motivated to continue our success story to date under a new name, despite the currently difficult environment (corona crisis).

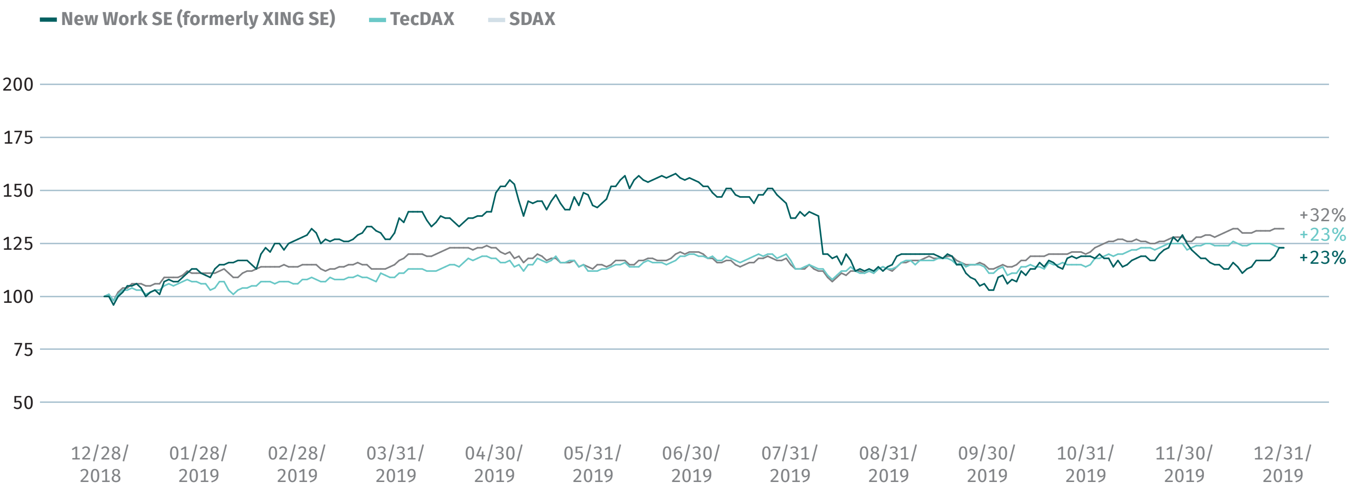
ENTERPRISE VALUE TREND IN THE TIME OF THE CORONA CRISIS

At this point in our annual report, we usually comment on the performance of our share in comparison with the relevant indices. Our performance in the 2019 financial year was impressive, both operationally, financially and in terms of our enterprise value trend (+23 percent on the previous year). However, most companies' operating and financial key performance indicators are currently taking a back seat and are set to come under strong pressure. Since late February, the corona crisis and its impact on all of our lives and activities has cast a large shadow over the capital markets. Since the start of the year, the DAX has lost around a third of its value. The New Work SE share has likewise been unable to escape this downward trend and has also registered a loss of around one third of its value by comparison with the end of 2019.

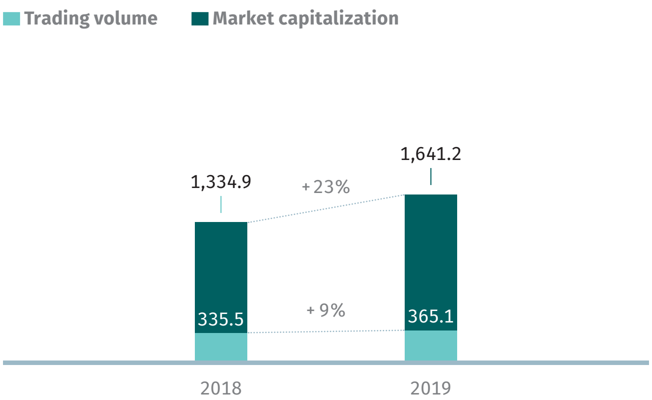
The current situation on the markets will naturally also affect the development of our business. On the whole, the strongest impact is expected in our smallest reporting segment, B2B Marketing Solutions & Events, which accounts for a revenue share of around 10 percent. Our projections indicate that our B2C and B2B E-Recruiting segments will be less seriously affected.

Despite the difficult current situation for all market participants, we are superbly positioned with our brands and will continue to benefit from the megatrend of a "paradigm shift in the world of work" which we spotted early on and made our focus. We see it as our job to help the individual lead a happier working life. At the same time, we help companies in their search for the right talented professionals.

New Work SE share price performance in 2019 vs. TecDax and SDAX



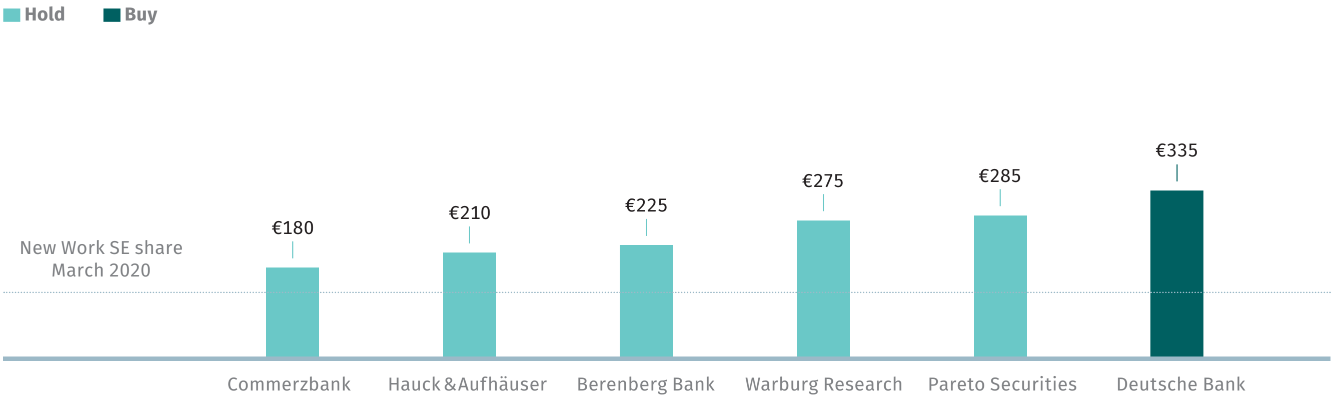
Market capitalization and trading volume
in € million



ANALYST COVERAGE

Our share is currently covered by six brokerage firms. As a result, our shares are monitored by fewer banks compared to other SDAX or TecDax stocks. Nevertheless, we are very satisfied with the quality and intensity of this coverage, as well as the cooperation, which enables us to make investor relations resources available to all banks for investor meetings at roadshows or conferences. Due to the latest developments – triggered by the corona crisis – our analysts' price targets are currently significantly above our present price level. Two out of six analysts recommend buying the share, while the other brokerage firms advise holding the share. Accordingly, none of them recommend selling it.

Analyst recommendations and fair value March 2020

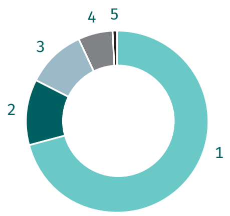


STABLE AND DIVERSIFIED SHAREHOLDER STRUCTURE

Only around 16 percent of Germans own shares or have holdings in equities funds. In 2019, the absolute number even declined by around 6 percent to below 10 million. In the same period, our shareholder structure remained stable, with around 5,200 shareholders.

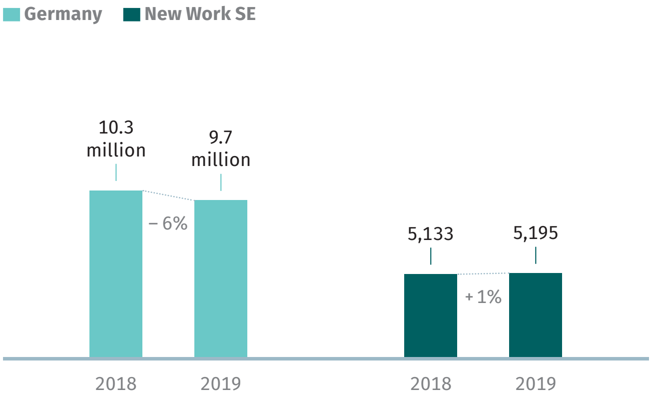
The proportion of American shareholders in New Work SE's shareholder base decreased over the past twelve months (previous year: 18 percent). On the other hand, the proportion of domestic shareholders increased from approx. 59 to around 71 percent. This partly reflected the 3 percent position which DWS entered into. In addition, other investment companies based in Germany likewise exploited the Company's lower price level in order to once again enter into positions.

Geographical distribution of investors March 2020



1 — Germany (of which Burda Digital: 50.3%; DWS: 3.1%)	**71.1%**
2 — United Kingdom	**11.5%**
3 — USA (of which Invesco: 4.7%)	**10.7%**
4 — Europe (without Germany and United Kingdom)	**6.0%**
5 — Other	**0.7%**

Number of shareholders in comparison



Source: *www.dai.de/de/das-bieten-wir/studien-und-statistiken/statistiken.html?d=686*

CONFERENCES AND ROADSHOWS

In the past financial year, we once again actively sought out a dialogue with existing and potential investors and, at the invitation of our brokers, took part in 13 investor conferences from Hamburg to the American West Coast. Investor conferences offer the opportunity to conduct a particularly large number of investor meetings in a single day (up to nine) and thus to respond to the questions and comments made by (potential) investors through individual or group discussions.

We also visited investors in their offices, in order to discuss current developments, the market environment and the outlook for New Work SE.

Besides additional traditional communication media (such as conference calls), we were thus in touch with around 250 investors in person in the past financial year.

In the current financial year 2020, we have already taken part in three investor conferences (prior to the outbreak of the corona crisis) and will mainly conduct our conferences and roadshows scheduled for the first half of the year as video or telephone conferences, so that we can continue the dialogue between our investor relations department and our shareholders without any restrictions, in what is a challenging period for all those concerned.

ANNUAL GENERAL MEETING

Our Annual General Meeting was held on June 6, 2019 in the Panoramadeck hall in Hamburg's Emporio building. With a rate of 89 percent, shareholder presence was even higher than in the previous year (79 percent). Around 50 percent of our shares were once again represented by our major shareholder Burda. CEO Dr. Thomas Vollmoeller and CFO Ingo Chu presented the positive set of figures from the 2018 financial year to the shareholders and guests in attendance and, together with their colleagues on the Management Board and Supervisory Board, were on hand to answer questions from shareholders and other interested parties during the meeting – and over a light meal together afterwards.

All seven of the items on the agenda were adopted. For instance, under agenda item no. 7 XING SE's change of name to New Work SE was supported with a majority of 99.99 percent.

For the upcoming Annual General Meeting on May 29, 2020, the Management Board decided in February 2020 to recommend that the Annual General Meeting agree to increase the regular dividend payout by 21 percent to €2.59 per share (previous year: €2.14).

We hope that the bans on meetings currently in force in Hamburg due to the corona pandemic will have eased by the time of the invitation to the Annual General Meeting. If not, then we will inform our shareholders promptly. In addition, from April 2020 interested parties will be able to obtain further information at www.new-work.se/en/investor-relations/annual-general-meetings/

OUR SOCIAL MEDIA CHANNELS

www.new-work.se/de/investor-relations/
(Investor Relations microsite of New Work SE)

blog.xing.com
(Corporate blog)

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

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

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

www.facebook.com/XING
Facebook

The New Work SE Investor Relations department is happy to take questions and comments.

New Work SE
Patrick Möller
Director Investor Relations
Dammtorstraße 30
20354 Hamburg
Germany
Phone + 49 40 41 91 31 – 793
Fax + 49 40 41 91 31 – 44
(Please send WpHG notifications to this number)

Email: ir@new-work.se

GROUP MANAGEMENT REPORT

for the financial year from January 1 to December 31, 2019

Business and strategy

Business models and internal management system

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

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

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

B2C SEGMENT

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

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

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

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

For members who are looking for a job and want to optimize their presentation for this specific purpose and be found faster by recruiters, XING offers ProJobs membership. This is currently available with three membership terms (3, 6 or 12 months).

The ProBusiness membership helps our members build and maintain high-quality, long-term and sustainable business relationships. It enables new business contacts to be found faster and approached at the right time. Membership is currently available with a term of 12 months.

Exclusive Executive membership for decision-makers and representatives of senior and upper management entitles members invited by XING and verified as top executives to attend the Circle meet-ups with about 13 executives, where decision-makers can exchange viewpoints and learn from one another on a level playing field in a constructive atmosphere – overseen by a professional moderator.

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

Paid memberships are marketed in part through upselling campaigns on the XING platform itself, online and offline marketing activities, and direct sales. Strategic development in the B2C segment will be ensured going forward through continuous refinement of the existing product portfolio.

B2B E-RECRUITING SEGMENT

The B2B E-Recruiting segment includes Active and Passive Recruiting, Employer Branding, Employee Referrals and Candidate Relationship Management products, rounded off by complementary services. In addition, Prescreen's offering as a provider of applicant tracking solutions has been part of New Work SE's portfolio since 2017. While all recruiting solutions are directed at corporate customers (B2B), XING members also benefit from the E-Recruiting service because this greatly helps to make opportunities in the labor market accessible to members. The more recruiters who use the platform to search for personnel, the greater the chance that members will find the right job.

The Passive Recruiting business allows recruiters to post various kinds of job ads on XING Jobs and on the XING platform. Two basic billing models are available: Either a performance-based method based on a pay-per-click model (€1.85 per click) or the conventional fixed-price model (from €395 per job ad) with a predefined term of 30 days.

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

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

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

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

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

New Work SE acquired Honeypot GmbH via a subsidiary under an agreement dated April 1, 2019. The start-up is a job portal especially for IT experts. The platform works such that companies have to apply to potential employees. Honeypot is a true New Work player and an important milestone for implementing our corporate vision. Monetization is based on the successful placement of IT specialists with employers.

With the applicant tracking software from Prescreen we also provide a cloud-based recruiting tool that through the integration of XING TalentManager gives customers immediate access to about 17 million candidate profiles.

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

B2B MARKETING SOLUTIONS & EVENTS SEGMENT

The Marketing Solutions & Events segment combines various marketing offerings.

In the XING Marketing Solutions subsegment we offer advertising formats spanning the whole range of marketing, from branding to conversion. Placing advertising messages in a respectable, active user environment in a professional context and facilitating targeting using genuine user data are two of the main value propositions. In this way, selected target groups can be addressed precisely and without wastage. Advertising formats range from native sponsored posts and video ads to mailshots and integrated campaigns. The entire range of advertising offers can be viewed at werben.xing.com

In the Events business, New Work SE generates revenues with by providing participant management services for business events. Organizers can use the technology via the XING platform to access all components necessary for their entire participant management work, including registration, ticketing, billing and admission services. New Work SE usually charges a fee of €0.99 per participant plus 3.9 percent of the ticket price for these services. New Work SE also generates additional revenue through the professional marketing of events. Using an online tool, event organizers can select suitable target groups for events they post on XING and then advertise them on the platform. This business is monetized mainly on a cost-per-click (CPC) basis, but also on a thousand contact price (TCP) basis. The event services are marketed mainly by the permanent staff of the Events division.

KUNUNU INTERNATIONAL SEGMENT

The partnership between kununu GmbH and Monster Worldwide Inc. ended on January 30, 2019 and ownership of the interests in Monster was transferred to kununu GmbH. Since January 30, 2019, it has been included in the basis of consolidation accordingly (previously equity method). The USA remains a test market for us, as we announced upon launch in 2016 – and we will continue to operate www.kununu.com/us in the future.

In the past 12 months of the current financial year, revenue generated by the sale of employer branding profiles in the USA amounted to €0.4 million, with segment EBITDA of €– 1.9 million. A comparison with the previous year is not meaningful due to the change in reporting (equity accounting of joint venture in 2018).

Market positioning

By focusing on German-speaking countries (the D-A-CH region), we operate in Europe's largest and strongest economic region. With 17.2 million members, we are the biggest social network for business professionals. Thanks to this strong basis, we are superbly placed to continue growing in the next few years by further growing our membership figures, expanding our existing offerings, and establishing new product offerings and services for both people and companies. Currently at least 17 percent of the population in German-speaking countries are members of a professional network. The potential for the XING platform and B2B brands such as kununu, Prescreen and Honeypot is huge.

Strategy

Yesterday

Dominated by the interests of employers, **old work** was traditionally regarded as a source of income. Work is detached from the "good" life and mostly a "necessary" obligation where people are given instructions and follow them.

Today

New work refers to a change in the values and ideals of the individual: Work becomes a key focus of life which has a purpose going beyond the generation of income. Activities should be meaningful for individuals and reflect their passion.

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

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

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

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

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

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

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

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

After the brand transformation and numerous corporate acquisitions in recent years in which we significantly broadened our portfolio to ensure that XING was no longer the sole brand and that the XING platform was no longer our Group's only offering, it was time for the next stage of our development. In June 2019, our shareholders approved our proposal to switch from our previous corporate brand XING SE to the new brand, New Work SE, with a majority of 99.99 percent. This measure will manifest itself in our claim as a company to work toward a new, better working life and provide a frame for our product brands and subsidiaries for the first time. That the strong XING brand will remain in place, just like kununu, InterNations, Prescreen, and Honeypot, which we acquired in 2019, goes without saying. The change of name will only affect the existing corporate brand, XING SE. Since then, New Work SE has been operating the XING platform.

This strategic step will enable us to differentiate ourselves more. It underscores our claim to work toward a new, better working life – and puts us at the cusp of a megatrend for the coming years. It will also give us better prospects and make our company more attractive for possible international activities, while the XING platform will continue to focus on the D-A-CH region.

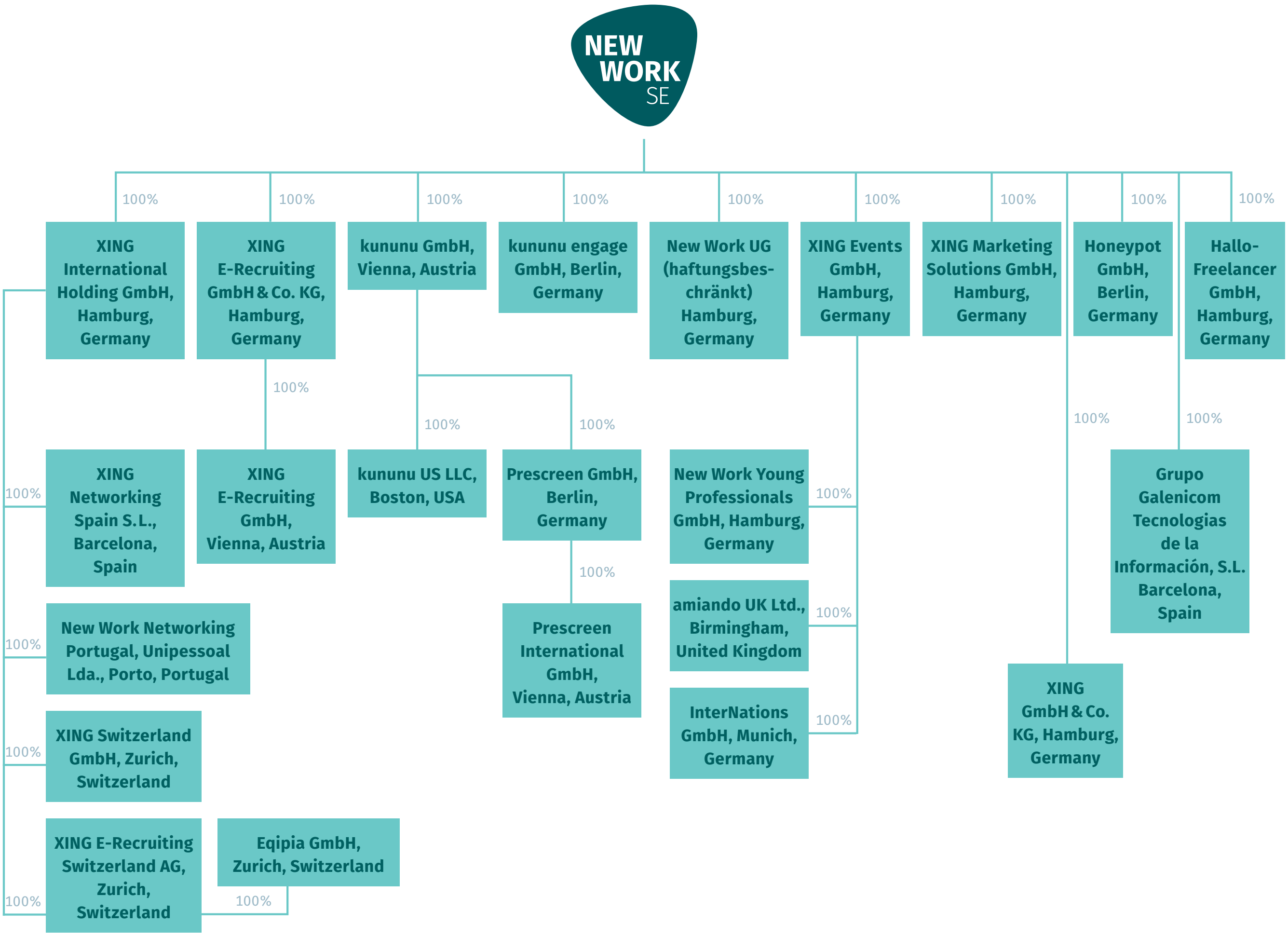
SEGMENT STRATEGIES

Through the B2C segment we are meeting the needs of our members and developing offerings that help them benefit from the changes, build on their competencies and skills, and identify the best employer for them and their individual needs. The XING platform also gives members the chance to find other members with relevance for themselves in terms of knowledge and proficiencies.

Over the next few years, we will continue to expand our B2C offering in line with our mission and vision and make our paid memberships even more attractive by offering further exclusive product benefits.

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

Organizational structure of the Group



The B2B Marketing Solutions & Events segment will be strategically leveraged with a view to expanding how the platform is monetized (among other things, by selling advertising space), gaining additional members and bringing XING yet closer to people. In the future, our Events business in particular will play a driving role in the sharper differentiation of our product range, for which we will support XING members with local offerings: We will help members to network in their city or industry and become part of a community, help shape this, and thus advance in their careers. Offline events will play a vital role in this strategy, enabling members to experience XING at local level.

In the Marketing Solutions subsegment, segment revenue is to be increased by selling advertising space and through additional forms of advertising on the XING platform. Among other things, we also wish to increase our reach in the future.

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

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

In the past financial year, New Work SE had a total of 23 active investments in companies in and outside Germany, of which 11 were direct investments and 12 were indirect investments through intermediate companies. All investees are controlled by New Work SE and are therefore fully consolidated in New Work SE's consolidated financial statements. Honeypot GmbH, Berlin, was acquired by Beekeeper Management GmbH, Hamburg, during the reporting year. Honeypot GmbH was then merged with Beekeeper Management GmbH, following which Beekeeper Management GmbH was renamed Honeypot GmbH and its registered office moved to Berlin. XING GmbH & Co. KG and HalloFreelancer GmbH were also established during the reporting year. As part of the change of name from XING SE to New Work SE, several Group companies that previously included XING in their company also changed their names.

Corporate Social Responsibility (CSR)

Our corporate vision "For a better working life" motivates us every day to make the opportunities offered by the fundamental changes to the world of work accessible to as many people as possible and to encourage debate on the question of how we want to work in the future. We also put this vision into practice in our own company: our corporate culture emphasizes respect, transparency, dialogue between equals, and flexibility.

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

CSR STRATEGY

Our CSR strategy defines the priorities of our commitment and sets concrete targets. We achieved all of our 2019 CSR goals. Our topics are divided into five action areas. Reports on our CSR activities in the future will therefore be based on the following structure:

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

This strategy is based on a materiality assessment, which we used to identify the issues that were most important to us. We also considered the importance of these issues from a stakeholder perspective as well as their impact on our business activities and other associated risks.

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

Following reviews of our strategy in the Steering Committee and with our divisional managers in 2019, we have elected to retain the action areas and targets that we defined in 2017. In 2020, we plan to restate our strategy together with our new CEO and refine it further in line with our new corporate structure.

CSR MANAGEMENT

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

More detailed information is contained in the 2019 CSR report (Non-financial statement pursuant to Section 315b HGB) which is available at: www.new-work.se/NWSE/CSR/New_Work_SE_CSR_Bericht_2019.pdf

EMPLOYEES

As of December 31, 2019, the New Work Group had 1,923 employees and 5 Management Board members, an increase in headcount across all the Group's locations of 361 (2018: 1,562). In our CSR report, we discuss employee satisfaction, salary transparency, work-life balance, diversity, health, training and continued professional development (CPD) and the Employee Committee (EC).

Business and operating environment

Macroeconomic and sector-specific environment

MACROECONOMIC ENVIRONMENT

Germany's economy deteriorated significantly in 2019 as its export-oriented industrial sector slipped into recession. By contrast, the upturn continued in the domestic consumer and services sectors and the construction industry. According to figures published by the German Federal Statistical Office, the economy only expanded by a net 0.6 percent in 2019. Averaged over the year, there were 45.3 million people working in Germany, approximately 400,000 more than in the previous year (+ 0.9 percent). According to the National Bank of Austria (OeNB), economic growth in Austria also weakened considerably in the wake of the international economic slowdown. Growth reached + 1.6 percent for 2019 as a whole. The Swiss economy also lost considerable momentum in 2019 and only grew very slightly by an anticipated 0.9 percent according to leading economic researchers (SECO, KOF / ETH Zurich).

SECTOR-SPECIFIC ENVIRONMENT

The situation in the German labor market was positive despite the economic downturn. According to the Federal Employment Agency (BfA), the number of employees liable for social security contributions increased by 537,000 to 33.41 million people (+ 1.6 percent) in 2019. At 73.8 percent, they represent the majority of all people in gainful employment – this figure was 73.3 percent a year ago, and only 67.5 percent ten years ago. Although self-employment and marginal employment continued to decline, short-time work increased slightly at a low level in 2019. The number of advertised job vacancies fell by 3 percent. Of these vacancies, 94 percent were to be filled immediately. Unemployment declined by 3 percent when averaged over 2019. The BfA unemployment rate dropped by 20 basis points to 5.0 percent. According to the international ILO measure of unemployment, the unemployment rate fell from 3.3 percent to 3.1 percent from December to December. The Austrian labor market continued its positive development in 2019, with the number of non-self-employed workers growing by 1.2 percent. As a result, the ILO unemployment rate fell from 4.8 percent to 4.6 percent on average. In Switzerland, employment continued to rise in 2019 (+ 1.2 percent) as well. The nationally defined unemployment rate (SECO) fell further from 2.5 percent to 2.3 percent, while the ILO concept of unemployment dropped from 4.7 percent to 4.5 percent.

According to data from the German Federal Statistical Office, 74 million Germans over the age of 10 have Internet access in their homes. Of these people, 90.9 percent use the Internet. The frequency of use has been rising steadily over many years. In 2019, 90 percent said they used the Internet daily or almost daily (previous year: 89 percent). People in the 16-to-44 age group are particularly active users, who use the Internet for private purposes on a daily basis. This is the broad group of people who either try to enter the labor market or are already available to it. An overwhelmingly dominant majority of Internet users are gainfully employed (2019: 40.3 million people). Of this figure, 2.2 million jobseekers and 3.8 million schoolchildren and students use the Internet. These groups are disproportionately active online compared to their share of the population. 80.4 percent of Internet users have a medium to high level of education.

Mobile Internet access dominates across all age groups (79 percent), especially via smartphones. The younger the users, the more they access the Internet via smartphone, with far more than 90 percent of 16 to 44-year-olds going online this way. Searching for information about goods and services (89 percent) and sending and receiving private emails (89 percent) are by far the most important applications for all Internet users. More than half of users also participate in social networks (54 percent). Again, the younger the users, the more active they are in this area. In the 25-to-44 age group, 72 percent use social networks, with this figure rising to 89 percent among 16 to 24-year-olds. As younger people have a higher affinity for online services and use a broader range of offerings, the trend towards the Internet as the main gateway for information and as a communication tool – including for job searches and career planning – will continue to strengthen in the future.

Financial and non-financial key performance indicators

Achievement of our strategic objectives is monitored using financial and non-financial key performance indicators. These indicators are regularly compared with targets and a rolling forecast that is reported to the Management Board and Supervisory Board.

FINANCIAL KEY PERFORMANCE INDICATORS

Segment revenues

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

Segment EBITDA

The second important financial key performance indicator is segment EBITDA adjusted for extraordinary items. No adjustments for extraordinary items were made in 2019. To calculate the figure, all segment-related operating costs are subtracted from segment revenues.

Non-financial key performance indicators

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

1. **XING members**
2. **XING subscribers**
3. **Corporate customers (B2B)**

The first two key performance indicators are used in the B2C segment. We record the number of corporate customers as a performance indicator in the respective B2B segments (B2B E-Recruiting and B2B Marketing Solutions & Events). In the B2B E-Recruiting segment, our internal performance measurement focuses on so-called B2B E-Recruiting subscription customers.

Results of operations, net assets, and financial position

COMPARISON OF OUTLOOK FOR 2019 WITH ACTUAL DEVELOPMENT IN THE 2019 FINANCIAL YEAR

Financial key performance indicators

We are very satisfied with the development of our financial key performance indicators. We met our guidance in seven of eight dimensions as follows:

Financial key performance indicators	Forecast for 2019	Actual for 2019
Revenues incl. other operating income, Group	Double-digit percentage growth	+ 18%
EBITDA (adjusted for extraordinary items) Group	Double-digit percentage growth	+ 14%
Revenues, B2C segment	Single-digit percentage growth	+ 3%
EBITDA (adjusted for extraordinary items), B2C segment	Stable performance at prior-year level	– 30%
B2B E-Recruiting segment revenues	Double-digit percentage growth	+ 29%
EBITDA (adjusted for extraordinary items), B2B E-Recruiting segment	Double-digit percentage growth	+ 31%
Revenues B2B Marketing Solutions & Events segment	Double-digit percentage growth	+ 20%
EBITDA (adjusted for extraordinary items), B2B Marketing Solutions & Events segment	Double-digit percentage growth	+ 33%

We adjusted our forecast for the expected development of the B2C segment's EBITDA in the Half-year Report 2019. Since then, the forecast has been a "double-digit percentage decrease in segment EBITDA", which is due to a reallocation of planned investments to the B2C segment. The EBITDA forecast for the Group remained unchanged.

Dividend, liquidity and financial targets

We announced a sustainable dividend policy in 2012. Accordingly, in 2019 the Annual General Meeting followed the joint proposal of the Management Board and Supervisory Board and adopted a resolution to distribute a regular dividend of €2.14 plus a one-off special dividend of €3.56 per no-par value share carrying dividend rights. New Work's cash-generative business model enables the Company to pursue a sustainable dividend policy without affecting its business strategy, which is still aimed at achieving growth. We intend to continue to make regular dividend payments in the future.

Capital expenditures

After an investment volume (CAPEX, excl. M&A transactions) of €32.7 million in 2018, we invested €35.4 million in the 2019 financial year (excl. M&A transactions). As in previous years, capital expenditure was concentrated on internally developed software, amounting to €25.0 million (2018: €24.5 million).

Non-financial key performance indicators

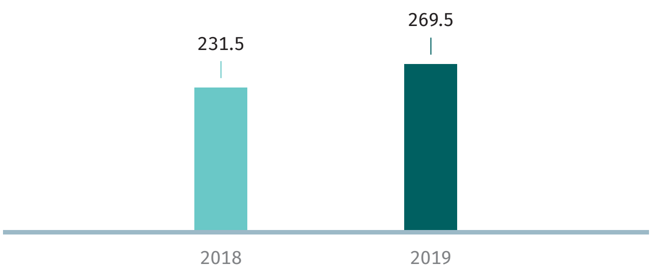
We met three of four forecasts in terms of the non-financial key performance indicators. In the B2B Marketing Solutions & Events segment, we adjusted our forecast at mid-year. The adapted guidance called for a stable corporate customer base. Due to a stronger focus on acquiring large customers in the Marketing Solutions business, the focus now is on achieving revenue growth.

The forecast in terms of all financial and non-financial key performance indicators for the 2020 financial year is explained in detail in the report on opportunities and risks.

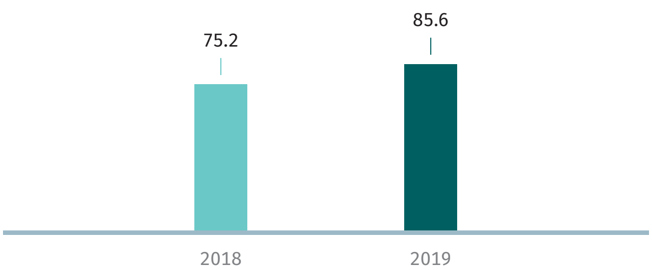
Non-financial key performance indicators	Forecast for 2019	Actual for 2019
B2C segment: Members in the D-A-CH region	Substantial growth	+ 12%
B2C segment: Subscribers in the D-A-CH region (until 12/31/2019)	Slight growth	+ 4%
B2B E-Recruiting segment: Number subscription-based corporate customers	Substantial growth	+ 20%
B2B Marketing Solutions & Events segment: Number of corporate customers (until 12/31/2019)	Substantial growth	– 2%

RESULTS OF OPERATIONS

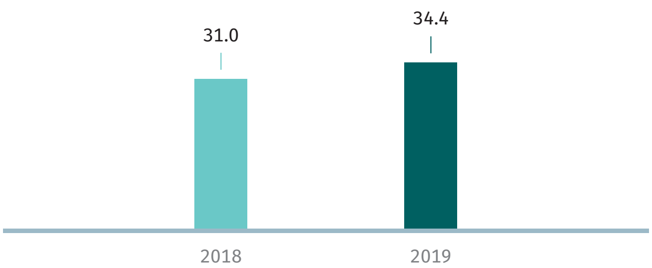
Revenues in € million



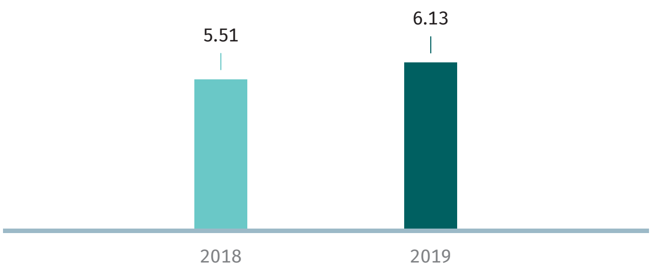
EBITDA in € million



Consolidated net profit in € million



Earnings per share in €



Revenues

New Work SE's consolidated revenues rose by 16 percent or €38.0 million despite the deteriorating economic data. Excluding the acquisition of Honeypot GmbH in April 2019 (M&A effect), revenue growth was 15 percent.

Other operating income

Other operating income increased by €3.8 million to €6.4 million, primarily due to a positive non-recurring effect in connection with the renting of new office space (2018: €2.6 million). This is offset by expenses of €2.9 million in other operating expenses.

Own work capitalized

Own work capitalized amounted to €25.0 million in the financial year ended (2018: €24.5 million) and is composed of personnel expenses, freelancer costs and attributable overheads.

Personnel expenses

In the financial year ended, we steadily invested in recruiting additional employees in order to be able to enhance our existing products and establish new products in the market. At the end of December 2019, we had 1,923 (December 2018: 1,562) employees and 5 Management Board members (December 2018: 5), representing an increase of 361 in total. Due especially to the acquisitions made in July 2019 (Honeypot), personnel expenses increased at a slightly higher rate than revenues, rising from €105.5 million in 2018 to €127.9 million in the reporting period (+ 21 percent). The personnel expenses ratio (personnel expenses / revenues) was therefore 47 percent as against 46 percent in the prior-year period.

Marketing expenses

In the 2019 financial year, we upped our marketing spend by 24 percent or €6.8 million year on year, from €27.9 million to €34.7 million, with the most significant investments relating to our media campaign, Search Engine Marketing (SEM), display advertising and mailings. The marketing expenses ratio thus rose slightly from 12 percent (2018) to 13 percent in the 2019 financial year.

Other operating expenses

Other operating expenses rose by €3.0 million from €47.7 million to €50.7 million. It should be noted here that non-recurring expenses of around €2.9 million were recognized in connection with the renting of a new office building. This is offset by income of €3.8 million under other operating income. Other significant operating expense items here include IT and other services at €19.6 million (previous year: €22.5 million), server hosting, administration and traffic at €6.9 million (previous year: €4.3 million), and travel, entertainment and other business expenses at €5.0 million (previous year: €5.3 million). This puts the expense ratio at 19 percent (2018: 21 percent). Section 12 of the notes to the financial statements includes a detailed table of all items reported under other operating expenses.

Impairment losses on financial assets and contract assets

In the past financial year, impairment losses amounted to €2.1 million compared with €2.2 million in 2018.

EBITDA

As a result of the strong revenue growth, the operating result (EBITDA) likewise showed a sharp increase to €85.6 million (2018: €75.2 million). At 32 percent, the EBITDA margin was thus on a par with the previous year.

Depreciation, amortization and impairment losses

Depreciation, amortization and impairment losses rose by 33 percent from €29.0 million in the previous year to €38.5 million overall. This above-average increase is due to a one-off, non-cash impairment of the employer branding business in the USA test market in the third quarter of 2019. The prospects for the American business changed after the acquisition of all shares in the former joint venture partner in January 2019. As a result, we decided to correct the goodwill by €5.5 million based on amended planning. This impairment is non-recurring, non-cash and has no impact on our core business in the D-A-CH region or our revenue and EBITDA targets for the Group. We also recognized an impairment charge of €6.2 million for platform modules no longer in use (2018: €6.3 million).

EBIT

This resulted in earnings before interest and taxes (EBIT) of €47.0 million in 2018 compared with €46.2 million in the previous year.

Financial result

New Work SE's reported financial result was €5.1 million, €6.3 million higher than the prior-year figure (2018: €– 1.2 million).

This increase was primarily due to the non-recurring reversal of earn-out obligations (€5.1 million) and the fact that the kununu US joint venture was no longer accounted for using the equity method. In connection with the acquisition of a controlling majority in kununu US, previously held equity interests were remeasured at fair value. This fair value measurement resulted in non-recurring income of €1.3 million.

Earnings before taxes (EBT)

This resulted in earnings before taxes (EBT) of €52.1 million compared with €44.9 million in the previous year.

Taxes

Current taxes are determined by the New Work SE Group companies based on the tax laws applicable in their country of domicile. Tax expense in the 2019 financial year amounted to €17.7 million, up from €14.0 million in the 2018 financial year. This rise was partly due to the positive performance trend (revenue growth) as well as the non-recurring write-down of tax losses carried forward amounting to €2.8 million for the employer branding business in the USA test market.

Consolidated net profit and earnings per share

After deducting taxes, consolidated net profit for 2019 amounted to €34.4 million compared with €31.0 million in 2018. This gives rise to earnings per share of €6.13 for the 2019 financial year compared with €5.51 per share in 2018. Consolidated net profit adjusted for non-recurring expenses rose by 21 percent from €30.1 million (2018 adjusted) to €36.4 million in 2019. Earnings per share adjusted for non-recurring expenses rose analogously from €5.35 to €6.47 (+ 21 percent).

Dividend distribution

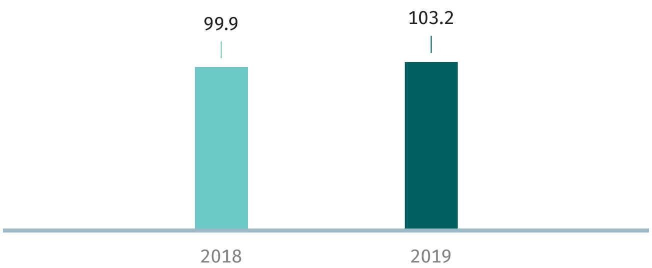
Based on the 2019 results adjusted for non-recurring, non-operating extraordinary items and the implementation of a long-term dividend policy, we will propose to the next Annual General Meeting to be held on May 29, 2020 that the shareholders be paid a regular dividend of €2.59 per share (previous year: €2.14), which represents an increase of 21 percent year on year. This figure is based on the Company's consolidated net profit and also on benchmarks of TecDAX companies with comparable growth figures. The profit appropriation proposal will be presented to the AGM for a resolution on the appropriation of net retained profits once the audited annual financial statements have been adopted.

Own cash and financial assets available short term amounting to €64.8 million as of the end of 2019 and New Work SE's cash-generative business model enable the Company to pay dividends and distributions without changing its business strategy, which continues to be aimed at achieving growth.

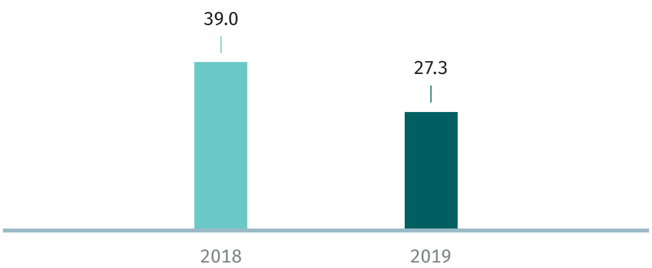
SEGMENT PERFORMANCE

B2C segment

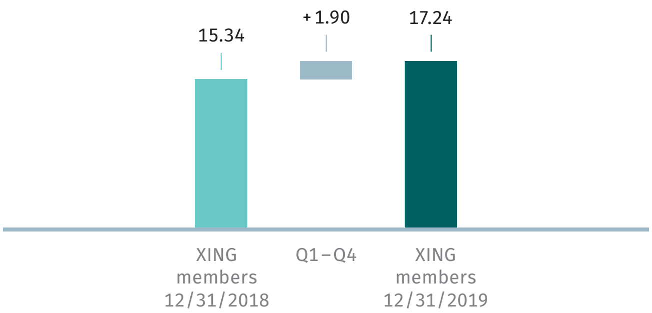
B2C revenues in € million



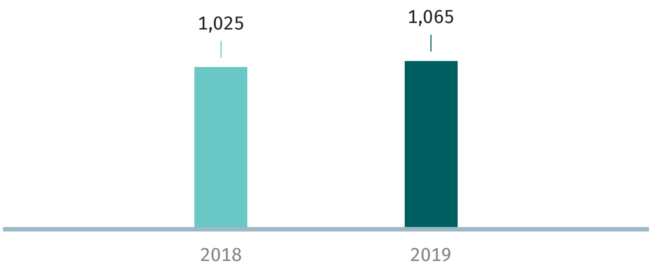
B2C EBITDA in € million



Member growth (D-A-CH) in million



XING platform subscribers in thousand



The B2C segment developed as planned over the past 12 months, and we were able to increase revenue primarily generated from the sale of XING Premium memberships by 3 percent year on year to €103.2 million. InterNations also contributed to revenue growth.

Operating profit in the segment (EBITDA) also developed in line with expectations. It should be noted that investments in new products such as the kununu D-A-CH, HalloFreelancer or kununu engage employer review platform, as well as higher investments in expanding the reach of our new service and increasing member activity, have a dilutive effect on EBITDA in the B2C segment. As a result, segment earnings fell from €39.0 million in 2018 to €27.3 million in the past financial year.

XING platform and InterNations Community continue to show strong growth

In the B2C segment, we primarily report on the performance of the www.xing.com network platform as well as the expat business at www.internations.org

Both services continued to grow in 2019. As a result, the number of members of the XING platform increased by 1.9 million during the course of the year to 17.2 million at the end of 2019. The platform allows members to maintain their professional network, make new business contacts, find out about current offers on the job market, or consume relevant sector news. This unabated growth proves that social networks used by professionals still offer penetration potential, particularly in the German-speaking world, and that New Work SE can also continue to expand in this area over the next few years as the operator of the XING platform.

We are also active beyond the German-speaking world by managing www.internations.org, the world's largest expat community. InterNations also continued its dynamic growth, increasing the number of members from just under 3.3 million to 3.7 million.

Both platforms primarily generate their revenue by selling paid memberships to individual customers. At the end of 2019, 1.06 million people were using the fee-based functions of the XING platform, and an additional 128 thousand people were registered for Ambassador membership of InterNations as of December 31, 2019.

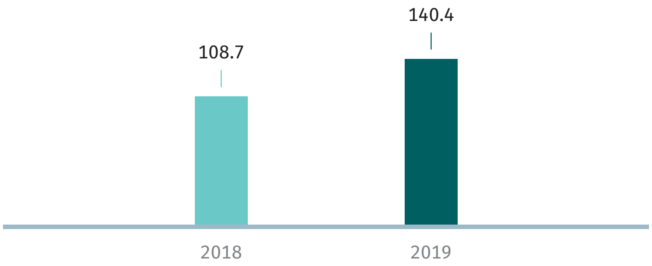
InterNations launches GO! for international relocations

With InterNations GO!, expat community InterNations has been offering a new service platform for international relocations since 2019. Customers can access information about every essential service – including removals, visa applications and language courses – and will soon be able to create their own customized package. InterNations GO! is aimed at internationally mobile professionals, their families, and all those arranging an international move without organizational support from their employer.

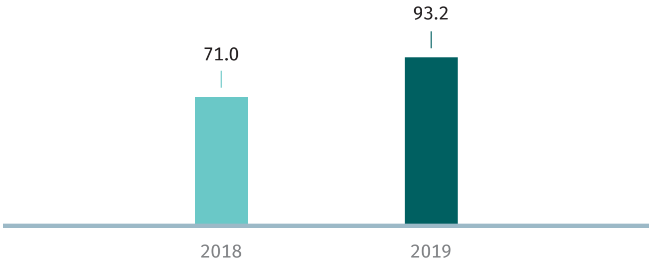
InterNations GO! expands InterNations' services into another phase of the expat lifecycle and represents the ideal addition to the existing InterNations community. While the current community focuses on making it easier for expats to settle into their host country by providing them with a comprehensive network and a range of leisure activities, the new platform now takes care of the practical aspects of relocating abroad.

B2B E-Recruiting segment

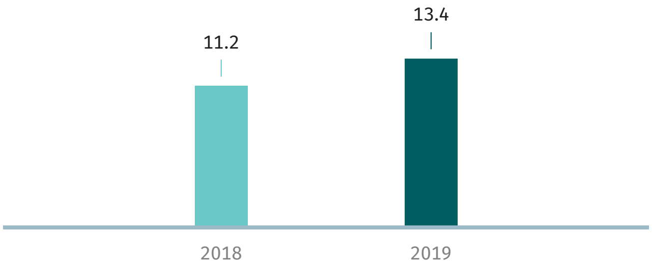
B2B E-Recruiting revenues in € million



B2B E-Recruiting EBITDA in € million



B2B subscription-based corporate customers in thousand



The B2B E-Recruiting segment grew by 29 percent in the reporting period. Segment revenues rose from €108.7 million to €140.4 million in the reporting period, making it the largest revenue driver of New Work SE. Honeypot GmbH, which was acquired in April, contributed 2 percentage points to growth.

Despite the deteriorating economic environment, growth was dynamic and was due mainly to the expansion of our customer base for modern e-recruiting solutions. Our subscriber base grew from 11.2 thousand to 13.4 thousand over the past twelve months – an increase of 20 percent.

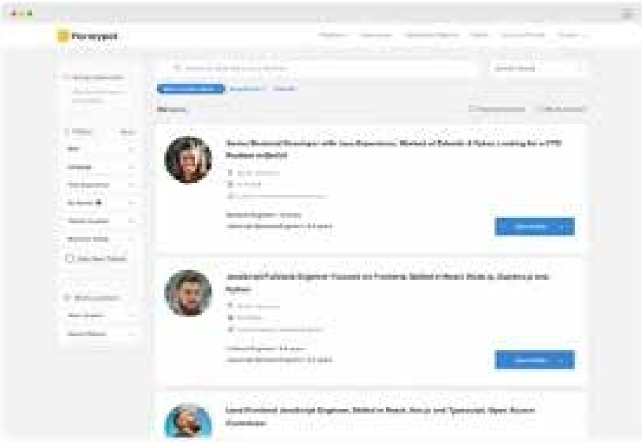
On the back of the solid revenue growth, operating profit in the segment (EBITDA) increased by 31 percent. Segment EBITDA thus came to €93.2 million (previous year: €71.0 million). The segment's EBITDA margin was 66 percent in the reporting period (previous year: 65 percent).

New Work SE acquires Honeypot GmbH

Digitalization, a shortage of skilled labor and the associated upheaval in the world of work are already particularly evident in the tech sector – and will intensify over the next few years. The balance of power between candidates and employers is shifting, with companies having to compete for the best and brightest in order to remain competitive.

Honeypot makes it easier for IT specialists and companies to find each other and turns the traditional principle of the job marketplace on its head. Companies apply to professionals using prescribed rules to make the process efficient and transparent. This means that companies have to provide information such as expected salary and specific requirements such as programming languages when they first make contact and meet certain quality standards in the process. Before their profiles are activated, developers undergo a short professional check and are allocated to categories for factors such as professional experience and coding skills. This creates the ideal matching conditions.

User interface of the
Honeypot recruiting service



Various innovations for integrated employer branding

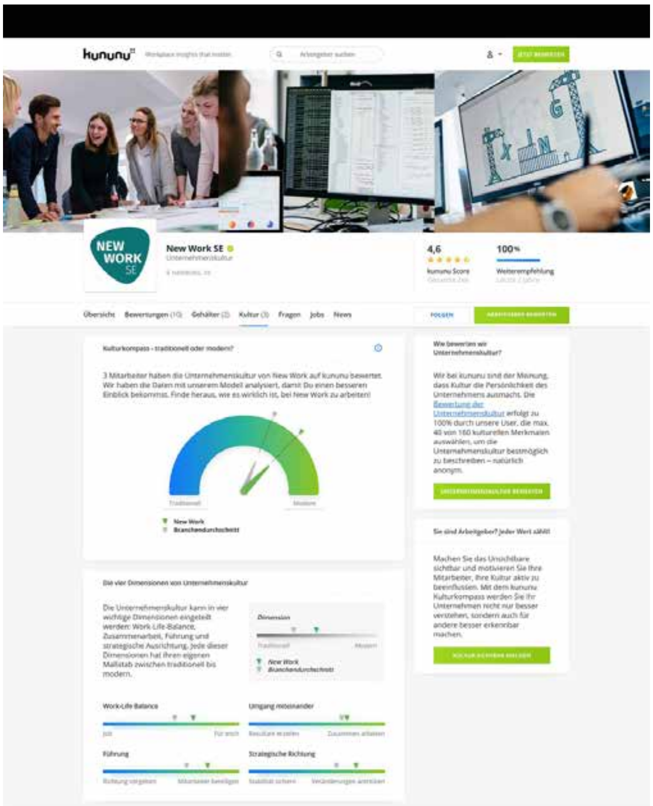
The demands on modern recruiting and human resources management have risen considerably in recent years, not least because of the demographic shift observed in German-speaking countries. As a result, it is becoming increasingly important for companies to differentiate themselves from the competition.

In view of these mounting challenges, it is essential for companies to position their employer brand clearly and communicate it in a purposeful way.

In September this year, we rolled out a wide range of new possibilities for employer branding. Since then, companies have been able to carry out comprehensive employer branding with us – from developing a brand and analyzing key figures to implementing and regularly reviewing their employer branding activities.

We presented our entire employer branding services at the Zukunft Personal Europe expo. The presentation centered around the new XING BrandManager, which acts as the nerve center of any employer branding profile. For the first time, employers can access detailed figures to leverage their corporate presence and display the latest company news to their preferred target groups on the XING platform via AdManager. The success of these advertising measures can

The Cultural Compass of the
kununu employer branding service,
using New Work SE as an example.

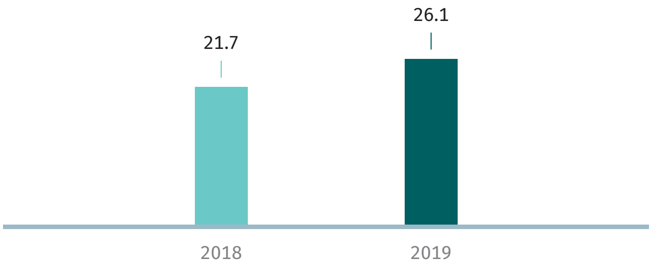


also be viewed. The key figure analysis shows how well content is being received by target groups, enabling employers to adjust their initiatives accordingly.

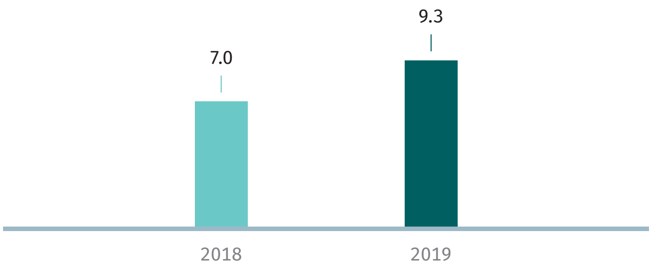
kununu also unveiled its latest innovation in employer branding at the Zukunft Personal trade fair – the kununu Cultural Compass. Even corporate culture can be a differentiating factor, as jobseekers ultimately want to know what kind of environment they will be stepping into. This tool enables kununu users to compare and differentiate between employer cultures. To do this, employees anonymously select a maximum of 40 characteristics from a list of 160 to describe the culture at their workplace. In addition to the Cultural Compass, kununu also announced a salary transparency function and a redesign.

B2B Marketing Solutions & Events segment

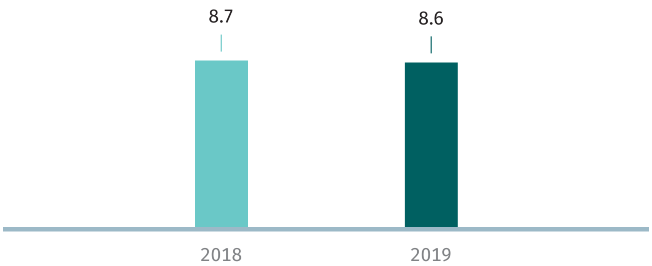
B2B Marketing Solutions & Events revenues in € million



B2B Marketing Solutions & Events EBITDA in € million



B2B Marketing Solutions & Events corporate customers in thousand



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

Both B2B business units increased their revenues considerably in 2019. As a result, revenue in the B2B Marketing Solutions & Events reporting segment rose by 20 percent to €26.1 million (2018: €21.7 million).

Segment profitability (segment EBITDA) increased by 33 percent from €7.0 million to €9.3 million due mainly to growth in Marketing Solutions.

In the Marketing Solutions sub-segment, we established advertising placement on sub-pages of the XING platform (e.g. contacts, news, search and notification center) in addition to the start page as part of our efforts to optimize advertising inventories.

The AdManager Dashboard and its reporting on key reach and frequency figures has also been expanded.

We are also taking additional steps to increase the relevance of our ads, both by introducing larger images in our native advertising on the homepage, and with expanded targeting criteria. Degree subject, jobseeker status and company name have all been added to the target group selection criteria.

Since all the relevant performance indicators are significantly better than those of the previous display formats, we have decided to discontinue display ads completely at the end of the year. The display ads were fully discontinued as of December 31, 2019.

In the Events subsegment, we have expanded the notification options to improve the visibility of events on the XING start page. This gives organizers the added option of marketing their event to a particular target group.

The XING TicketingManager has been renamed as XING EventManager to reflect the range of services the tool offers. Improved linking between the XING network and the former XING TicketingManager enables organizers to create and edit their events in one place – the XING EventManager.

We also launched a new event marketing tool at DMEXCO in Cologne. This tool offers event organizers the option of strategically feeding information – including event updates and personal invitations – to visitors to their event site in order to attract more participants. They can do this via the Event Plus site on XING and connected AdManager advertisements that are once again being significantly enhanced for customers by using the retargeting options.

kununu International segment

Since acquiring all shares in the kununu US joint venture from our former partner in January 2019, we have been solely responsible for operating the business. The key factors for making this decision included changes under company law caused by the acquisition of our original joint venture partner Monster Worldwide Inc. by Randstad and associated changes to our partner's strategic priorities. After acquiring all shares in this former joint venture partner in January 2019, the prospects for the American business changed during the course of the year. As a result, we decided to correct the goodwill of €5.5 million and tax losses carried forward of €2.8 million based on amended planning.

This impairment is non-recurring, non-cash and has no impact on our core business in the D-A-CH region or our revenue and EBITDA targets for the Group.

The USA remains a test market for us, as we announced upon launch in 2016 – and we will continue to operate www.kununu.com/us in the future.

In the past 12 months of the current financial year, revenue generated by the sale of employer branding profiles in the USA amounted to €0.4 million, with segment EBITDA of €– 1.9 million. A comparison with the previous year is not meaningful due to the change in reporting (equity accounting of joint venture in 2018).

NET ASSETS

Non-current assets increased by €37.2 million (previous year: €176.8 million) to €214.1 million as of December 31, 2019. This is mainly attributable to the purchase price allocation for the acquisition made in 2019 in the amount of €20.8 million and the additional, new modules for the XING platform. The share of non-current assets in total assets increased to 69.1 percent year on year (previous year: 63.5 percent). As a result, current assets accounted for a lower proportion of total assets, decreasing to 30.9 percent (previous year: 36.5 percent).

At December 31, 2019, the Group had liquid own and third-party funds of €40.0 million (previous year: €57.9 million), plus available-for-sale securities amounting to €29.6 million (previous year: €28.7 million). This represents 12.9 percent (excluding available-for-sale securities; previous year: 20.8 percent) or 22.5 percent (including available-for-sale securities) (previous year: 31.1 percent) of the total assets of €309.7 million (previous year: €278.5 million).

Liquid funds as of December 31, 2019 included third-party cash of €4.8 million from the XING Events segment (previous year: €4.1 million). Excluding extraordinary items, the Company had €35.2 million in own cash, which accounted for 11.4 percent of total assets (previous year: €53.8 million or 19.3 percent).

The increase in receivables from services from €35.5 million in the previous year to €38.0 million as of December 31, 2019 was largely related to the further rise in revenues. Receivables from services mainly include receivables from B2B members and membership subscriptions from Premium members.

Other assets rose by €7.5 million to €13.4 million (previous year: €5.9 million). The increase is mainly attributable to higher advance payments made and non-recurring, non-operating income from the acquisition of the new New Work Harbour.

Current assets and available-for-sale financial assets (including liquid funds) cover 78.8 percent of current liabilities (previous year: 97.2 percent). The decrease is due in particular to the strong increase in non-cash contract liabilities by €16.0 million. The increase in other current provisions mainly resulted from an increase in event organizer liabilities (+€1.0 million) and from provisions for the New Work Harbour (+€1.1 million).

At €35.4 million, investments in the 2019 financial year (excluding acquisitions) were at a level comparable to the prior year (previous year: €32.7 million). Investments in purchased software amounting to €2.7 million in 2019 were lower than the amortization of €3.6 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. Investments totaled €25.0 million (previous year: €24.5 million). Internally generated intangible assets were reduced by amortization and impairment losses of €6.2 million (previous year: €6.3 million), resulting from the overhaul and redesign of platform modules.

Of the goodwill, €34.3 million relates to the E-Recruiting segment (previous year: €34.3 million), €15.4 million (previous year: €15.4 million) to the InterNations segment and €23.8 million to the Honeypot segment.

The value of the other intangible assets before the acquisitions in 2019 was reduced by €2.6 million through amortization during the financial year.

The increase in property, plant and equipment to €12.1 million (previous year: €9.8 million) is mainly due to the expansion and furnishing of new office space. Lease assets rose to €12.4 million (previous year: €11.1 million) in the financial year ended, in particular due rental of new space. The lease for the new New Work Harbour has not yet been taken accounted for in the balance sheet, as the rental property has not yet been handed over.

FINANCIAL POSITION

Equity and liabilities

As was the case in previous years, New Work SE is financed without bank or loan liabilities. As of the closing date, the Company's equity ratio amounted to 32.8 percent compared with 35.3 percent in 2018. This reduction primarily resulted from the dividends paid in 2019 (regular dividend totaling €12.0 million and special dividend of €20.0 million). We believe that New Work continues to be in an excellent position for future growth.

Current assets and available-for-sale financial assets (including liquid funds) cover 78.8 percent of current liabilities (previous year: 97.2 percent). The decrease is due in particular to the strong increase in non-cash contract liabilities by €16.0 million.

Cash flows from operating activities

The cash flows from operating activities for the reporting year amounted to €79.7 million, up from €73.8 million in the previous year. This increase is mainly attributable to the €10.3 million year-on-year increase in EBITDA.

Cash flows from investing activities

In the 2019 financial year, the cash flows from investing activities included slightly higher investments in platform development than in the previous year (€25.0 million compared with €24.5 million). Investments in property, plant and equipment rose from €5.8 million in the previous year to €7.7 million in 2019 as a result of expanding and furnishing new office space. The other drivers of cash flows from investing activities were the investments in the acquisition of BuddyBroker AG (€20.5 million), and earn-out payments made to InterNations GmbH (€2.2 million) and Prescreen GmbH (€2.5 million). In the previous year, payments for acquisitions totaled €5.5 million and payments to kununu US LLC amounted to €1.4 million.

Cash flows from financing activities

During the 2019 financial year, New Work distributed a regular dividend of €12.0 million (previous year: €9.4 million) and a special dividend of €20.0 million. Other drivers of cash flows from financing activities were payments for leases in the amount of €5.4 million (previous year: €2.9 million). The increase in payments for leases is due to newly signed rental agreements and rent-free periods in the previous year. Own cash and available-for-sale securities totaling €64.8 million as of the end of 2019 and New Work's cash-generative business model enable the Company to pay dividend on a regular basis without changing its business strategy, which is aimed at achieving growth.

Spending on research and product development

Internet companies typically spend a significant portion of their expenses on research and product development (excl. marketing), and XING is no exception. At €64.5 million, spending on research and product development in 2019 exceeded the previous year's figure (2018: €57.3 million) and sends a clear signal that we will continue to invest in innovations and new product developments in order to achieve a sustained increase in revenue and income. The largest single item in these expenses relates to the refinement and programming of the B2C platform (for example, platform technology, InterNations B2C offerings, XING News / content offerings).

We also continued to invest heavily in B2B offerings (technology, enhancement of the product portfolio such as Employer Branding, Prescreen, etc.). The total amount capitalized for the development of new products was €25.0 million (2018: €24.5 million) in the past financial year. Amortization and impairments of capitalized development costs amounted to €16.5 million in the reporting period (2018: €14.0 million).

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

Management's summary of the Company's economic position

We are once again extremely satisfied with our operating and financial results in the 2019 financial year. Despite the deteriorating economic conditions, New Work SE is highly profitable, cash generative, and growing dynamically. We are also making targeted investments in our future. Our business model features sustainably high margins, revenues paid mostly in advance and low capital intensity – all without taking on a significant level of financial debt.

We achieved the largest consolidated profit and the highest earnings per share in the history of the Company of €34.4 million and €6.13, respectively.

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

Risk report

PRINCIPLES OF RISK MANAGEMENT

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

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

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

The subsidiaries XING Events GmbH, kununu GmbH, kununu engage GmbH, XING E-Recruiting GmbH & Co. KG and XING Marketing Solutions GmbH, New Work Young Professionals GmbH, InterNations GmbH and Prescreen International 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.

In 2019, the subsidiaries Honeypot GmbH, XING GmbH & Co KG and HalloFreelancer GmbH were added to the Group.

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

INTERNAL CONTROL SYSTEM

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

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

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

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

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

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

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

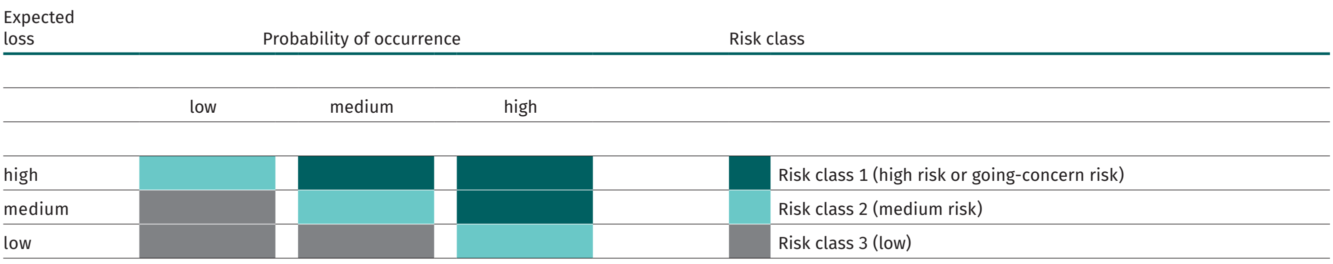
- Identification of the main risk fields and control areas which are relevant for the Group-wide financial reporting process;
- Controls for monitoring the Group-wide financial reporting process and the related results at the level of the Group Management Board also at the level of the companies included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

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

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

RISK ASSESSMENT

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



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

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

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

SIGNIFICANT INDIVIDUAL RISKS

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

Social and political risks/Pandemics

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

Strategic risks

Competition

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

The effectiveness of the countermeasures we have taken, such as the continuous enhancement and expansion of our B2C and B2B solutions, is reflected in our clear market leadership in the D-A-CH region, with currently more than 17 million members and an annual increase of around 2 million new members, as well as the continued strong revenue growth in the B2B sector. In view of the countermeasures taken, we therefore do not consider this a going-concern risk.

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

Collaboration with service providers, especially in payment and receivables management

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

Ad blockers

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

Market and sales risks

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

Risks of customer support

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

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

Financial risks

The XING Premium memberships offered by New Work SE generate regular cash inflows and provide the Company with adequate liquidity. In addition, New Work SE prepares a liquidity forecast. New Work SE invests its cash and cash equivalents exclusively with banks with high ratings and in short-term deposits. This means that the solvency of the Company is guaranteed at all times. Defaults in the B2C and B2B E-Recruiting segments accounted for about 6 percent of the total revenues in the previous financial year, and is thus not of material significance. We therefore categorize the counterparty credit risk and the liquidity risk as a low risk overall.

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

In the course of moving the Company's headquarters to a new location, there may be delays to the project schedule caused by factors such as high levels of activity in the construction industry. In this case, several Group companies would continue to rely on their current leased properties. This could temporarily lead to double payments. The Company counters this risk, which is considered a medium risk, with strict project management and by providing appropriate resources to implement the project.

IT risks

Risks in network security, hardware and software

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

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

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

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

Process and organization risks

Product development risks

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

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

Data protection and personal rights

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

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

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

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

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

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

Mergers and acquisitions

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

MANAGEMENT'S SUMMARY OF THE COMPANY'S RISK SITUATION

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

Report on expected developments and opportunities

ECONOMIC OUTLOOK

Before the outbreak of the COVID-19 / coronavirus pandemic (corona crisis), the International Monetary Fund (IMF) expected global economic prospects to be slightly better than in the previous year, but worse than previously anticipated. The IMF had lowered its growth forecast for 2020 by ten basis points at a time in both January and February compared to the autumn outlook. It expected growth of just 3.2 percent for 2020 (2019: 2.9 percent). The upturn was expected to lose momentum again, particularly in China and industrialized nations including the USA. The IMF had also lowered its 2020 forecast for the euro area to growth of 1.3 percent (2019: 1.2 percent). Europe was expected to be adversely impacted by cautious investment activity as well as the continuing lack of clarity over the consequences of Brexit and instability in France and Italy. While the expansionary monetary policy in the global economy has provided a tailwind, particularly in emerging markets, the IMF believed that the primary risks lay in geopolitical tensions, particularly those between the USA and Iran, and a deterioration in relations between the USA and important trade partners. In the meantime, the overall economic situation has deteriorated significantly as a result of the coronavirus crisis. The new situation will have a significantly negative impact on global economic prospects.

Before the onset of the COVID-19 / coronavirus pandemic (coronavirus crisis), the Kiel-based IfW had expected the economy in Germany to stabilize. Industrial production was expected to bottom out in 2020. Consumer spending and construction were anticipated to display strong growth again. The wider economy was not expected to generate significant momentum overall. The IfW said that gross domestic product (GDP) was likely to rise more sharply again by 1.1 percent in notional terms in 2020. The higher number of working days would have a positive impact here. Adjusted for this calendar effect, growth was expected to reach only 0.6 percent in 2020. Austria's economy, like Germany's, is currently characterized by a dichotomy, with subdued industrial development contrasting with strong consumer and construction sectors. The National Bank of Austria (OeNB) anticipated slower economic growth of 1.1 percent for 2020. Switzerland's prospects for 2020 were more positive. Before the outbreak of the coronavirus crisis, economic researchers (SECO, KOF / ETH Zurich) were anticipating a fairly sharp rise in consumer spending and a noticeable recovery in investments. As a result, GDP growth was expected to increase markedly once again (SECO: + 1.7 percent, KOF: + 1.8 percent). In the meantime, the economic situation Germany, Austria and Switzerland has deteriorated significantly as a result of the coronavirus crisis. The new situation will have a significantly negative impact on national economic prospects.

EXPECTED SECTOR TRENDS

Prospects for the German labor market have deteriorated after a boom lasting several years. According to estimates of Deutsche Bundesbank published before the onset of the coronavirus crisis, the number of people in gainful employment will only rise slightly in 2020 (+ 0.1 percent). On this basis, unemployment will increase slightly for the first time in many years. The Deutsche Bundesbank believes that the supply of labor will hardly increase compared to previous years. While migration from EU countries is falling, the demographic shift is becoming increasingly evident. Competition from companies for good, qualified professionals may intensify further in this environment in future. Momentum in the Austrian labor market will continue to decelerate in 2020 in line with the overall economy. According to the National Bank of Austria (OeNB), the number of non-self-employed workers will only grow by 0.9 percent. As a result, the ILO unemployment rate is likely to deteriorate slightly to 4.7 percent. Switzerland is expected to record a further, albeit only moderate, rise in employment levels in 2020 (KOF / ETH Zurich: + 0.7 percent). As a result, the international ILO measure of unemployment will remain at 4.5 percent. The nationally defined unemployment rate will increase slightly to 2.4 percent. In this environment, cross-border competition for skilled staff in the D-A-CH region is anticipated to increase. The BfA's analysis of the skills shortage (June 2019) highlights significant recruitment difficulties in Germany despite the economic downturn. The average vacancy period – the time it takes to fill an advertised position – rose for the ninth successive time by three days to 118 days across all professions (excluding volunteers; 12-month rolling average to April 2019). The number of unemployed persons per vacant position also fell slightly to a very low level of 2.32, down from 2.41 in the previous year. Skills shortages have existed for some time in technical roles (vehicle and energy technology, construction, equipment engineering), the IT sector (software development, programming, consulting, sales), healthcare and nursing roles (including physiotherapy, general care and geriatric nursing), the construction industry and trades (plumbers, sanitary fittings, heating/air conditioning). According to the BfA, this situation has deteriorated further in 2020, particularly for professionals in trade and construction roles. In view of the coronavirus crisis, we expect the labor market forecasts published by national institutions to deteriorate further.

Despite the negative impact of the coronavirus crisis on national labor markets, we assume that e-recruiting will continue to become ever more important in the medium and long term due to demographic change, among other things. Companies in the information technology sector in particular are relying heavily on e-recruiting to attract new employees. ICT companies use tools such as online job portals, company websites and social media platforms for recruitment. Opportunities for jobseekers are improving in almost every sector and career both in their own country and internationally, as are the conditions for individual career development. Under these circumstances in the labor market, and in light of digitalization and the population's increasing online affinity, online recruitment portals may become even more important than they already are.

EXPECTED DEVELOPMENT OF NEW WORK SE

We believe that New Work SE will continue its dynamic growth during the 2020 financial year despite the slight deterioration in economic conditions, supported by the ongoing structural changes within the world of work and the challenges these pose for employees (B2C) and companies (B2B).

In our opinion, employees must tackle the changes directly affecting them (digitalization, automation, etc.) and identify areas for further development and change. Here, we have a more important role to play as a reliable partner in a changing environment and to help our members make the right career decisions for them. With more than 17 million registered members on the XING platform, we have a very good foundation on which to continue benefiting from these macrotrends in the future, notwithstanding the possible short-term deterioration in the economic situation in Germany.

Demographic trends and near-full employment in Germany represent major challenges for companies both now and in the future.

According to the Jobspreader Labor Market Study 2019, around one-third of all companies say that they are experiencing recruitment difficulties because there are not enough applicants. The study also shows that the average vacancy period for positions increased further from 111 to 130 days in the past 12 months.

Here too, our existing and well-established recruitment solutions mean we are excellently positioned to help companies fill jobs better and more quickly, and will remain so in future. As a solution provider, we will continue to be able to benefit from these general conditions and expect revenues and income to continue to rise accordingly.

Revenue and earnings targets

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

Financial key performance indicators	Forecast for 2020
Consolidated revenues	Double-digit percentage growth
EBITDA (adjusted for extraordinary items), Group	Double-digit percentage growth
Revenues, B2C segment	Single-digit percentage growth
EBITDA (adjusted for extraordinary items), B2C segment	Double-digit percentage growth
B2B E-Recruiting segment revenues	Double-digit percentage growth
EBITDA (adjusted for extraordinary items), B2B E-Recruiting segment	Double-digit percentage growth
Revenues B2B Marketing Solutions & Events segment	Single-digit percentage growth
EBITDA (adjusted for extraordinary items), B2B Marketing Solutions & Events segment	At prior-year level

This forecast already factors in initial effects on the future performance of our business segments derived from the coronavirus crisis. On the whole, the strongest impact is expected in our smallest reporting segment, B2B Marketing Solutions & Events, which accounts for a revenue share of around 10 percent. Our initial projections indicate that our B2C and B2B E-Recruiting segments will be less seriously affected. Any further deterioration in the economic environment due to the coronavirus crisis could have a considerably negative impact on the forecasts presented here.

Dividend targets

We have been pursuing a sustainable dividend policy since 2012. In the current financial year, we plan to propose to the Annual General Meeting to be held on May 29, 2020 that a regular dividend of €2.59 per no-par value share carrying dividend rights be paid for the financial year ended. The profit appropriation proposal will be presented to the AGM for a resolution on the appropriation of net retained profits once the audited annual financial statements have been adopted. The proposed dividend involves a total payout of €14.6 million. Own cash and available-for-sale securities totaling €64.8 million as of the end of 2019 and New Work's cash-generative business model enable the Company to pay dividend on a regular basis without changing its business strategy, which is aimed at achieving growth. We intend to continue to make regular dividend payments.

Liquidity and financial targets

We anticipate cash funds in the 2020 financial year excluding extraordinary items such as acquisitions or special dividends to increase considerably.

Planned capital expenditures

Following a slight increase in the investment volume (CAPEX) to €35.4 million (2018: €32.7 million) in the 2019 financial year, we expect investment volume for the 2020 financial year to rise significantly, due in part to the planned move into our new office building.

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. Compared to 2019, we will focus exclusively on the increase in member figures in the D-A-CH region when it comes to the measurement parameters in the B2C segment. Our objective is to generate member growth in the D-A-CH region in 2020 in the high single-digit percentage range.

Relationships with corporate customers are the most important measure in the B2B E-Recruiting segment because the segments' revenue and earnings performance significantly depends on them. For this reason, the goal is to increase the number of corporate customers through subscriptions in the B2B E-Recruiting segment significantly in the 2020 financial year (2019: + 40 percent). Going forward, the performance of the B2B Marketing Solutions & Events segment will be measured primarily based on segment revenue and earnings.

Non-financial key performance indicators	Forecast for 2020
B2C segment: Members in the D-A-CH region	Significant increase
B2B E-Recruiting segment: Number of subscription-based corporate customers (B2B)	Significant increase

Possible "Brexit" effects

The New Work Group currently has only few business relationships in the United Kingdom and Ireland as a result of its focus on the German-speaking market. In its only significant transaction with these markets, New Work SE uses a subsidiary headquartered in the United Kingdom as a contractual partner with a payment service provider to process credit card payments in the events business. New Work currently expects to be able to continue these contracts even in the event of a hard Brexit. In the worst-case scenario, it may no longer be possible to maintain these contracts as a result of Brexit. Although the Company can switch to a contractual partner in the European Union at short notice, this will lead to low ongoing additional costs with the payment services provider.

REPORT ON OPPORTUNITIES

In addition to numerous risks that result from operating in an extremely dynamic technology environment, there are also opportunities that may arise as a result of rapidly changing conditions and new structural trends. Alongside risk management, therefore, opportunity management is also an integral part of our business activities aimed at steadily increasing our enterprise value, safeguarding and expanding our competitive position, and achieving our goals. Our opportunity management focuses heavily on the business units' individual strategies. Market developments and trends along with the competitive environment are discussed at regular meetings between the Management Board and the BU heads regarding business performance, and the resulting opportunities for the business units are assessed. Any opportunities identified are discussed with the individual business units as part of the planning and controlling process in order to perform a qualitative and quantitative assessment. One of the tasks of the business units themselves is to identify strategic opportunities in their respective submarkets and to develop measures for product development and its focus from these.

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

Opportunities presented by marcroeconomic trends

The economic conditions also affect the development of our business to varying degrees. As our assessment of the future development of the results of operations is based on the assumptions about economic developments described in the management report, a substantial improvement 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. Even if the macroeconomic environment and economic conditions in the D-A-CH region were to deteriorate significantly, management believes that this will have only a slightly negative impact on the B2B E-Recruiting segment. The B2C segment could possibly even 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

New Work SE is a company focused on growth. Our business success therefore depends to a large extent on our speed of innovation and ability to implement ideas when developing and refining products and services for our members and corporate customers in 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 New Work SE's revenues and earnings development.

Opportunities presented by faster penetration of important growth markets

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

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

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

Remuneration report

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

REMUNERATION OF THE MANAGEMENT BOARD

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

Responsibility for determining the remuneration of the Management Board

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

Components of the Management Board remuneration

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

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

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

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

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

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

Management Board remuneration in financial year 2019 pursuant to GAS 17

The total and individual remuneration of the Management Board for the 2019 financial year is detailed in the following tables.

Remuneration of Management Board members in office in 2019 (presentation of benefits pursuant to GAS 17)

All figures in € thousand	Dr. Thomas Vollmoeller CEO since 10/16/2012		Alastair Bruce CSO since 02/01/2017		Ingo Chu CFO since 07/01/2009		Jens Pape CTO since 03/01/2011		Dr. Patrick Alberts CPO since 07/01/2018		Total	**Total**
	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**
Fixed remuneration	450	450	325	346	325	279	325	338	138	275	1,563	1,688
Fringe benefits	0	0	1	3	1	3	1	3	0	2	3	10
TOTAL	**450**	**450**	**326**	**349**	**326**	**282**	**326**	**340**	**138**	**277**	**1,566**	**1,697**
One-year variable remuneration Bonus (cash)	377	222	300	156	300	130	300	156	129	234	1,406	898
Multi-year variable remuneration Long-term incentive[1]	400	396	250	268	250	214	250	260	88	173	1,238	1,311
TOTAL	**1,227**	**1,068**	**876**	**773**	**876**	**626**[1]	**876**	**756**	**355**	**684**	**4,210**	**3,906**

1 *Mr. Ingo Chu took a two-month sabbatical in 2019. For this reason, Mr. Chu's salary was temporarily adjusted.*

Remuneration of members who left the Management Board in 2019 (presentation of benefits pursuant to GAS 17)

All figures in € thousand	Timm Richter CPO until 06/30/2018		Total	**Total**
	2018	**2019**	2018	**2019**
Fixed remuneration	163	0	163	0
Fringe benefits	0	0	0	0
TOTAL	**163**	**0**	**163**	**0**
One-year variable remuneration Bonus (cash)	175	0	175	0
Multi-year variable remuneration Long-term incentive[1]	125	0	125	0
TOTAL	**463**	**0**	**463**	**0**

1 *The value of the phantom stocks shown in the table is calculated by multiplying the contractually agreed grant amount with the target achievement for 2019. The phantom stocks for the 2019 financial year are granted after the Annual General Meeting at which the adopted consolidated financial statements for the 2019 financial year are presented.*

Management Board remuneration in financial year 2019 pursuant to the German Corporate Governance Code (GCGC)

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

The following tables outline benefits granted for the 2018 and 2019 financial years, including fringe benefits, and the minimum and maximum possible remuneration earnable in financial year 2019. In contrast to GAS 17, the target figure, i.e., the amount granted to the Management Board member at a target achievement level of 100 percent, must be presented for one-year, performance-related remuneration.

Remuneration of Management Board members in office in 2019 (presentation of benefits pursuant to DCGK)

All figures in € thousand	Dr. Thomas Vollmoeller CEO since 16,10,2012				Alastair Bruce CSO since 02/01/2017				Ingo Chu CFO since 07/01/2009			
	Base value		Minimum	Maximum	Base value		Minimum	Maximum	Base value		Minimum	Maximum
	2018	2019	2019	2019	2018	2019	2019	2019	2018	2019	2019	2019
Fixed remuneration	450	450	450	450	325	346	346	346	325	279	279	279
Fringe benefits	0	0	0	0	1	3	3	3	1	3	3	3
TOTAL	**451**	**450**	**450**	**450**	**325**	**349**	**349**	**349**	**325**	**282**	**282**	**282**
One-year variable remuneration Bonus (cash)	270	270	0	580	175	175	0	520	175	146	0	450
Multi-year variable remuneration Long-term incentive	400	400	0	1,560	250	271	0	1,056	250	217	0	845
TOTAL	**1,121**	**1,120**	**450**	**2,590**	**751**	**794**	**349**	**1,925**	**750**	**644**	**282**	**1,577** [1]

[1] *Mr. Ingo Chu took a two-month sabbatical in 2019. For this reason, Mr. Chu's salary was temporarily adjusted.*

All figures in € thousand	Jens Pape CTO since 03/01/2011				Dr. Patrick Alberts CPO since 07/01/2018				Total	**Total**
	Base value		Minimum	Maximum	Base value		Minimum	Maximum	Base value	Base value
	2018	2019	2019	2019	2018	2019	2019	2019	2018	2019
Fixed remuneration	325	338	338	338	138	275	275	275	1,563	1,688
Fringe benefits	1	3	3	3	0	2	2	2	3	10
TOTAL	**325**	**340**	**340**	**340**	**138**	**277**	**277**	**277**	**1,566**	**1,697**
One-year variable remuneration Bonus (cash)	175	175	0	520	75	150	0	460	870	916
Multi-year variable remuneration Long-term incentive	250	263	0	1,024	88	175	0	683	1,238	1,325
TOTAL	**750**	**778**	**340**	**1,884**	**301**	**602**	**277**	**1,420**	**3,674**	**3,938**

Remuneration of members who left the Management Board in 2019 (presentation of benefits pursuant to DCGK)

All figures in € thousand	Timm Richter CPO until 06/30/2018				Total	Total
	Ausgangswert		Mini-mum	Maxi-mum	Ausgang-swert	Ausgang-swert
	2018	2019	2019	2019	2018	2019
Fixed remuneration	163	0	0	0	163	0
Fringe benefits	0	0	0	0	0	0
TOTAL	**163**	**0**	**0**	**0**	**163**	**0**
One-year variable remuneration Bonus (cash)	175	0	0	0	175	0
Multi-year variable remuneration Long-term incentive	125	0	0	0	125	0
TOTAL	**463**	**0**	**0**	**0**	**463**	**0**

Because the remuneration granted to members of the Management Board for the financial year is not always paid out in the same financial year, a separate table indicates the remuneration they were allocated in financial year 2019 in line with the former GCGC recommendation.

Pursuant to the previous GCGC recommendations, the fixed remuneration and the one-year, performance-related benefits must be listed as benefits received for the given financial year. The total remuneration accruing to the individual members of the Management Board for the 2019 financial year broken down by components is presented in the following table:

Remuneration of Management Board members in office in 2019 (presentation of benefits pursuant to DCGK)

All figures in € thousand	Dr. Thomas Vollmoeller CEO since 10/16/2012		Alastair Bruce CSO since 02/01/2017		Ingo Chu CFO since 07/01/2009		Jens Pape CTO since 03/01/2011		Dr. Patrick Alberts CPO since 07/01/2018		Total	Total
	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019
Fixed remuneration	450	450	325	346	325	299	325	338	138	275	1,563	1,708
Fringe benefits	0	0	1	3	1	3	1	3	0	2	3	10
TOTAL	**451**	**450**	**325**	**349**	**325**	**302**	**325**	**340**	**138**	**277**	**1,566**	**1,717**
One-year variable remuneration Bonus (cash)	377	222	300	156	300	130	300	156	129	234	1,406	898
Multi-year variable remuneration Long-term incentive	409	423	0	0	186	192	186	192	0	0	781	807
TOTAL	**1,237**	**1,095**	**625**	**505**	**811**	**624** [1]	**811**	**688**	**267**	**511**	**3,753**	**3,422**

[1] *Mr. Ingo Chu took a two-month sabbatical in 2019. For this reason, Mr. Chu's salary was temporarily adjusted, as is customary at New Work SE. The partial payment of Mr. Chu's remuneration was offset by corresponding curtailments in the months following the sabbatical. This resulted in a €21,145 reduction in Mr. Chu's salary in the 2020 financial year.*

Remuneration of members who left the Management Board in 2019 (presentation of benefits pursuant to DCGK)

All figures in € thousand	Timm Richter CPO until 06/30/2018		Total	Total
	2018	2019	2018	2019
Fixed remuneration	163	0	163	0
Fringe benefits	0	0	0	0
TOTAL	163	0	164	0
One-year variable remuneration Bonus (cash)	175	0	175	0
Multi-year variable remuneration Long-term incentive	186	192	186	192
TOTAL	524	192	525	192

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

Transactions by persons discharging managerial responsibilities

All transactions made by persons discharging managerial responsibilities as defined in Article 19 of EU Regulation No. 596/2014 are published at www.dgap.de under Directors' Dealings and can also be found in the notes to the consolidated financial statements and in the Investor Relations section of New Work SE's website. During the past financial year, the Company was notified that Supervisory Board member Dr. Andreas Rittstieg disposed of shares in New Work SE with a total volume of €181,715.

Premature termination of employment as a member of the Management Board

In the event of the death of a Management Board member during the term of their director's contract, the Company is obligated to pay the proportionate annual base salary for the month of death and the following three months, but not beyond the end of the director's contract, to the heirs of the deceased Management Board member. As of December 31, 2019, all Management Board contracts also contain customary arrangements in the event of the premature termination of the contract without cause and corresponding severance cap clauses based on the recommendations set out in item G.13 of the German Corporate Governance Code.

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

Other

No pension obligations were agreed for the members of the Management Board And none of the members in office held shares of the Company as of December 31, 2019. Likewise, no loans, interest or advances were granted to members of the Management Board and no members received or were promised benefits or similar assurances from third parties in connection with their Management Board mandate. Furthermore, no commitments were made concerning the granting of such benefits.

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

REMUNERATION OF THE SUPERVISORY BOARD

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

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

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

An overview of Supervisory Board remuneration for the 2019 financial year as provided by the Articles of Incorporation is broken down in the following table.

Current Supervisory Board members
as of December 31, 2019

	Total remuneration 2019	Total remuneration 2018
Stefan Winners, Chairman	85,000	85,000
Dr. Johannes Meier, Vice Chairman of the Supervisory Board	45,000	45,000
Dr. Jörg Lübcke	45,000	45,000
Dr. Andreas Rittstieg	45,000	45,000
Jean-Paul Schmetz, Chairman of the Tech Committee	50,000	50,000
Anette Weber, Chairwoman of the Audit Committee	50,000	50,000
TOTAL	**320,000**	**320,000**

The members of the Supervisory Board were also reimbursed for reasonable travel expenses as part of their work. No further commitments were made by the Company. None of the Supervisory Board members were granted loans, interest or advance payments by the Company. As of the December 31, 2019 reporting date, the Supervisory Board members collectively held less than 1 percent of the shares in the Company. As a rule, information on reports on transactions by persons discharging managerial responsibilities in accordance with Article 19 of EU Regulation No. 596/2014 in the past financial year is published at www.dgap.de under Directors' Dealings and can also be found in the Investor Relations section of New Work SE's website.

Other

New Work SE has taken out Directors & Officers (D&O) insurance without a deductible for the members of its Supervisory Board. This covers the personal liability risk for the Supervisory Board members in the event of the Supervisory Board being held liable for pecuniary loss within the scope of or as a result of their Supervisory Board mandate. Taking out D&O insurance without a deductible constitutes a deviation from item G.14 of the German Corporate Governance Code and was explained by the Management Board and the Supervisory Board in the Declaration of Conformity last updated in March 2020 and also published online at corporate.xing.com/en/investor-relations/corporate-governance/

Legal information

The following section mainly contains information and explanations in accordance with Section 315 (1) of the German Commercial Code (HGB). This information relates to company law structures and other legal relationships.

CORPORATE GOVERNANCE STATEMENT

The corporate governance declaration issued in accordance with Section 315d HGB is published on our website at www.new-work.se/en/investor-relations/corporate-governance/. It contains a description of how the Management Board and Supervisory Board operate, the declaration of conformity in accordance with Section 161 of the German Stock Corporation Act (AktG), and information on key corporate governance practices.

REMUNERATION REPORT

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

TAKEOVER-RELATED DISCLOSURES

The following details in accordance with Section 315a HGB describe the situation as of December 31, 2019. The following explanation of this information also meets the requirements of an explanatory report as per Section 176 (1) line 1 of the German Companies Act (AktG).

Share capital

The share capital of the Company amounted to €5,620,435 on December 31, 2019 (previous year €5,592,137), and consists of 5,620,435 no-par value shares with a notional amount of €1.00 each. The share capital is fully paid in. All shares have the same rights.

Treasury shares

The Company itself held no treasury shares of New Work SE as of December 31, 2019 (previous year: none). This corresponds to 0 percent (previous year: 0 percent) of the Company's share capital.

Restrictions on voting rights or on the transfer of shares

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

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

As of December 31, 2019, the Company was aware that Burda Digital SE, Munich, held 50.01 percent of New Work SE's voting rights. These voting rights were transferred to Burda Digital SE in the financial year ended by way of the merger of Burda Digital GmbH as the transferring company with Burda Digital SE as the acquiring company due to an internal restructuring within the Group. The Company is not in possession of any further information or notifications in accordance with Sections 33 et seq. of the German Securities Trading Act (WpHG) concerning shareholders who directly and / or indirectly hold more than 10 percent of the capital and voting rights.

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

Any appointment and dismissal of members of the Management Board is subject to Sections 84, 85 AktG as well as item 8 of the Articles of Incorporation as amended on June 6, 2019. In accordance with item 8 (1) of the Articles of Incorporation, the Management Board consists of one or more persons. The Supervisory Board determines the number of members of the Management Board. The Articles of Incorporation do not include any special rules for the appointment and dismissal of individual or all members of the Management Board. Any such appointment or dismissal is the responsibility of the Supervisory Board.

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

Powers of the Management Board to issue and buy back shares

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

Authorized and contingent capital

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

Authorization to purchase own shares

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

a. Authorization to purchase own shares

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

b. Types of purchase

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

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

2) If the shares are acquired via a public offer to purchase shares directed to all shareholders or a public invitation to submit offers to sell shares directed to all shareholders, then the purchase price offered or limits on the purchase price range per share (excluding ancillary purchase costs) must not exceed by more than 10 percent nor fall below by more than 20 percent the average of the closing prices of the Company's shares of the same class in Xetra trading (or an equivalent successor system) for the last five trading days on the Frankfurt Stock Exchange prior to the date of publication of the public offer or the public invitation to submit offers to sell the shares. If there are considerable changes to the relevant price after the publication of a purchase offer or a public invitation to submit offers to sell the shares, the purchase offer or the invitation to submit offers to sell the shares can be adjusted. In this case, the applicable price is the closing price of the Company's shares of the same class in Xetra trading (or an equivalent successor system) on the last trading day on the Frankfurt Stock Exchange prior to publication of the adjustment; the 10 percent limit for exceeding and the 20 percent limit for falling below this price must be applied to this amount. The volume of the purchase offer or the invitation to submit offers to sell shares can be limited. To the extent that the entire volume of the purchase offer or the offers submitted by shareholders in response to an invitation to submit offers to sell the shares exceeds or falls below this volume, the purchase of shares or acceptance of offers must be in relation to the shares offered. Preferential purchase or preferential acceptance of lower numbers of up to 100 tendered shares of the Company per shareholder and commercial rounding to avoid fractions of shares can be stipulated. The purchase offer or the invitation to submit offers to sell the shares may specify further conditions.

c. Use of treasury shares

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

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

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

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

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

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

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

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

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

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

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

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

In the event of a change in control, New Work SE grants the Management Board member Ingo Chu the right to be released from the director's contract provided other requirements are met. In the event of the justified exercise of this right, the Management Board member in question is entitled to settlement of all remuneration components (basic salary, variable remuneration, remuneration from the shadow share program or long-term incentive plan), the total amount of which is subject to the severance cap as recommended by item 4.2.3 of the German Corporate Governance Code.

Further disclosures

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

LEGAL FACTORS

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

Auditor of the financial statements

Since the audit of the 2013 consolidated and annual financial statements, New Work SE has been audited by PricewaterhouseCoopers GmbH, Hamburg branch office. The responsible engagement leader for the 2019 audit of the consolidated and annual financial statements is Niklas Wilke. He has held this position since 2015.

Management Board report on relations with affiliated companies

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

CONSOLIDATED FINANCIAL STATEMENTS

for the financial year from January 1 to December 31, 2019

Consolidated statement of comprehensive income

of New Work SE (formerly XING SE)
for the financial year from January 1 to December 31, 2019

Consolidated statement of comprehensive income

In € thousand	Note no.	01/01–12/31/2019	01/01–12/31/2018[1]
Service revenues	8	269,549	231,537
Other operating income	8	6,358	2,626
Other own work capitalized	9	24,926	24,475
Personnel expenses	10	– 127,876	– 105,530
Marketing expenses	11	– 34,670	– 27,916
Other operating expenses	12	– 50,657	– 47,742
Impairment loss on financial and contract assets	13	– 2,058	– 2,225
EBITDA		**85,571**	**75,226**
Depreciation, amortization and impairment losses	14	– 38,540	– 29,040
EBIT		**47,031**	**46,186**
Share of profits and losses of equity-accounted investments		0	– 1,158
Finance income	15	6,723	2,611
Finance costs	15	– 1,623	– 2,700
EBT		**52,131**	**44,939**
Taxes on income	16	– 17,706	– 13,959
NET INCOME		**34,425**	**30,980**
Earnings per share (basic)	17	6.13 €	5.51 €
Earnings per share (diluted)	17	6.13 €	5.51 €
NET INCOME		**34,425**	**30,980**
Currency translation differences	18	236	0
Remeasurement of available-for-sale assets	18	597	– 835
OTHER COMPREHENSIVE INCOME		**834**	**– 835**
TOTAL COMPREHENSIVE INCOME		**35,259**	**30,145**

[1] *adjusted*

Consolidated statement of financial position

of New Work SE (formerly XING SE)
as of December 31, 2019

Assets

In € thousand	Note no.	12/31/2019	12/31/2018
Intangible assets			
Purchased software	19	9,185	8,631
Internally generated software	19	67,852	59,363
Goodwill	19	73,583	49,778
Other intangible assets	19	6,875	5,003
Property, plant and equipment			
Leasehold improvements	19	1,788	1,024
Other equipment, operating and office equipment	19	9,631	8,597
Construction in progress	19	663	223
Lease assets	19	12,415	11,050
Financial assets			
Financial assets at amortized cost	20	680	453
Financial assets at fair value (other comprehensive income)	20	29,585	28,702
Other non-financial assets	20	681	632
Deferred tax assets	16	1,112	3,349
NON-CURRENT ASSETS		**214,050**	**176,805**
Receivables and other assets			
Receivables from services	21	38,020	35,523
Contract assets	21	4,115	2,395
Other assets	21	13,426	5,912
Cash and short-term deposits			
Cash	21	35,231	53,831
Third-party cash	21	4,813	4,050
CURRENT ASSETS		**95,605**	**101,710**
		309,655	**278,514**

Equity and liabilities

In € thousand	Note no.	12/31/2019	12/31/2018
Subscribed capital	22	5,620	5,620
Capital reserves	22	22,644	22,644
Other reserves	22	– 60	– 894
Retained earnings	22	73,330	70,941
EQUITY		**101,534**	**98,311**
Deferred tax liabilities	16	24,600	21,036
Contract liabilities	23	489	2,995
Other provisions	23	637	1,445
Financial liabilities at fair value (through profit or loss)	23	11,465	9,546
Lease liabilities	23	7,585	7,586
Other liabilities	23	4,379	3,466
NON-CURRENT LIABILITIES		**49,155**	**46,074**
Trade accounts payable	24	8,536	3,873
Lease liabilities	23	5,968	4,776
Contract liabilities	23	105,692	89,717
Other provisions	23	1,393	1,167
Financial liabilities at fair value (through profit or loss)	24	622	4,501
Income tax liabilities	24	5,878	1,813
Other liabilities	24	30,878	28,281
CURRENT LIABILITIES		**158,966**	**134,128**
		309,655	**278,514**

Consolidated statement of cash flows

of New Work SE (formerly XING SE)
for the financial year from January 1 to December 31, 2019

Consolidated statement of cash flows

In € thousand	01/01–12/31/2019	01/01–12/31/2018
Earnings before taxes	52,131	44,939
Amortization and write-downs of internally generated software	16,507	14,022
Depreciation, amortization and impairment losses on other fixed assets	22,033	15,018
Finance income	– 6,723	– 2,611
Finance costs	1,623	2,700
Share of profits and losses of equity-accounted investments	0	1,158
EBITDA	**85,571**	**75,226**
Interest received	335	47
Taxes paid	– 9,775	– 10,207
Profit from disposal of fixed assets	– 30	– 16
Change in receivables and other assets	– 11,781	– 7,672
Change in liabilities and other equity and liabilities	7,879	– 329
Non-cash changes from changes in basis of consolidation	– 5,165	0
Change in contract liabilities	13,469	16,558
Elimination of XING Events third-party obligation	– 763	169
CASH FLOWS FROM OPERATING ACTIVITIES	**79,741**	**73,776**
Payment for capitalization of internally generated software	– 24,996	– 24,475
Payment for purchase of software	– 2,729	– 2,265
Payments for purchase of other intangible assets	– 120	– 205
Proceeds from the disposal of fixed assets	102	92
Payments for purchase of property, plant and equipment	– 7,675	– 5,842
Payment for acquisition of consolidated companies (less funds acquired)	– 25,195	– 5,463
Payments for equity-accounted investments	0	– 1,446
CASH FLOWS FROM INVESTING ACTIVITIES	**– 60,614**	**– 39,604**

Consolidated statement of cash flows (continuation)

In € thousand	**01/01–12/31/2019**	01/01–12/31/2018
Payment of regular dividend	–12,027	–9,442
Payment of special dividend	–20,009	0
Interest paid	–272	–174
Payments for leases	–5,400	–2,881
Payments for acquisition of treasury shares	0	–270
Proceeds from sale of treasury shares	0	89
CASH FLOWS FROM FINANCING ACTIVITIES	**–37,708**	**–12,678**
Currency translation differences	–19	10
Change in cash and cash equivalents	–18,600	21,504
Own funds at the beginning of the period	53,831	32,327
OWN FUNDS AT THE END OF THE PERIOD[1]	**35,231**	**53,831**
Third-party funds at the beginning of period	4,050	4,219
Change in third-party cash and cash equivalents	763	–169
THIRD-PARTY FUNDS AT THE END OF THE PERIOD	**4,813**	**4,050**

1 *Cash funds consist of liquid funds.*

Consolidated statement of changes in equity

of New Work SE (formerly XING SE)
for the financial year from January 1 to December 31, 2019

Consolidated statement of changes in equity

In € thousand	Subscribed capital	Capital reserves	Treasury shares at cost	Reserve from changes in fair value	Currency translation reserve	Retained earnings	Equity Total
AS OF 01/01/2018	**5,620**	**22,622**	**0**	**– 35**	**– 24**	**49,404**	**77,587**
Consolidated net profit	0	0	0	0	0	30,980	30,980
Other comprehensive income	0	0	0	– 835	0	0	– 835
Consolidated total comprehensive income	**0**	**0**	**0**	**– 835**	**0**	**30,980**	**30,145**
Equity-settled share-based payment	0	0	0	0	0	0	0
Purchase of treasury shares	0	0	– 270	0	0	0	– 270
Issuance of treasury shares	0	0	181	0	0	0	181
Sale of treasury shares	0	22	89	0	0	0	111
Regular dividend for 2017	0	0	0	0	0	– 9,442	– 9,442
Special dividend	0	0	0	0	0	0	0
AS OF 12/31/2018	**5,620**	**22,644**	**0**	**– 870**	**– 24**	**70,941**	**98,311**
AS OF 01/01/2019	**5,620**	**22,644**	**0**	**– 870**	**– 24**	**70,941**	**98,311**
Consolidated net profit	0	0	0	0	0	34,425	34,425
Other comprehensive income	0	0	0	597	236	0	834
Consolidated total comprehensive income	**0**	**0**	**0**	**597**	**236**	**34,425**	**35,259**
Regular dividend for 2018	0	0	0	0	0	– 12,027	– 12,027
Special dividend	0	0	0	0	0	– 20,009	– 20,009
AS OF 12/31/2019	**5,620**	**22,644**	**0**	**– 273**	**213**	**73,330**	**101,534**

Notes to the consolidated financial statements

for the financial year from January 1 to December 31, 2019

(A) Principles and methods

1. Information on the Company

The registered office of New Work SE (formerly XING SE) is located at Dammtorstrasse 30, 20354 Hamburg, Germany; the Company is registered at the Amtsgericht (local court) Hamburg under HRB 148078. The Company's parent is Burda Digital SE (legal successor of Burda Digital GmbH), Munich, Germany, and the ultimate parent company of XING SE since December 18, 2012 has been Hubert Burda Media Holding Kommanditgesellschaft, Offenburg, Germany. Hubert Burda Media Holding Kommanditgesellschaft is controlled by Prof. Dr. Hubert Burda, Offenburg, Germany. The next higher-level parent company that prepares consolidated financial statements is Burda Gesellschaft mit beschränkter Haftung, Offenburg, Germany.

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

The consolidated financial statements and the Group management report of New Work SE for the period ending December 31, 2019 are approved for publication by the Management Board on March 26, 2020, and presented to the Supervisory Board of the Company for approval on the same day. The consolidated financial statements and the group management report are published in the electronic Federal Gazette.

2. Basis of preparation

The consolidated financial statements of New Work SE (referred to hereinafter as "New Work" or "the Company") have been prepared in accordance with the International Financial Reporting Standards (IFRSs) as published by the International Accounting Standards Board (IASB) and the additional provisions of commercial law stipulated by Section 315e (1) of the German Commercial Code (HGB). Due consideration has been given to all IFRSs and IFRICs which were adopted by the EU Commission as of December 31, 2019 and which are subject to mandatory adoption.

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

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

On account of the government draft, published on January 23, 2020, for an "Act on Further Transposition of the Transparency Directive Amending Directive in Regard to a Uniform Electronic Format for Annual Financial Reports" ("Gesetz zur weiteren Umsetzung der Transparenzrichtlinie-Änderungsrichtlinie im Hinblick auf ein einheitliches elektronisches Format für Jahresfinanzberichte") (government draft ESEF-UG), individual sections of the New Work consolidated financial statements have been reviewed in terms of their compliance with the ESEF taxonomy and the reporting has been amended accordingly.

3. Changes in accounting policies

CHANGE IN FINANCIAL REPORTING POLICIES

In its annual financial statements as of December 31, 2019, the Company discloses own work capitalized separately. In addition, impairment losses (including reversals) on financial assets and contract assets are shown separately in the statement of comprehensive income.

In previous years, additions to internally generated software were recognized through profit or loss in other operating income (€906 thousand) or in personnel expenses (€16,508 thousand) and other operating expenses (€4,837 thousand), and were disclosed separately in the notes to the consolidated financial statements. Going forward, the Company will transfer this information from the notes to the consolidated financial statements to the consolidated statement of comprehensive income. There are no further effects on the consolidated financial statements. Impairment losses on financial assets (€2,225 thousand) are reported in a separate line item in the statement of comprehensive income.

The following table shows the effect on the consolidated statement of comprehensive income for financial year 2018:

In € thousand	01/01/–12/31/2018 as reported	Restatement	01/01/–12/31/2018 restated
Service revenues	231,537	0	231,537
Other income	3,532	–906	2,626
Own work capitalized	0	24,475	24,475
Personnel expenses	–89,022	–16,508	–105,530
Marketing expenses	–27,916	0	–27,916
Other operating expenses	–42,905	–4,837	–47,742
Impairment losses on financial assets and contract assets	0	–2,225	–2,225
EBITDA	**75,226**	**0**	**75,226**

FINANCIAL REPORTING STANDARDS AMENDED OR EFFECTIVE IN FINANCIAL YEAR 2019

The following accounting standards had to be applied for the first time in financial year 2019:

- IFRS 16 Leases
- Amendments to IFRS 9 – Prepayment Features with Negative Compensation
- Amendments to IAS 28 – Investments in Associates and Joint Ventures
- Amendments to IAS 19 – Employee Benefits:

The requirements of IFRS 16 had already been implemented voluntarily in the 2018 financial year.

In addition to the amendments listed above, the amendments to IAS 19, IAS 28, IFRS 9 and IFRIC 23, and the annual improvements of the 2015 – 2017 Cycle were applicable for the first time in the reporting period without affecting New Work’s reporting.

STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

Initial application	New or amended standards
January 1, 2020	Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest Rate Benchmark Reform
	Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Definition of Material
	Amendment to the Conceptual Framework for Financial Reporting IAS 19 – Plan Amendment, Curtailment or Settlement
	Changes in references to the conceptual framework in IFRS standards
still to be decided	IFRS 17 – Insurance Contracts
	Amendments to IFRS 3 – Definition of a Business
	Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

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

4. Basis of consolidation and business combinations

BASIS OF CONSOLIDATION

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

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

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

	Entity	Domicile	Equity interest 12/31/2019 in %	Equity interest 12/31/2018 in %	Held by	Initial consolidation
1	New Work SE (parent company)	Hamburg				
2	amiando UK Ltd.,	Birmingham, United Kingdom	100	100	16	2011
3	Honeypot GmbH (formerly Beekeeper Management GmbH)[3, 4]	Berlin	100	100	1	2018
4	Eqipia GmbH	Zurich, Switzerland	100	100	15	2016
5	Grupo Galenicom Tecnologias de la Información, S.L.	Barcelona, Spain	100	100	1	2007
6	InterNations GmbH[2]	Munich	100	100	16	2017
7	kununu engage GmbH[2]	Berlin	100	100	1	2018
8	kununu GmbH,	Vienna, Austria	100	100	1	2013
9	kununu US LLC	Boston, MA, USA	100	50	8	2019
10	New Work XING UG (haftungsbeschränkt)[3]	Hamburg	100	100	1	2018
11	Prescreen GmbH[3]	Berlin	100	100	8	2017
12	Prescreen International GmbH	Vienna, Austria	100	100	11	2017
13	XING E-Recruiting GmbH	Vienna, Austria	100	100	14	2015
14	XING E-Recruiting GmbH & Co. KG[1]	Hamburg	100	100	1	2015
15	XING E-Recruiting Switzerland AG	Zurich, Switzerland	100	100	17	2016
16	XING Events GmbH[2]	Hamburg	100	100	1	2011
17	XING International Holding GmbH[3]	Hamburg	100	100	1	2007
18	XING Marketing Solutions GmbH[2]	Hamburg	100	100	1	2016
19	New Work Networking Spain S.L. (formerly XING Networking Spain, S.L.)	Barcelona, Spain	100	100	17	2007
20	New Work Portugal Unipessoal Lda. (formerly XING Portugal Unipessoal Lda.)	Porto, Portugal	100	100	17	2017
21	XING Switzerland GmbH,	Zurich, Switzerland	100	100	17	2008
22	New Work Young Professionals GmbH (formerly XING Young Professionals GmbH)[3]	Hamburg	100	100	16	2016
23	XING GmbH & Co. KG[1]	Hamburg	100	–	1	2019
24	HalloFreelancer GmbH[3]	Hamburg	100	–	1	2019
25	Honeypot GmbH[4]	Berlin	–	–	3	2019

1 *New Work SE is the entity's limited partner. XING International Holding GmbH, Hamburg is the general partner. The entities make use of the exemption under section 264b HGB.*

2 *A profit transfer agreement is in place with the respective parent company. The entities make use of the exemption under section 264b (3) HGB.*

3 *A guarantee statement of New Work SE exists. The entities make use of the exemption under section 264b (3) HGB.*

4 *The company acquired on April 1, 2019 was merged with Honeypot GmbH (formerly Beekeeper Management GmbH; No. 3), Berlin, in August 2019.*

ACQUISITION OF THE REMAINING SHARES OF KUNUNU US LLC

Kununu GmbH, a wholly owned subsidiary of New Work SE, formed the joint venture kununu US, LLC with Monster Worldwide Inc. on February 2, 2016. The objective was to position Europe's leading employer review and employer branding platform on the US market. The acquisition costs amounted to €2,706 thousand. Including the subsequent capital increases performed by both shareholders, the capital paid in by kununu GmbH amounted to €12,705 thousand as of December 31, 2019.

In a contract dated October 1, 2018, the remaining 50 percent of the shares of the joint venture kununu US, LLC were acquired from Monster Worldwide Inc. kununu GmbH therefore holds 100 percent of the shares as of the date of transfer of control (January 30, 2019). This step acquisition of the entity necessitates a transition from the equity method of accounting to full inclusion in the consolidated financial statements in 2019.

According to IFRS 3, the consideration of the buyer for the assets and liabilities acquired in the case of a step acquisition comprises the fair value of the equity share already held and the purchase price. The purchase price for the newly acquired 50 percent totals US$1 (= €0.87 as of December 31, 2018). The fair value of the shares already held calculated using the discounted cash flow method amounted to US$1,510 thousand (€1,315 thousand) as of January 30 2019. The write-up in the same amount is made in the reporting period under finance income.

Since the acquisition date, kununu US LLC contributed €273 thousand to revenues and €– 3,272 thousand to EBITDA. If the merger of the two companies had taken place at the start of the year, these figures would be €310 thousand and €– 3,687 thousand, respectively. Goodwill of €4,643 thousand resulted primarily from synergies unused to date relating to the transfer of technology and expertise within the New Work Group. This was allocated to the kununu International segment. The recognized goodwill is not tax-deductible.

Based on the carrying amount of net assets as of January 30, 2019, the acquired assets and liabilities have the following fair values at the date of initial consolidation, translated at the closing rate as of January 30, 2019:

Acquisition of kununu US LLC

In € thousand	01/30/2019
Customer relations	392
Property, plant and equipment	38
NON-CURRENT ASSETS	**430**
Receivables from services	60
Other assets	95
Cash	136
CURRENT ASSETS	**291**
IDENTIFIED ASSETS	**721**
Deferred income tax liabilities	101
Non-current liabilities	**101**
Trade accounts payable	3,433
Other liabilities	514
CURRENT L IABILITIES	**3,947**
IDENTIFIED LIABILITIES	**4,048**
Net assets	**– 3,328**
Base purchase price	0
Fair value of the 50% interest already held	1,315
Consideration transferred for 50% of the shares	**1,315**
GOODWILL	**4,643**

During the course of the financial year, we decided to recognize an impairment loss of €8,318 thousand on the US business (a €5,531 thousand impairment of assets plus an additional €2,786 thousand on tax loss carryforwards). This impairment is non-recurring, non-cash and has no impact on our core business in the D-A-CH region or our revenue and EBITDA targets for the Group. Recognized goodwill is not expected to be tax-deductible.

ACQUISITION OF HONEYPOT GMBH, BERLIN

On April 1, 2019, Beekeeper Management GmbH acquired all interests in Honeypot GmbH, Berlin, Germany (hereafter “Honeypot”). Honeypot operates a tech-focused job platform. In accordance with IFRS 3, the purchase comprises a cash price of €20,806 thousand for 100 percent of the shares, which becomes due immediately, and an earn-out component (up to a maximum of €35,000 thousand), which is based on revenue and EBITDA figures. The earn-out was recognized at a present value of €6,525 thousand. Most of the contingent purchase price will become due in 2022. The Austrian company was consolidated for the first time on the date on which ownership of the interests was transferred (April 1, 2019).

Transaction costs amounting to €103 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.

Since its acquisition, Honeypot has contributed €2,820 thousand to revenues and €– 3,020 thousand to EBITDA. If the merger of the two companies had taken place at the start of the year, these figures would be €3,588 thousand and €– 3,142 thousand, respectively. The goodwill recognized was spread among the individual assets as part of the purchase price allocation and results primarily from the strong growth planned. This was allocated to the Honeypot segment. The goodwill recognized as a result of first-time consolidation is not expected to be tax-deductible. In addition, in accordance with IAS 19, employee benefits are deducted to compensate for benefits received from the employment relationship (so-called employee participation program).

Acquisition of Honeypot GmbH

In € thousand	04/01/2019
Technology	1,668
Brand rights	2,909
Customer relations	1,408
Property, plant and equipment	73
Deferred taxes	300
NON-CURRENT ASSETS	**6,358**
Trade accounts receivable	393
Other assets	41
Cash	293
CURRENT ASSETS	**727**
IDENTIFIED ASSETS	**7,085**
Deferred income tax liabilities	1,783
Non-current liabilities	**1,783**
Trade accounts payable	24
Contract liabilities	186
Other liabilities	2,283
CURRENT L IABILITIES	**2,493**
IDENTIFIED LIABILITIES	**4,276**
Net assets	**2,809**
Base purchase price	20,806
Conditional purchase price (fair value)	6,525
less employee participation program related contributions (expense pursuant to IAS 19)	– 719
Consideration transferred for 100% of the shares	**26,612**
GOODWILL	**23,803**

5. Material judgments and estimates

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

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

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

6. Foreign currency translation

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

7. Significant accounting policies

STATEMENT OF COMPREHENSIVE INCOME

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

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

The currency reserve in other comprehensive income can be reclassified to profit or loss in subsequent periods. The remeasurement of available-for-sale assets is never reclassified to profit or loss.

STATEMENT OF FINANCIAL POSITION

Business combinations

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

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

Intangible assets

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

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

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

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

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

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

Property, plant and equipment

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

Non-financial assets and liabilities from leases

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

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

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

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

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

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

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

Lease payments are discounted at the incremental borrowing rate that would have to be offered by credit institutions to refinance the leased object. The interest and the principal repayment are recognized under cash flows from financing activities.

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

Contract liabilities

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

Financial assets and liabilities

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

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

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

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

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

Rent deposits, receivables from services, contract assets, certain other financial assets, and cash are classified and measured at amortized cost (taking into account the effective interest method, if applicable). The same is true for trade accounts payable, contract liabilities and certain other liabilities. All changes in value are recognized in profit or loss. Receivables from services are recognized with the original invoice amount less loss allowances for amounts that are irrecoverable or no longer completely recoverable.

Changes in the value of strategic equity instruments held for the long term which are classified as measured at fair value are permanently recognized in other comprehensive income in accordance with IFRS 9.4.1. Dividends are recognized as income in profit or loss unless the dividends are clearly used to cover part of the investment costs. Other net gains or losses are recognized in other comprehensive income and never reclassified to profit or loss.

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

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

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

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

Taxes

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

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

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

Share-based payment

Share-based entitlements at New Work are cash-settled. The fair value is calculated at the grant date and recognized as an expense over the vesting period. The fair value is determined using a simplified option pricing model. Changes in fair value are recognized in profit or loss.

Post-employment benefits

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

Provisions

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

(B) Segment reporting

REPORTABLE SEGMENTS

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

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

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

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

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

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

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

In € thousand	B2C		B2B E-Recruiting		B2B Marketing Solutions & Events		kununu International		Consolidation of intersegment revenues / expenses		**Total segments**	
	01/01/–12/31/2019	01/01/–12/31/2018 [1]	**01/01/–12/31/2019**	01/01/–12/31/2018 [1]	**01/01/–12/31/2019**	01/01/–12/31/2018 [1]	**01/01/–12/31/2019**	01/01/–12/31/2018 [1]	**01/01/–12/31/2019**	01/01/–12/31/2018 [1]	**01/01/–12/31/2019**	01/01/–12/31/2018 [1]
Revenues (from third parties)	103,194	99,883	140,444	108,743	25,529	21,214	381	1,697	0	0	269,549	231,537
Intragroup revenues	0	0	0	0	549	531	0	0	– 549	– 531	0	0
Total revenues	103,194	99,883	140,444	108,743	26,078	21,745	381	1,697	– 549	– 531	269,549	231,537
Intragroup segment expenses	– 549	– 531	0	0	0	0	0	0	549	531	0	0
Other segment expenses	– 75,326	– 60,308	– 47,266	– 37,760	– 16,759	– 14,758	– 2,265	– 1,534	0	0	– 141,616	– 114,360
Segment operating result	27,320	39,045	93,178	70,984	9,319	6,987	– 1,884	163	0	0	127,934	117,178
Other operating income / expenses											– 42,363	– 41,950
EBITDA											85,571	75,226

1 *Restated due to internal reorganization during the 2019 financial year*

Revenues by geographical region are distributed as follows:

In € thousand	**01/01/–12/31/2019**	01/01/–12/31/2018
D-A-CH	255,057	213,833
International	14,492	17,704
	269,549	**231,537**

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

As was the case last year, the non-current assets (excluding deferred tax assets) of €212,938 thousand (previous year: €173,456 thousand) are attributable exclusively to the D-A-CH region.

(C) Consolidated statement of comprehensive income disclosures

8. Total operating income

In the financial year ended, total operating income was €275,907 thousand (previous year (restated): €234,164 thousand).

In financial year 2019, revenues amounted to €269,549 thousand (previous year: €231,537 thousand). The breakdown of revenues and the corresponding development according to business units and regions are shown in segment reporting. Revenues include €1,817 thousand (previous year: €2,376 thousand) in revenue from barter deals.

Revenues in 2019 included prior-period revenues from contract liabilities amounting to €89,717 thousand (previous year: €73,894 thousand). The transaction price corresponds to the amount of contractual liabilities. The performance obligations not (or not completely) fulfilled at the end of a financial year relate to periods of no more than one year and are not disclosed, as is permitted by IFRS 15.

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

In € thousand	**01/01/ – 12/31/2019**	01/01/ – 12/31/2018 [1]
Income from non-cash benefits	1,032	942
Income from currency translation	490	449
Earnings from returned bank transfers and dunning fees	351	418
Prior-period income	223	51
Other	4,262	766
	6,358	**2,626**

[1] *restated*

Other income mainly includes non-recurring, non-operating income of €3,750 thousand from the acquisition of the new New Work Harbour. Other operating expenses amounted to €2,804 thousand.

9. Own work capitalized

Own work capitalized breaks down as follows:

In € thousand	**01/01/ – 12/31/2019**	01/01/ – 12/31/2018 [1]
Personnel expenses	20,457	16,508
Freelancer expenses	3,422	7,007
Ancillary costs	1,047	961
	24,926	**24,476**

[1] *restated*

Ancillary costs mainly include expenses for rent and IT equipment.

10. Personnel expenses

The following table breaks down the personnel expenses:

In € thousand	**01/01/ – 12/31/2019**	01/01/.– 12/31/2018 [1]
Salaries and other types of remuneration	106,550	88,154
Social security contributions (employer portion)	18,612	15,193
Pension costs (defined-contribution plan)	800	716
Termination benefits	776	576
Provisions for vacation	650	239
Other	488	652
	127,876	**105,530**

[1] *restated*

Personnel expenses rose from €105,530 thousand (restated) by €22,346 thousand to €127,876 thousand (+ 21 percent). The increase in expenses is due mainly to the higher number of people employed by the Group.

11. Marketing expenses

Marketing expenses are broken down as follows:

In € thousand	**01/01/ – 12/31/2019**	01/01/ – 12/31/2018 [1]
Marketing costs	26,462	21,425
Sales commissions	5,202	3,854
Events	3,006	2,637
	34,670	**27,916**

[1] *restated*

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

12. Other operating expenses

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

In € thousand	**01/01/ – 12/31/2019**	01/01/ – 12/31/2018 [1]
IT services, management services	19,618	22,254
Server hosting, administration and traffic	6,938	4,344
Travel, entertainment and other business expenses	5,014	5,322
Other personnel expenses	4,756	2,981
Occupancy expenses	3,210	2,956
Payment transaction costs	2,688	2,581
Training costs	1,805	1,666
Legal consulting fees	1,147	932
Accounting fees	738	673
Phone / cell phone / postage / courier costs	669	592
Insurance and contributions	519	398
Rental / leasing expenses	501	443
Exchange rate losses	458	541
Office supplies	456	408
Financial statements preparation and auditing costs	366	439
Supervisory Board remuneration	324	320
Expenses attributable to prior periods	286	343
Other	1,164	549
	50,657	**47,742**

[1] *restated*

The expenses for IT services and management services also include non-recurring, non-operating expenses of €1,726 thousand incurred in connection with the new New Work Harbour. Other expenses also comprise non-recurring, non-operating expenses of €1,078 thousand incurred in connection with the New Work Harbour. These non-recurring expenses are offset by income of €3,750 thousand under other operating income.

In the reporting period, €501 thousand (previous year: €443 thousand) in expenses for renting of low-value assets were recognized. In addition, €371 thousand (previous year: €582 thousand) in occupancy expenses related to the short-term renting of office space and employee apartments.

13. Impairment losses on financial assets and contract assets

Impairment losses (including reversals) on financial assets and contract assets include expenses for bad debts of €2,212 thousand (previous year: €2,170 thousand) as well as income from reversals of €154 thousand.

14. Depreciation, amortization and impairment losses

Depreciation, amortization and impairment losses include €4,828 thousand (previous year: €4,028 thousand) in depreciation of lease assets. Impairment losses of €6,221 thousand (previous year: €6,279 thousand) were recognized on internally generated software. In addition, impairment losses have been recognized on the goodwill of kununu US in the amount of €4,853 thousand, on the customer relationship in the amount of €376 thousand, on lease assets in the amount of €273 thousand and on operating and office equipment in the amount of €30 thousand. Please see Note 19 for further information.

Due to the change in the estimate described in note 19, amortizations were €2,968 thousand lower; these will be recognized in later periods.

15. Finance income and finance costs

The financial result can be broken down as follows:

In € thousand	**01/01/–12/31/2019**	01/01/–12/31/2018
Finance income	6,723	2,611
Finance costs	– 1,623	– 2,700
	5,100	**– 89**

Finance income mainly includes income of €5,071 thousand (previous year: €2,346 thousand) from the reversal of contingent purchase price liabilities.

Finance costs include €1,342 thousand (previous year: €1,085 thousand) from the unwinding of discounts on provisions and liabilities, and €113 thousand (previous year: €114 thousand) from the unwinding of discounts on lease liabilities.

16. Income taxes

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

In € thousand	**01/01/–12/31/2019**	01/01/–12/31/2018
Corporation tax (including solidarity surcharge)	10,136	6,990
Trade tax	3,704	4,760
Deferred taxes	3,866	2,209
	17,706	**13,959**

An amount of €5,649 thousand (previous year: €3,230 thousand) for corporation tax was incurred outside Germany. An amount of €2,800 thousand for deferred taxes was incurred outside Germany.

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

In € thousand	01/01/–12/31/2019	01/01/–12/31/2018
Recognition/amortization of internally developed software	2,740	3,374
Recognition of tax losses carried forward	2,607	399
Lease assets/liabilities	178	–358
Contract assets	94	1,253
Temporary differences in fixed assets	7	36
Amortization of customer relations	–529	–378
Amortization of acquired technology	–471	–714
Amortization of brand/domain	–249	–395
Goodwill identified for tax purposes	–198	–957
Other	–313	–51
	3,866	**2,209**

Changes recognized outside profit or loss concern €1,905 thousand relating to the acquisition of kununu US and Honeypot. Changes recognized in other comprehensive income concern €285 thousand resulting from changes in the fair value of securities and €13 thousand resulting from currency translation differences.

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

In € thousand	01/01/–12/31/2019	01/01/–12/31/2018
Earnings before taxes (EBT)	52,131	44,939
Expected tax result	16,828	14,507
Tax effects attributable to		
Different foreign tax rates	–979	–210
Shift in trade tax for partnership	–12	0
Application of the equity method	0	–394
Outside basis differences	0	–151
Tax-free income	–1,637	–438
Effects from tax losses carried forward	3,051	72
Fx adjustments	0	–55
Taxes, previous years	–254	0
Expenses not deductible for tax purposes	709	628
ACTUAL TA X RESULT	**17,706**	**13,959**

The tax-free income relates to the reversal of contingent purchase price obligations.

The theoretical tax rate is determined as follows:

In %	12/31/2019	12/31/2018
Corporation tax including solidarity surcharge (effective)	15.83	15.83
Trade tax rate	16.45	16.45
THEORETICAL TAX RATE	**32.28**	**32.28**

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

In € thousand	12/31/2019	12/31/2018
Intangible assets		
Software and licenses	– 1,137	– 1,111
Internally developed software	– 21,903	– 19,162
Brand/domain	– 948	– 310
Customer relations	– 738	– 753
Deferred rental expenses and investment grants	0	53
Loss carryforwards	9	2,317
Temporary differences in fixed assets	0	13
Financial assets at fair value (other comprehensive income)	130	398
Goodwill (for tax purposes)	1,155	957
Contract assets/contract liabilities	– 723	– 629
Lease assets	368	423
Other	299	117
NET DEFERRED TAX ASSETS/LIABILITIES	**– 23,488**	**– 17,687**

The deferred tax assets (€1,112 thousand, previous year: €3,349 thousand) and deferred tax liabilities (€24,600 thousand, previous year: €21,036 thousand) were netted. Specifically, deferred tax assets from InterNations assets in the amount of €889 thousand were netted with deferred tax liabilities in the amount of €– 863 thousand, and deferred tax assets in the amount of €266 thousand from the honeypot acquisition were netted with deferred tax liabilities in the amount of €– 1,518 thousand. The recognition of deferred tax assets on loss carryforwards is based on the assumption that the units concerned will achieve tax profits in the future.

17. Earnings per share

Earnings per share are broken down as follows:

	12/31/2019	12/31/2018
Consolidated profit or loss attributable to the shareholders of New Work SE in € thousand	34,425	30,980
Weighted average number of issued shares (basic and diluted)	5,620,435	5,620,328
Consolidated earnings per share attributable to the shareholders of New Work SE		
Basic	6.13 €	5.51 €
Diluted	6.13 €	5.51 €

18. Other comprehensive income

In addition to gains and losses on the translation of foreign financial statements (€236 thousand; previous year: €0 thousand), items recognized in other comprehensive income also include the remeasurement of available-for-sale financial assets measured at fair value (loss of €882 thousand; previous year: loss of €– 1,233 thousand). Deferred tax income attributable to the latter amounted to €– 285 thousand (previous year: €398 thousand).

(D) Consolidated statement of financial position disclosures

19. Non-current assets

INTANGIBLE ASSETS

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

Internally generated software in the amount of €24,996 thousand (previous year: €24,475 thousand) was capitalized as internally generated intangible assets in financial year 2019 because the criteria set out in IAS 38 were satisfied. The development work mainly concerned various projects to develop the new brand manger and enhance the Hallo-Freelancer product. As a result of determining the value in use, amortization and impairments of internally generated software include impairment losses of €6,221 thousand (previous year: €6,279 thousand) on platform components no longer used. As was the case in the previous year, no reversals of impairment losses charged on internally generated software were recognized. Impairment losses on acquired software in the reporting year amounted to €0 thousand (previous year: €248 thousand). No reversals of impairment losses were necessary, as a result of which none were recognized, as in the previous year.

At the beginning of financial year 2019, the useful life of the XING platform was fixed at a further five years until December 31, 2023. As of the previous year's reporting date, the useful life was assumed to run until December 31, 2022. As a result, amortizations in the 2019 financial year were €2,968 thousand lower; these will be recognized in later periods. The remaining useful life of the internally developed web site is thus 48 months as of December 31, 2019. Modules that are no longer active are written down for impairment by regularly reviewing the platform modules that have been activated.

The research and development costs recognized in profit or loss, which do not meet the capitalization criteria of IAS 38, amounted to €64,517 thousand (previous year: €57,301 thousand).

Impairment losses on other intangible assets of €392 thousand were recognized on the customer relationships of kununu US (previous year: €0 thousand). Mandatory annual impairment testing was performed as of the end of the 2019 financial year.

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

The goodwill resulting from the acquisition of Honeypot GmbH totaling €23,803 thousand was allocated to the Honeypot segment, which is shown as part of the B2B E-Recruiting segment.

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

E-Recruiting

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

InterNations and Honeypot

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

	E-Recruiting		InterNations		Honeypot	
In %	**12/31/ 2019**	12/31/ 2018	**12/31/ 2019**	12/31/ 2018	**12/31/ 2019**	12/31/ 2018
Discount rate (before taxes)	9.4%	12.4%	10.5%	13.0%	9.2%	–
Sustainable growth rate	2.0%	2.0%	2.0%	2.0%	2.0%	–

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

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

kununu International/kununu US LLC

The recoverable amount of the cash-generating unit kununu International has been determined on the basis of the calculation of the fair value less costs to sell, which was estimated using discounted cash flows. The recoverable amount according to this calculation is €0. The partnership between kununu GmbH and Monster Worldwide Inc. ended on January 30, 2019 and ownership of the interests in Monster was transferred to kununu GmbH. Since January 30, 2019, it has been included in the basis of consolidation accordingly (previously equity method). The USA remains a test market for us, which we will continue to operate via kununu.com/us. Within the scope of an impairment test, the cancellation of our originally envisaged expansion has resulted in a negative enterprise value for the cash-generating unit. All of the assets have therefore been fully written off. This includes, in particular, goodwill (€4,853 thousand), other intangible assets (€376 thousand), lease assets (€273 thousand), property, plant and equipment (€30 thousand) and deferred tax assets on loss carryforwards (€2,800 thousand).

PROPERTY, PLANT AND EQUIPMENT

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

Impairment losses on other equipment, operating and office equipment totaled €30 thousand (previous year: €0 thousand).

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

Consolidated statement of changes in fixed assets

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

	Cost				
In € thousand	01/01/2018	Additions	Disposals	Reclassi-fications	12/31/2018
1. INTANGIBLE ASSETS					
1. Software and licenses	28,702	3,768	– 28	61	32,503
2. Internally generated software	83,243	24,475	0	0	107,718
3. Goodwill	64,613	0	0	0	64,613
4. Other intangible assets	20,657	3	0	0	20,660
	197,215	**28,246**	**– 28**	**61**	**225,494**
2. PROPERTY, PLANT AND EQUIPMENT					
1. Leasehold improvements	2,116	864	0	0	2,980
2. Other equipment, operating and office equipment	28,477	4,897	– 452	0	32,922
3. Construction in progress	203	81	0	– 61	223
	30,796	**5,842**	**– 452**	**– 61**	**36,125**

Depreciation, amortization and impairment losses					Carrying amounts	
01/01/2019	Additions	Disposals	Currency differences	**12/31/2019**	**12/31/2019**	12/31/2018
−23,872	−3,553	0	0	−27,425	9,185	8,631
−48,355	−16,507	0	0	−64,862	67,852	59,363
−14,835	−4,853	0	0	−19,688	73,583	49,778
−15,657	−2,977	0	−13	−18,647	6,875	5,003
−102,719	**−27,890**	**0**	**−13**	**−130,622**	**157,496**	**122,775**
−1,956	−438	0	0	−2,394	1,788	1,024
−24,324	−5,107	280	0	−29,151	9,631	8,597
0	0	0	0	0	663	223
−17,565	−5,101	0	0	−22,666	12,415	11,050
−43,846	**−10,646**	**280**	**0**	**−54,211**	**24,497**	**20,893**
−146,565	**−38,536**	**280**	**−13**	**−184,833**	**181,992**	**143,667**

Depreciation, amortization and impairment losses				Carrying amounts	
01/01/2018	Additions	Disposals	12/31/2018	12/31/2018	12/31/2017
−19,732	−4,156	16	−23,872	8,631	8,970
−34,333	−14,022	0	−48,355	59,363	48,910
−14,835	0	0	−14,835	49,778	49,778
−13,581	−2,076	0	−15,657	5,003	7,076
−82,481	**−20,254**	**16**	**−102,719**	**122,775**	**114,734**
−1,776	−180	0	−1,956	1,024	340
−20,128	−4,577	381	−24,324	8,597	8,349
0	0	0	0	223	203
−21,904	**−4,757**	**381**	**−26,281**	**9,845**	**8,892**

NON-FINANCIAL OTHER ASSETS AND LIABILITIES

The incremental borrowing rate used to discount lease assets and liabilities is between 0.57 percent and 1.31 percent for the current leases. The terms of the leases are between 2 and 10 years. Each lease is assessed individually.

Lease liabilities amounted to €13,553 thousand as of December 31, 2019 (previous year: €12,362 thousand).

20. Financial assets

FINANCIAL ASSETS AT FAIR VALUE

New Work SE acquired several funds in 2017 for the purpose of investing excess liquidity. The fair values of the instruments, all of which are allocated to Level 1, correspond to their nominal values, multiplied by the prices prevailing on December 31, 2019. All of the securities are available for sale. New Work SE recognizes changes in fair value in other comprehensive income. These effects will not be reclassified to profit or loss.

OTHER NON-FINANCIAL ASSETS

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

21. Current assets

As was the case in the previous year, receivables arising from New Work services recognized as of December 31, 2019, were due within one year.

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

In € thousand	**12/31/2019**	12/31/2018
Total amount of receivables from services	39,985	37,086
Loss allowances on receivables	– 1,965	– 1,563
RECEIVABLES FROM SERVICES	**38,020**	**35,523**

Receivables from services are impaired as follows:

12/31/2019	Not yet due	Past due < 30 days	Past due < 90 days	Past due > 90 days	**Total**
Impairment ratio	1.0%	3.4%	9.7%	23.8%	4.9%
Gross carrying amount (in € thousand)	23,328	8,267	3,825	4,565	39,985
Impairment (in € thousand)	– 226	– 278	– 372	– 1,089	– 1,965

12/31/2018	Not yet due	Past due < 30 days	Past due < 90 days	Past due > 90 days	Total
Impairment ratio	0.8%	2.9%	8.3%	20.5%	4.2%
Gross carrying amount (in € thousand)	21,636	7,668	3,548	4,234	37,086
Impairment (in € thousand)	– 180	– 221	– 296	– 866	– 1,563

In financial year 2019, €155 thousand (previous year: €54 thousand) of derecognized receivables were recognized in profit or loss.

The contract assets of €4,115 thousand (previous year: €2,395 thousand) only include directly attributable costs to obtain a contract. They include sales commission paid to employees and agencies. The following table shows the amount recognized and the annual straight-line amortization.

In € thousand	Amount recognized 2019	Amortization 2019	Amount recognized 2018	Amortization 2018
Personnel expenses	4,015	3,851	3,750	3,310
Marketing expenses	753	709	2,950	3,211
	4,768	**4,560**	**6,700**	**6,521**

The following table shows the composition of other assets:

In € thousand	12/31/2019	12/31/2018
Advances paid	3,477	1,950
Deferred cost	3,463	2,223
Receivables due from credit card companies	1,200	940
Receivables due from personnel	34	8
Other assets	5,252	791
	13,426	**5,912**

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

CASH

Cash and short-term deposits as of the reporting date consisted of bank balances of €40,044 thousand (previous year: €57,864 thousand) and cash-in-hand of €1 thousand (previous year: €17 thousand). Bank balances include a figure of €4,813 thousand (previous year: €4,050 thousand) relating to third-party cash held by XING Events.

22. Equity

SUBSCRIBED CAPITAL

The share capital amounted to €5,620,435 as of December 31, 2019 (previous year: €5,620,435) and is composed of 5,620,435 no-par value registered shares with a notional value of €1.00 each. All of the subscribed capital is fully paid in. All shares have the same rights.

TREASURY SHARES

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

AUTHORIZED CAPITAL 2018

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

1) in order to settle fractional amounts;

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

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

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

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

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

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

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

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

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

CONTINGENT CAPITAL 2018

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

As of December 31, 2019, no valid stock options (previous year: 0) had been issued to employees, senior executives and the Executive Board.

CAPITAL RESERVES

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

As of December 31, 2019, the capital reserves pursuant to HGB amounted to €31,434 thousand (previous year: €31,434 thousand), of which €48 thousand is freely available in accordance with Section 272(2) no. 4 HGB and results from the capital reduction approved in 2011.

OTHER RESERVES

In order to improve the presentation of other reserves and for increased transparency, we have opted to add the equity components in the statement of changes in equity to the currency translation reserve and reserve for fair value changes items and to divide up the other reserves accordingly. The changes in other reserves include the effects attributable to currency translation of the financial statements of foreign subsidiaries and the other comprehensive income from available-for-sale securities.

OTHER

Under German stock corporation law, the dividend eligible for distribution to shareholders is based on the net retained profits which New Work SE disclosed in its annual financial statements prepared in accordance with the regulations of the German Commercial Code. In financial year 2019, New Work SE distributed a total amount of €12,027 thousand (€2.14 per share; previous year: €1.68 per share) to its shareholders based on a resolution adopted by its Annual General Meeting on June 6, 2019. A special dividend of €3.56 per share was also paid out. With 5,620,435 shares carrying dividend rights, this corresponds to a total payout of €20,009 thousand for financial year 2019. This results in a total dividend of €32,036 thousand.

We propose that a dividend of €2.59 per share is to be paid out of the net retained profits of New Work SE for financial year 2019. This corresponds to an anticipated total payment of €14,557 thousand. Own cash and available-for-sale securities of €69,629 thousand as of December 31, 2019, and the Group's cash-generative business model enable the Company to pay dividends on a regular basis without changing its business strategy, which is aimed at achieving growth. The remaining net retained profits of €16,392 thousand is to be carried forward to new account.

Payment of this dividend is contingent on a resolution to be adopted by the Supervisory Board and the Annual General Meeting on May 29, 2020.

23. Non-current liabilities

The main portion of non-current financial liabilities amounting to €11,465 thousand (previous year: €9,546 thousand) represents the conditional purchase price payments. The expected value of these liabilities is based on the budget process carried out in the fourth quarter. The non-current contract liabilities in the amount of €489 thousand (previous year: €2,995 thousand) include member subscriptions for future periods in our B2C business and products in the B2B E-Recruiting segment with a remaining term of 1–2 years.

Non-current provisions mainly concern provisions for asset retirement obligations. The change mainly results from the adjustment of the expected value of the earn-out payment in the reporting year and the reclassification to current liabilities.

The lease liabilities comprise only leases for office space. In the reporting year, non-current assets amounted to €7,585 thousand (previous year: €7,568 thousand), while current assets amounted to €1,393 thousand (previous year: €1,167 thousand).

Other non-current liabilities of €4,379 thousand (previous year: €3,466 thousand) mainly include obligations arising from employee remuneration.

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

In € thousand	01/01/2019	Use	Reversal	Unwinding of discounts	Addition	12/31/2019
NON-CURRENT PROVISIONS						
Asset retirement obligations	601	0	0	23	0	624
Provisions for outstanding invoices for fixed assets	831	831	0	0	0	0
Other provisions	13	13	0	0	13	13
	1,445	**844**	**0**	**23**	**13**	**637**
CURRENT PROVISIONS						
Financial statements preparation and auditing costs	508	366	142	0	559	559
Personnel expenses	280	280	0	0	437	437
Legal and consulting costs	203	52	151	0	194	194
Other contributions	176	152	24	0	203	203
	1,167	**850**	**317**	**0**	**1,393**	**1,393**

24. Current liabilities

Corporation tax liabilities and trade tax liabilities of €5,878 thousand (previous year: €1,813 thousand) were reported as of December 31, 2019.

As was the case in the previous year, all trade accounts payable recognized as of the reference date December 31, 2019 were due within one year (€8,536 thousand; previous year: €3,873 thousand). The trade accounts payable are not interest-bearing, and are generally due within 10 to 30 days.

New Work generates a significant share of revenues under a prepaid business model from online fixed-term products. Due to the contractual arrangements billed mostly on an annual basis, contract liabilities increase with growing revenues at the end of the year. In the reporting period, these increased by €15,975 thousand to €105,692 thousand. They are recognized using the straight-line method over the term of the contract.

In the reporting period, €89,717 thousand in revenues were recognized that in the prior-year period were reported as contract liabilities.

Financial liabilities of €622 thousand (previous year: €4,501 thousand) relate to contingent purchase price payments arising from business combinations. As was the case in the previous year, there is no collateral for liabilities in the form of liens or similar rights.

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

In € thousand	**12/31/2019**	12/31/2018
Liabilities from personnel expenses	10,950	10,909
Liabilities of XING Events due to event organizers	5,897	4,974
VAT liabilities	2,312	2,824
Liabilities for Supervisory Board remuneration	324	320
Miscellaneous liabilities	11,395	9,254
OTHER CURRENT LIABILITIES	**30,878**	**28,281**

The liabilities and provisions for personnel expenses mainly comprise liabilities arising from bonuses and incentive payments, as well as vacation allowances, provisions for termination benefits and other personnel obligations as well as social security liabilities. The other provisions primarily include provisions for other third-party services and provisions for the New Work Harbour amounting to €667 thousand.

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

(E) Other disclosures

ADDITIONAL INFORMATION ON THE CONSOLIDATED STATEMENT OF CASH FLOWS

As of December 31, 2019, funds consist exclusively liquid funds of €40,044 thousand (previous year: €57,881 thousand), and comprise own funds of €35,231 thousand (previous year: €53,831 thousand) and third-party cash of €4,813 thousand (prior year: €4,050 thousand). Third-party funds comprise cash in connection with obligations from the Events segment. Funds consist mainly of bank balances.

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

The interest paid includes €113 thousand in payments under leases. The total amount recognized in cash flow from financing activities for leases thus amounts to €5,513 thousand.

CONTINGENT LIABILITIES AND FINANCIAL OBLIGATIONS

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

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

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

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

In € thousand	Up to 1 year	1 – 2 years	2 – 5 years	More than 5 years	Total contract payments	thereof leases not yet commenced	Discount	Carrying amount of liabilities
Contractual payment obligations from leases, 12/31/2019	6,148	6,968	20,762	39,969	73,847	60,107	– 187	13,553
Contractual payment obligations from leases, 12/31/2018	4,894	4,691	3,010	0	12,595	0	– 233	12,362

PRINCIPLES OF RISK MANAGEMENT

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

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

CAPITAL RISK MANAGEMENT AND NET DEBT

The Group manages its capital with the aim of ensuring that all companies in the Group are able to operate on the basis of the going concern principle while also optimizing income, where applicable also by using debt. Own cash and available-for-sale securities of €64,816 thousand as of December 31, 2019, and the Group's cash-generative business model enable the Company to pay dividends on a regular basis without changing its business strategy, which is aimed at achieving growth.

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

CLASSES OF FINANCIAL INSTRUMENTS

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

In € thousand	Measurement category[1]	12/31/2019	12/31/2018
Non-current financial assets at amortized cost	Amortized cost	680	453
Non-current financial assets at fair value	FVOCI	29,585	28,702
Current receivables from services	Amortized cost	38,020	35,523
Current other assets	Amortized cost	13,426	783
Cash	Amortized cost	40,044	57,881
Non-current financial liabilities at fair value	FLFVtPL	11,465	9,546
Current trade accounts payable	Amortized cost	8,536	3,873
Current financial liabilities at fair value	FLFVtPL	622	4,501
Current other liabilities	Amortized cost	5,897	3,989

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

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

The financial liabilities at fair value result from earn-out obligations in connection with acquisitions, for which changes in value are reported in the financial result. As of December 31, 2019, the liability arising from the acquisition of InterNations GmbH amounted to €862 thousand (thereof current: €622 thousand) and that arising from the acquisition of Prescreen GmbH to €4,255 thousand. The liability for the acquisition of Honeypot GmbH amounts to €6,970 thousand.

All of the earn-out obligations are classified as Level 3 financial instruments. Here, the discounted present value is estimated based on the estimated cash outflow forecast by management in its business plan. This includes in particular estimates regarding revenue growth and sustainable EBITDA margin. Of the earn-out obligations, €5,071 thousand (previous year: €2,346 thousand) were reversed through finance income (InterNations GmbH: €4,456 thousand; Prescreen €491 thousand; Honeypot: €124 thousand). No additions to contingent purchase price obligations (previous year: €1,431 thousand) were recognized as finance costs as a result of a change in the assumption of expected values. Changes from the unwinding of discounts and exchange rate effects total €1,268 thousand (previous year: €1,042 thousand).

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

EXCHANGE RATE AND INTEREST RATE MANAGEMENT

The Group was exposed to the volatility of the Swiss franc and the US dollar in the reporting period. Income from exchange rate effects amounted to €490 thousand (previous year: €449 thousand). Expenses from exchange rate effects had an offsetting effect of €448 thousand (previous year: €541 thousand). Revenues are generated mainly in euros. With the exception of contingent purchase price obligations, there are no interest-bearing liabilities.

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

With regard to consolidated earnings before tax, a change in interest rates will primarily have an impact on cash. If interest rates had increased by 100 basis points during the reporting period, interest income would have changed by €737 thousand (previous year: €765 thousand) on the basis of an average investment volume of €73,674 thousand (previous year: €76,532 thousand).

CREDIT AND FAIR VALUE RISK MANAGEMENT

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

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

Impairment losses on financial assets and contract assets of €1,965 thousand (previous year: €1,563 thousand) were recognized in profit or loss.

With regard to the receivables, the risk is reduced by the fact that most of the receivables consist of a large number of relatively minor amounts, of less than €10 thousand in each case. As of the reporting date, the remaining term of all these receivables was less than one year. The maximum counterparty credit risk of €38,020 thousand is equal to the carrying amount of the receivables (previous year: €35,523 thousand).

In the case of bank balances, reputable commercial banks rated AAA to A–3 are used for investment and payments. The remaining term of the bank balances is less than three months.

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

ASSESSMENT OF THE EXPECTED CREDIT LOSSES FOR CORPORATE CUSTOMERS

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

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

LIQUIDITY RISK MANAGEMENT

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

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

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

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

The liabilities for the current financial year are determined on the basis of the fair value for the phantom stocks granted in that year based on a target achievement level of 98.98 percent. Overall, personnel expenses of €1,311 thousand (previous year: €1,364 thousand) for cash-settled share-based payment were recognized in the income statement for the 2019 financial year. Provisions of €4,778 thousand (previous year: €4,109 thousand) were recognized as of December 31, 2019 for entitlements arising from the long-term incentive programs, taking into account the share price performance.

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

	Average exercise price per shadow share in 2019 in €	**Number of shadow shares in 2019**	Average exercise price per shadow share in 2018 in €	Number of shadow shares in 2018
As of January 1	280.39	15,405	267.06	14,190
Granted in the financial year	287.26	4,538	279.57	4,901
Exercised in the financial year	312.28	3,198	262.54	3,686
As of December 31	290.12	16,745	280.39	15,405

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

Grant date	Expiry date	Exercise price in €	**Shadow shares, December 31, 2019**	Shadow shares, December 31, 2018
2015	2019	312.28	0	3,198
2016	2020	291.88	2,692	2,692
2017	2021	291.46	4,614	4,614
2018	2022	290.55	4,901	4,901
2019	2023	287.26	4,538	0
Average remaining contractual term of the shadow shares outstanding at the end of the reporting period			2.17	2.23

RELATIONS WITH RELATED PARTIES

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

The Management Board and the Supervisory Board received total remuneration of €3,906 thousand and €320 thousand (previous year: €4,672 thousand and €320 thousand) for their work in the financial year ended. Of this amount, benefits payable in the short term amounted to €2,595 thousand (previous year: €3,309 thousand), while benefits payable in the long term totaled €1,311 thousand (previous year: €1,363 thousand). To reflect the change in value in claims to date to cash-settled share-based payment, an amount of €– 28 thousand was recognized in the financial year (previous year: €212 thousand). Mr. Ingo Chu took a two-month sabbatical in 2019. For this reason, as is normal at New Work, Mr. Chu's salary was adjusted by 50 percent for a period of four months, which continued beyond the turn of the year. As of the reporting date, receivables due from Mr. Chu amount to €21 thousand (previous year: none). Further information is included in the remuneration report, which is an integral part of the Group management report.

Since December 18, 2012, Burda Digital SE, Munich (a subsidiary of Hubert Burda Media Holding Kommanditgesellschaft, Offenburg; formerly Burda Digital GmbH) has held more than 50 percent of the share capital of New Work SE. New Work SE is accordingly a dependent company in accordance with Section 312 (1) Clause 1 in conjunction with Section 17 (2) AktG. Because a control agreement does not exist between New Work SE and Hubert Burda Media Holding Kommanditgesellschaft, Offenburg, the Management Board of New Work SE prepares a report regarding relations with affiliated companies in accordance with Section 312 (1) Clause 1 AktG. In the 2019 financial year, New Work SE or the companies controlled by it and Hubert Burda Media Holding Kommanditgesellschaft, Offenburg, or its affiliated companies as in the previous year purchased products and services from each other subject to arm's length conditions.

The shareholder Burda Digital SE, Munich, received €16,021 thousand (previous year: €4,746 thousand) in dividend payments. As in the prior year, other transactions with Burda Digital SE totaled less than €1 thousand.

Services in the amount of €2,514 thousand (previous year: €3,456 thousand) were provided to affiliated companies of Burda Media Holding Kommanditgesellschaft, Offenburg, Germany. Services purchased from affiliated companies totaled €2,479 thousand (previous year: €2,140 thousand). The receivables from services show net amounts of €1,999 thousand (previous year: €2,852 thousand) due from affiliated companies, and the trade accounts payable show net amounts of €287 thousand (previous year: €192 thousand) due to affiliated companies.

For a market study involving a company over which a member of the Management Board has control or significant influence, a contract was signed in the previous period with a customary market remuneration of €100 thousand.

Expenses incurred with other related parties in the reporting years amounted to €18 thousand (previous year: €16 thousand).

NUMBER OF EMPLOYEES

New Work employed an average of 1,797 persons (previous year: 1,389) as well as five members of the Management Board (previous year: five) during financial year 2019. As of December 31, 2019, a total of 1,923 persons (previous year: 1,562) as well as five Management Board members (previous year: five) were employed by the Group.

NOTIFICATIONS RECEIVED IN ACCORDANCE WITH SECTION 21 WPHG

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

MEMBERS OF THE SUPERVISORY BOARD

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

Stefan Winners

Managing Director of Two Wins GmbH, Munich, Germany; formerly Managing Director of Hubert Burda Media Holding Geschäftsführung SE, Offenburg, Germany, (until December 31, 2019), Chairman of the Board of Directors and (Chairman) Managing Director of Burda Digital SE, Munich, Germany, (until December 31, 2019), and Managing Directors of Burda Digital GmbH, Munich, Germany, (until December 31, 2019) (Chairman of the Supervisory Board)

Other Supervisory Board posts/memberships in control bodies:
- Chairman of the Supervisory Board of HolidayCheck Group AG Munich, Germany
- Chairman of the Advisory Board of BurdaForward GmbH, Munich, Germany (until December 31, 2019)
- Member of the Supervisory Board and the Advisory Board of Giesecke & Devrient GmbH, Munich, Germany
- Member of the Board of Directors, Cyndx Holdco, Inc., Delaware, USA

Dr. Jörg Lübcke

Managing Director, Barcare GmbH, Munich, Germany

Other Supervisory Board posts/memberships in control bodies:
- Member of the Advisory Board of Cyberport GmbH, Dresden, Germany

Prof. Dr. Johannes Meier

Managing Director, Xi GmbH, Gütersloh, Germany

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

Dr. Andreas Rittstieg

Managing Director and member of the Board of Directors of Hubert Burda Media Holding Geschäftsführung SE, Offenburg, Germany

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

Jean-Paul Schmetz

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

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

Anette Weber

Finance Executive; formerly CFO, Ascom (Holding) AG, Baar, Switzerland (until August 31, 2019)

Other Supervisory Board posts/memberships in control bodies: none

MEMBERS OF THE MANAGEMENT BOARD

In the 2019 financial year, the following persons were appointed to the Management Board:

Dr. Thomas Vollmoeller
CEO, Hamburg, Germany
(Chairman)

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

Dr. Patrick Alberts
CPO, Hamburg, Germany

Supervisory Board posts/memberships in control bodies:
none

Alastair Bruce
CSO, Hamburg, Germany

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

Ingo Chu
CFO, Hamburg, Germany

Supervisory Board posts/memberships in control bodies:
none

Jens Pape
CTO, Hamburg, Germany

Supervisory Board posts/memberships in control bodies:
none

Petra von Strombeck
Member of the Management Board, Hamburg, Germany
(since January 1, 2020)

Supervisory Board posts/memberships in control bodies:
none

FEES AND SERVICES OF PRICEWATERHOUSECOOPERS GMBH AND AFFILIATED COMPANIES

In financial year 2019, costs of €241 thousand were recognized for auditing services (of which €23 thousand is attributable to affiliated companies of the PwC group). Other assurance services (Management Board remuneration) used in the reporting year totaled €5 thousand (previous year: €5 thousand); no other services (previous year: €18 thousand) or tax advisory services were used.

DIRECTORS' DEALINGS

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

STATEMENT CONCERNING THE CORPORATE GOVERNANCE CODE

In March 2020, the Management Board and the Supervisory Board of New Work SE published the statement specified in accordance with Section 161 AktG and made it available by publishing it on the Company's web site (www.new-work.se/en/investor-relations/corporate-governance/).

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

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

Responsibility Statement

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

Hamburg, March 26, 2020

The Management Board

Dr. Thomas Vollmoeller	Dr. Patrick Alberts
Alastair Bruce	Ingo Chu
Jens Pape	Petra von Strombeck

Independent auditor's report

To New Work SE (formerly: XING SE), Hamburg

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

AUDIT OPINIONS

We have audited the consolidated financial statements of XING SE, Hamburg, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 January to 31 December 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of XING SE for the financial year from 1 January to 31 December 2019. In accordance with the German legal requirements, we have not audited the content of those parts of the group management report listed in the "Other Information" section of our auditor's report.

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

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to § [Article] 315e Abs. [paragraph] 1 HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2019, and of its financial performance for the financial year from 1 January to 31 December 2019, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the content of those parts of the group management report listed in the "Other Information" section of our auditor's report.

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

BASIS FOR THE AUDIT OPINIONS

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

KEY AUDIT MATTERS IN THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2019. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

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

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

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

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

Hereinafter we present the key audit matters:

➡ 1. Recoverability of goodwill

1. In the Company's consolidated financial statements goodwill amounting to € 73.6 million (23.8% of total assets) is reported under the "Intangible assets" balance sheet line item.

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

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

   The present value of the future cash flows from the respective group of cash-generating units normally serves as the basis of valuation. The present values are calculated using discounted cash flow models. For this purpose, the adopted medium-term business plan of the Group forms the starting point for the future projections based on assumptions about long-term rates of growth. Expectations relating to future market developments and assumptions about the development of macroeconomics factors are also taken into account. The discount rate used is the weighted average cost of capital for the relevant group of cash-generating units. The impairment test determined that no write-downs were necessary.

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

2. As part of our audit, we assessed the methodology employed for the purposes of performing the impairment test, among other things. After matching the future cash inflows used for the calculation against the adopted medium-term business plan of the Group, we assessed the appropriateness of the calculation, in particular by coordinating it with general and sector-specific market expectations. We also assessed the appropriate consideration of the cost of corporate functions. In the knowledge that even relatively small changes in the discount rate applied can have a material impact on the value of the entity calculated using

this method, we focused our testing in particular on the parameters used to determine the discount rate applied, and evaluated the calculation method.

We assessed the sensitivity analyses performed by the Company, in order to reflect the uncertainty inherent in the projections. Taking into account the information available, we determined that the carrying amounts of the cash-generating units, including the goodwill, were adequately covered by the discount future cash flows.

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

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

➡ 2. Allocation of revenue

1. In the Company's consolidated financial statements revenue amounting to €269.5 million is reported in the consolidated statement of comprehensive income. Revenue form products involving prepayments form customer, such as Premium and Pro Jobs memberships, Employer Branding Profiles and XING Talent manager, is recognized as of the date on which it is generated, taking into account the pro-rata duration of the respective contract as at the balance sheet date. Prepayments received for periods after the balance sheet date are recognized in the liabilities side of the balance sheet under the line item "deferred revenue".

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

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

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

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

   The disclosures on the impact of the first-time adoption of IFRS 15 are contained in section 2 of the notes to the consolidated financial statements.

OTHER INFORMATION

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.

- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

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

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

Other legal and regulatory requirements

FURTHER INFORMATION PURSUANT TO ARTICLE 10 OF THE EU AUDIT REGULATION

We were elected as group auditor by the annual general meeting on 6 June 2019. We were engaged by the supervisory board on 17 August 2019. We have been the group auditor of the XING SE, Hamburg, without interruption since the financial year 2013.

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

German public auditor responsible for the engagement

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

Financial calendar

Publication of the 2019 annual financial report	March 26, 2020
Q1 2020 interim financial report	May 7, 2020
Annual General Meeting	May 29, 2020
2020 half-year financial report	August 6, 2020
Q3 2020 interim financial report	November 5, 2020

Publishing information and contact

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

Published by
New Work SE
Dammtorstraße 30
20354 Hamburg
Phone: + 49 40 41 91 31 – 793
Fax: + 49 40 41 91 31 – 44

Editor-in-chief
Patrick Möller (Director Investor Relations)

Consulting, Concept & Design
Silvester Group, Hamburg, Germany
www.silvestergroup.com

For press inquiries and current information, please contact:

Corporate Communications
Marc-Sven Kopka
Phone: + 49 40 41 91 31 – 763
Fax: + 49 40 41 91 31 – 44
presse@new-work.se

Further editors
Anja Engler
Thorsten Ginsel
Johannes Greef
Ralf Klassen
Marc Sven Kopka
Linda Nikiel

Rounding differences may occur.

This Annual Report is available in both German and English.

In the event of diversity in interpretation, the German version shall prevail. Both versions and further press information are available for download at www.new-work.se/en/investor-relations/reports

NEW WORK SE

HARBOUR FOR

XING

XING Marketing Solutions

XING Events

XING E-Recruiting

InterNations
connecting global minds

Hallo Freelancer
Ein Service von XING

kununu

kununu engage

PRESCREEN

Honeypot

New Work SE
Dammtorstraße 30
20354 Hamburg, Germany
Phone + 49 40 41 91 31 – 793
Fax + 49 40 41 91 31 – 44
ir@new-work.se