

artnet AG

Six-Month Report 2015

Table of Contents

1	artnet AG Interim Group Management Report
7	Responsibility Statement
8	artnet AG Consolidated Balance Sheet
9	artnet AG Consolidated Income Statement
10	artnet AG Statement of Changes in Consolidated Equity (USD and EUR)
11	artnet AG Consolidated Statement of Cash Flows
12	Notes to the Consolidated Financial Statements
17	Authorities, Business Locations, Investor Relations, Information on artnet Stock

artnet AG Interim Group Management Report Six-Month Report 2015

Macroeconomic and Industry Conditions

After a weak start to the year, the global economy stabilized during the first six months of 2015. Between January and April, global industrial production rose slightly, but overall momentum remains sluggish. After a slow start to the year, global economic growth is expected to accelerate slightly. Industrial production in the United States was not able to recover completely in the second quarter after a period of weakness due to the long winter. In the eurozone, economic growth seems to have remained stable. However, the atmosphere is affected by the uncertainty about the outcome of the financial crisis in Greece. In some emerging markets, the economic outlook remains uncertain. After adjustments in the Chinese stock market, growth in China remains weak. The economy of commodity-exporting countries is still influenced by low oil prices.

In the second quarter of 2015, the global fine art auction market decreased 5% in value sold when compared to the same period in 2014, dropping from 6.6 billion USD to 6.2 billion USD. Compared with the same period in the previous year, in the first six months of 2015, market value contracted 6%. Total revenue in the first six months totaled 8.1 billion USD.

The decline reflects weaker auction performance in four of the top five fine art markets: the United Kingdom, China, France, and Germany. The United States, however, witnessed a significant increase (+19%) in value sold, with a strong upswing in the second quarter (+21%). As a result, the United States ranked first in terms of sales at 3.4 billion USD—42% of the total global market. The United Kingdom and China (including Hong Kong) claimed the next two spots, respectively.

766 lots sold for prices in excess of 1 million USD throughout the second quarter. While this number decreased 11% from last year, the value brought in by these artworks increased 10%, reaching 3.8 billion USD. In addition, the number of works realizing prices greater than 10 million USD increased from 63 to 71, and collectively accounted for over 2.1 billion USD.

Result of Operations, Financial Status, and Net Assets

Result of Operations

In the first six months of the fiscal year, the Group's revenue was 8,429,000 EUR (9,410,000 USD). The revenue of the Company (in US dollars) remained stable, with a slight increase of 1% compared to last year. In the reporting currency—euros—revenue increased by 24%, or 1,630,000 EUR, due to exchange rate effects.

The sales performance of the first half of 2015 is affected in two aspects by the development of the euro-US dollar conversion rate. The Company generates approximately 20% of its revenue in euros. Due to the weak euro, revenue recorded in US dollars is approximately 411,000 USD lower than it would have been if using the exchange rate of the same period in the previous year. However, using the average exchange rate of the same period of the previous year, an increase of only 61,000 EUR would have been achieved.

After six months, revenue for artnet Auctions (1,385,000 EUR/1,546,000 USD) fell below the same period in the previous year by 13%, or 222,000 USD; in euros, revenue increased by 7%, or 96,000 EUR. Revenue in the second quarter was 770,000 USD, and slightly below the same period of the previous year (783,000 USD). In euros, an increase of 22% was achieved due to currency conversion. Online auctions do not follow the same seasonal cycles as traditional auction houses. Therefore, a direct comparison to the same period of last year provides only limited information about the development of the auction business. The average revenue per month in the first six months was 258,000 USD, which is only slightly below the monthly average of the 2014 fiscal year (263,000 USD). Buyer's and seller's premiums decreased slightly compared to the same period in the previous year, from 23% to 22% on average. The average price of lots sold in the first six months of 2015 remained almost constant, with a slight decrease of 560 USD.

In the first six months of 2015, revenue for the artnet Price Database was 3,168,000 EUR, or 3,537,000 USD. In euros, revenue increased by 19%, or 503,000 EUR, due to the exchange rate. As a result of the weak euro, revenue in US dollars decreased by 3%, or 117,000 USD. Using the exchange rate of the previous year, revenue for the Price Database would be 3%, or 113,000 USD, higher. The revenue in the second quarter decreased by 2%

compared to the previous quarter, while in euros, it remained stable.

In the second quarter, revenue for the artnet Gallery Network increased in euros by 8%, while in US dollars, it decreased by 13%. After six months, the Gallery Network has generated revenue in the amount of 2,417,000 EUR (2,699,000 USD), compared to 2,254,000 EUR (3,090,000 USD) in the previous year. This increase in euros of 163,000 EUR, or 7%, is due to currency conversion. Revenue in US dollars decreased by 392,000 USD, or 13%, compared to the previous year, and was influenced by declining gallery memberships as well as currency fluctuation. The effect on currency fluctuation amounted to approximately 173,000 USD, while revenue in euros remained stable.

Compared to the second quarter of 2014, advertising revenue more than doubled, with an increase of 526,000 EUR, or 495,000 USD, in the second quarter of 2015. Following the success of the first quarter, in the first six months of the year, the Company generated advertising revenue in the amount of 1,459,000 EUR (1,628,000 USD). This represents an increase of 868,000 EUR (147%), or 819,000 USD (101%). As a result of the successful launch of the news platform, artnet News, and an increase in the number of pageviews, the site has experienced greater attention from potential advertisers, mainly in the luxury segment. Overall, advertising revenue has benefitted from the redesign of the site, which created more attractive advertising placements, for example, on artist pages. New banners on artist pages are purchased by members and non-members of the Gallery Network, and generate additional revenue for the Galleries segment.

Changes in Costs and Results

Gross profit from sales increased by 9% in US dollars, or 506,000 USD, to 6,119,000 USD in the first six months of the 2015 fiscal year. Considering the effect of exchange rate differences, the gross profit in euros increased by 34%, or 1,387,000 EUR, to 5,481,000 EUR. Similar to the first quarter, this improvement is a result of slightly increased revenues and lower personnel costs for artnet Auctions, the Content Department, and the Price Database and Gallery Network teams. In these departments, downsized

staff and non-filling of vacancies resulted in cost savings during the last 12 months. Compared to the first quarter of 2015, cost of sales increased by 1.3% in US dollars, and 3.3% in euros. This increase is mainly due to higher credit card fees, which are partially offset by lower personnel costs.

In the reporting period, sales and marketing expenses increased by 24% in US dollars compared to the previous year, to 2,340,000 USD; in euros, the increase was even stronger, due to exchange rates, at 52%, to 2,096,000 EUR. The news platform, artnet News, was still in development during the same period in the previous year. In the first six months of 2015, costs were incurred for the whole team. Due to cost savings, marketing expenses decreased by 11% in US dollars compared to the previous year, but increased by 9% in euros due to currency conversion. Sales expenses increased about 76% in US dollars, or 43% in euros, compared to the same period last year due to new hires. This increase in sales expenses comes along with the doubling in advertising revenue. Over the course of the year, sales and marketing expenses decreased. Sales and marketing expenses in the second quarter of 2015 are 25,000 EUR, or 51,000 USD below those in the first quarter 2015.

General and administrative expenses in the first six months of 2015 amounted to 1,862,000 USD. This represents a decrease of 7%, or 136,000 USD, compared to the same period in the previous year (1,998,000 USD). In euros, the reporting currency of the Group, general and administrative expenses increased by 14%, or 211,000 EUR, due to currency fluctuation, from 1,457,000 EUR to 1,668,000 EUR. Compared to the previous quarter, general and administrative expenses decreased by 5% in euros, or 3% in US dollars.

Expenses for product development in the first half of the year increased by 18% in US dollars, as compared to the previous year's level, to 1,741,000 USD. Due to the development of the euro-to-US-dollar ratio, the increase in euros was significantly higher at 45%, to 1,560,000 EUR. In the first six months of 2014, external development costs for the redesign were capitalized. In the first half of 2015, higher development costs were incurred for the artnet Auctions platform, and the expansion of the redesign

to additional product pages was expensed. Compared to the first quarter of 2015, expenses for product development decreased due to vacant positions and a reduction of external development costs by 9% in US dollars, or 7% in euros.

Consolidated earnings in the first six months of the 2015 fiscal year were 74,000 EUR (83,000 USD), below the same period last year (144,000 EUR/198,000 USD). Although a loss was recognized in the first quarter of the fiscal year, the result of the second quarter is significantly positive.

Currency Conversion

Currency conversion in the consolidated statement of comprehensive income is based on the average exchange rate for the period from January 1 to June 30, 2015 and 2014. For the period until June 30, 2015, the average exchange rate was 0.896 USD/EUR, compared to 0.729 USD/EUR in the same period in 2014. Currency conversion for the balance sheet is based on the exchange rate at the end of the period. As of June 30, 2015, the rate was 0.901 USD/EUR, compared to 0.823 USD/EUR on December 31, 2014.

artnet is subject to exchange rate fluctuations because it invoices in euros, US dollars, and British pounds, but conducts most of its business in the United States. The Group works to reduce its exposure to differences in the exchange rates by billing European customers in euros and British customers in British pounds, and by paying vendors in the same currency with these cash funds.

Currency translation adjustments arising from the valuation of intercompany loan receivables, which qualify as part of a net investment, are not reflected in the profit or loss of the Group, but are recognized in the foreign currency adjustment item. The currency translation adjustment will be reclassified from equity to profit or loss when the net investment is returned in full or in part.

Financial Position

The Group's cash flow from operating activities in the first six months of 2015 was negative, at -40,000 EUR (-44,000 USD) (previous year: -16,000 EUR/-23,000 USD). The main reason for this negative cash flow was the drop in earnings.

At 15,000 EUR (17,000 USD), the cash outflow from investing activities was significantly below the previous year (previous year: 146,000 EUR/200,000 USD), and was due to an investment in hardware and office equipment. The significantly higher cash outflow in the previous year was due to capitalized costs for the redesign of the site.

The cash flow for financing activities amounted to -262,000 EUR (-293,000 USD) in the first six months of 2015, and was due to repayments of liabilities for finance leases and the shareholder loan.

Cash and cash equivalents amounted to 924,000 EUR (1,026,000 USD) as of June 30, 2015, compared to 1,181,000 EUR (1,436,000 USD) as of December 31, 2014.

The cash investment policy for the Group is conservative and based on short-term investments. This policy allows all cash to be liquid and available. As of June 30, 2015, the liquidity per share totaled 0.17 EUR (0.18 USD) based on an average of 5,552,986 shares in circulation, compared to 0.23 EUR (0.31 USD) as of June 30, 2014.

Financial Status

Consolidated total assets amounted to 4,890,000 EUR (5,426,000 USD) on June 30, 2015, which was 4% below the level of the last balance sheet date on December 31, 2014, representing an increase of 6% in euros due to exchange rate effects (previous year: 4,627,000 EUR/5,625,000 USD).

Compared to December 31, 2014, trade accounts receivable increased by 271,000 EUR (214,000 USD), to 1,094,000 EUR (1,214,000 USD), due to higher advertising revenue and an increase in credit card receivables, while the overall maturity structure of receivables has improved due to better receivables management.

Fixed assets decreased by 110,000 USD, to 1,452,000 USD, while it increased in euros due to currency conversion by 24,000 EUR, to 1,309,000 EUR. The current depreciation is partly offset by costs for computer equipment and software purchased in the amount of 157,000 EUR (175,000 USD). These purchases are mainly financed through financial lease contracts and didn't lead to significant cash outflow in the reporting period.

Current liabilities in euros increased by 4.2% due to exchange rates, to 4,475,000 EUR. In US dollars, they slightly decreased by 256,000 USD, or 4.9%. While the trade accounts payable and other short-term liabilities decreased in US dollars, the deferred revenue increased due to seasonal effects. The increase in liabilities from loans comes from the reclassification of the shareholder loan, which was necessary due to the changed maturity of the entire loan. This increase in liabilities from loans due to the reclassification is offset by the redemption of the loan in the amount of 125,000 EUR, or 140,000 USD.

Compared to December 31, 2014, the total non-current liabilities decreased by 28.6% in euros, to 397,000 EUR. In US dollars, the total non-current liabilities decreased by 34.8%, to 440,000 USD. This decrease was mainly due to necessary reclassification of the shareholder loan to current liabilities. Higher liabilities from finance leases, due to a new lease agreement for computer equipment and software, partially offset the decrease in non-current liabilities.

The Group's consolidated equity on June 30, 2015, increased to 19,000 EUR (21,000 USD), compared to December 31, 2014 (-223,000 EUR/-272,000 USD), due to the positive Group result and exchange rate effects.

Since the first quarter of 2015, the currency translation adjustments in the Group's equity contain the effects of exchange rate changes on the intercompany loan receivables of Artnet Worldwide Corporation to artnet AG.

The artnet Price Database constitutes an intangible asset that has been developed by gathering auction information, with results dating back to 1985. This valuable asset to the Group has not been attributed full earnings recognition on the balance sheet due to accounting rules. Balance sheet assets would be substantially increased if this recognition were allowed by law.

General Information and Business Activities

artnet AG is a holding company listed on the "Geregelter Markt" in the Prime Standard segment of the Frankfurt Stock Exchange. artnet AG's principal holding is its wholly owned subsidiary, Artnet Worldwide Corporation, which was formed in 1989 in New York.

artnet AG ("artnet" or the "Company") and Artnet Worldwide Corporation ("Artnet Corp.," collectively the "artnet Group" or the "Group") operate under the trade name "artnet."

Artnet Worldwide Corporation has two wholly owned subsidiaries: artnet UK Ltd. and artnet France sarl. artnet UK Ltd. provides sales and client support in the United Kingdom. The Paris office has been closed since June 2012.

With a 2015 monthly average of 1.9 million visitors to its domains—artnet.com, artnet.de, artnet.fr, artnet.com/auctions, and news.artnet.com—artnet offers the world's most comprehensive art market overview. The provision of timely information about artwork values, artists, galleries, price developments, exhibitions, news, and reviews enables collectors and art professionals to better navigate the art market.

As of June 30, 2015, the artnet Gallery Network represented approximately 1,300 of the world's most prestigious art galleries from 60 countries. Members of the Gallery Network are indexed by specialty and location, with 170,000 artworks by 35,000 artists featured on the platform. In addition to all forms of Contemporary, Modern, and fine art, the Gallery Network also offers decorative art and design objects from the 1st century BC to the present.

artnet Auction House Partnerships are the ideal way for an auction house to gain more international exposure for their auctions and drive a high volume of potential buyers directly to their own sites. With Auction House Partnerships, auction houses have the flexibility to post complete or partial sales on artnet, with the option of linking every lot on artnet back to the same lot in their own online catalogue. All upcoming sales are listed on the Events page, and rank high on artnet and in Google search results. Auction House Partnerships provide reporting and direct traffic from artnet to the auction house site.

The artnet Price Database, which is comprised of the artnet Price Database Fine Art and Design and the artnet Price Database Decorative Art, is an online database with over 9 million color-illustrated auction results from more than 1,600 leading international auction houses. This product gives price transparency to an otherwise secretive market. Subscribers to the Price Database receive access to upcoming auction information, recent auction

results, and auction records dating back to 1985, as well as the most up-to-date and impartial appraisal value for artworks they would like to buy or sell. Subscribers to the Price Database include appraisers, dealers, auctioneers, financiers, and private and government institutions (including the IRS and the FBI). Most importantly, it provides an illustrated “blue book” for private collectors with which to appraise the works they own, and measure opportunities at upcoming auctions or on the dealer market. Dealers and auctioneers also use comparable sales from the Price Database to support the valuation and sale of important works of art.

artnet Market Alerts, a derivative of the Price Database, informs subscribers via email when artworks by their favorite artists come up at auction, are featured in upcoming events, or are offered in the Gallery Network or on artnet Auctions.

artnet Analytics provides and visualizes art market information, and allows users to monitor the performance of artists and art movements, customer-specified groups of artworks, and art categories, with the option to compare market performance against each other or financial indices, such as the Dow Jones or the S&P 500, or against other financial investments.

With artnet Auctions, artnet has become a business-to-customer transaction platform that also acts as an integrated information resource. The main advantages for buyers and sellers on artnet Auctions are the attractive prices and fast turnaround, which can be finalized in a few weeks, compared to the six months or a year required by brick-and-mortar art auctioneers. artnet Auctions routinely offers works by blue-chip Modern and Contemporary artists that sell in the five- and six-figure range.

artnet Monographs is an online art library developed in close collaboration with artists, estates, foundations, and art galleries. This growing resource of Modern and Contemporary artist monographs features comprehensive artwork selections and 152 biographies. artnet Monographs can be viewed free of charge on the site.

artnet News was launched in February 2014, and is the world’s first dedicated 24-hour international art market newswire. This platform informs, engages, and connects members of the art community to

the events, trends, developments, and people shaping the market and global art industry.

Risks and Opportunities

The risk situation as of the date of the consolidated financial statements, December 31, 2014 (April 22, 2015), has not changed materially compared to the 2014 reporting year. A detailed overview of risks and opportunities can be found in the 2014 annual report.

As described in the 2014 annual report, in March 2015, the unexpected order by the Paris Court of Appeal to make high indemnity payments in the amount of 0.8 million EUR in connection to a possible copyright infringement of a French photographer, may lead to possible liquidity risks to the Company if the amount has to be paid on short notice. On May 22, 2015, artnet took legal action against the judgement at the French Court of Cassation. It is therefore uncertain whether this amount will have to be paid at all, and, if a payment has to be made, in what amount and when.

Supplementary Report and Outlook

Supplementary Report

Between the end of the second quarter of 2015 and the date of this report, no significant events occurred that may affect the financial performance and fiscal situation of the Company, according to Management’s expectations.

Outlook

Since its launch in February 2014, the artnet News audience has grown continuously. On average, the site had 1.3 million monthly visits during the first six months of 2015. artnet News has become the world’s most-read online art news site, doubling the overall traffic for artnet, which was one of the main goals when launching the platform. Because of its success, advertising revenue experienced strong growth compared to the first six months of 2014, resulting in revenue numbers doubling in comparison. Typically, luxury brands run their main advertising campaigns during the second half of the year. Therefore, compared to the first six months, higher revenue is expected in the coming months. In the future, artnet News will also play an increasing role in promoting artnet products to its audience. The goal is for artnet News to be self-sustaining by the end of the

year. In addition to the increase in revenue, with recent cost cuts, we intend to achieve this.

The Gallery Network serves primarily to promote artists and artworks in order to connect galleries and potential buyers. Because of its high profile and excellent ranking in Internet search engines like Google, artnet remains an ideal partner for galleries to receive inquiries. Additionally, the high search engine ranking generates a great deal of traffic to banners placed by galleries on artist pages. In the first six months, banner sales have been a huge success, generating 660,000 USD in revenue, compared to 155,000 USD during the same period in 2014. This additional revenue was achieved by members and non-members of the Gallery Network, thereby increasing the client base, as well as the revenue generated by the segment. In early May, the features for all three Gallery Network membership packages were improved, in an effort to counteract declining membership numbers.

Revenue generated by Auction House Partnerships is assigned to the Gallery Network segment. During the first six months of 2015, the number of active Auction House Partnerships, and revenue generated by this product, remained unchanged compared to the previous year. Since auction houses are increasingly promoting their sales online, we expect more auction houses to sign up to Auction House Partnerships over time.

Due to the increasing trend of auction houses promoting their sales online, as well as the fact that advertising revenue by galleries has increased, we anticipate a rise in revenue for the Galleries segment in the current fiscal year.

Artist pages have been redesigned and lot details are partially visible free of charge, bringing the Price Database into the spotlight for our visitors. In addition, a faster checkout process was added to the site in April, which, in the second quarter, led to a 7% increase in the number of One-Day Pass subscriptions sold compared to the same period last year. In the second half of 2015, a targeted email campaign will aim at increasing the number of subscribers, as well as the number of searches conducted. As planned, the optimized process for adding lots to the Price Database will be rolled out in August, in time for the fall sales. This will free up resources, allowing us to better serve our clients, acquire new

clients, and sell advertising. For the Price Database segment, we still anticipate an increase in revenue compared to last year.

Following the launch of the new artnet Auctions site in the fall of last year, additional improvements were implemented in July. In line with the design of the artnet homepage, the artnet Auctions page is divided into different categories and themes. This enables visitors to better navigate the site and find desired lots more quickly. In addition, registrants can follow selected artists directly, and visitors can look up most viewed and most watched artworks. The registration form was improved in the spring of 2015, immediately effecting the number of new registrations to artnet Auctions, which increased by 94% during the first six months this year in comparison to last year. This reflects a strong interest in online auctions. In combination with a higher level of personalization, customer retention was also improved. Our auctions sell-through rate is strong. In order to reach profitability, we must build on that success by expanding our inventory and our network of buyers and sellers. The most efficient way to accomplish that quickly and cost-efficiently is by hiring more specialists. We believe this is key to the success of artnet Auctions, and is therefore a top priority for the coming months. For the 2015 fiscal year, the outlook remains unchanged, and a growth in revenue of approximately 10% is anticipated for artnet Auctions.

artnet will continue to deal with the legal dispute in Germany and France with regard to the copyright infringement of a photographer. At this point, it cannot be predicted if any payments will have to be made during the current fiscal year and how high these would be.

The outlook for the total revenue in 2015 remains unchanged following the results of the first six months. An increase in revenue to 15.5 to 16.3 million EUR (19.0 to 20.0 million USD), and earnings after taxes of 0.1 to 0.4 million EUR (0.1 to 0.5 million USD) are anticipated for 2015.

Berlin, August 13, 2015

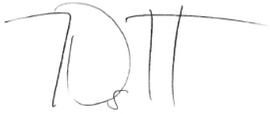


Jacob Pabst
CEO, artnet AG

Responsibility Statement

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

Berlin, August 13, 2015

A handwritten signature in black ink, appearing to read 'JP', with a horizontal line extending to the right.

Jacob Pabst
CEO, artnet AG

artnet AG Consolidated Balance Sheet

As of June 30, 2015

	6/30/2015 USD	12/31/2014 USD	6/30/2015 EUR	12/31/2014 EUR
Assets				
Current Assets				
Cash and Cash Equivalents	1,025,720	1,435,839	924,379	1,181,121
Trade Receivables	1,213,595	999,922	1,093,692	822,536
Other Current Assets	458,886	353,743	413,548	290,989
Total Current Assets	2,698,201	2,789,504	2,431,619	2,294,646
Non-Current Assets				
Property, Plant, and Equipment	781,735	773,136	704,500	635,982
Intangible Assets	670,414	788,968	604,177	649,005
Security Deposits	391,443	388,845	352,768	319,864
Deferred Tax Assets	884,432	884,432	797,050	727,534
Total Non-Current Assets	2,728,024	2,835,381	2,458,495	2,332,385
Total Assets	5,426,225	5,624,885	4,890,114	4,627,031
Equity and Liabilities				
Current Liabilities				
Accounts Payable	617,583	720,760	556,566	592,897
Accrued Expenses and Other Liabilities	403,463	705,878	363,601	580,655
Provisions	1,189,568	1,319,644	1,072,039	1,085,540
Short-Term Liabilities from Finance Leases	199,162	225,401	179,485	185,415
Deferred Revenue	2,124,879	1,880,882	1,914,941	1,547,214
Loans	430,631	368,750	388,085	303,334
Total Current Liabilities	4,965,286	5,221,315	4,474,717	4,295,055
Long-Term Liabilities				
Office Rent Amortization	353,035	375,930	318,155	309,240
Long-Term Liabilities from Finance Leases	86,957	56,014	78,366	46,077
Loans	–	243,132	–	200,000
Total Long-Term Liabilities	439,992	675,076	396,521	555,317
Total Liabilities	5,405,278	5,896,391	4,871,238	4,850,372
Shareholders' Equity				
Common Stock	5,941,512	5,941,512	5,631,067	5,631,067
Treasury Stock	(269,241)	(269,241)	(264,425)	(264,425)
Additional Paid-In Capital	52,362,889	52,325,939	50,960,295	50,927,279
Accumulated Deficit	(58,762,833)	(54,872,246)	(56,916,361)	(53,868,969)
Current Net Profit	82,669	(3,890,587)	74,054	(3,047,392)
Foreign Currency Translation	665,951	493,117	534,246	399,099
Total Shareholders' Equity	20,947	(271,506)	18,876	(223,341)
Total Liabilities and Shareholders' Equity	5,426,225	5,624,885	4,890,114	4,627,031

artnet AG Consolidated Income Statement

For the Six Months Ended on June 30, 2015

	1/1-6/30/2015 USD	1/1-6/30/2014 USD	1/1-6/30/2015 EUR	1/1-6/30/2014 EUR	4/1-6/30/2015 USD	4/1-6/30/2014 USD	4/1-6/30/2015 EUR	4/1-6/30/2014 EUR
Revenue								
Gallery Network	2,698,562	3,090,309	2,417,372	2,254,071	1,377,622	1,584,273	1,245,566	1,155,117
Price Database	3,536,748	3,653,768	3,168,219	2,665,058	1,750,514	1,899,470	1,583,651	1,384,947
Advertising	1,628,384	809,534	1,458,706	590,474	957,177	462,279	863,278	337,082
Auctions	1,546,235	1,768,034	1,385,117	1,289,604	769,547	783,216	696,117	570,982
Total Revenue	9,409,929	9,321,645	8,429,414	6,799,208	4,854,860	4,729,238	4,388,612	3,448,128
Cost of Sales	3,291,082	3,708,316	2,948,151	2,704,846	1,656,436	1,877,735	1,498,057	1,369,071
Gross Profit	6,118,847	5,613,329	5,481,263	4,094,362	3,198,424	2,851,503	2,890,555	2,079,057
Operating Expenses								
Selling and Marketing	2,340,170	1,892,024	2,096,324	1,380,042	1,144,441	1,015,610	1,035,593	740,523
General Administrative	1,861,657	1,998,128	1,667,672	1,457,435	909,369	1,065,688	822,897	777,034
Product Development	1,741,219	1,479,356	1,559,784	1,079,042	829,829	761,058	751,290	554,899
Non-Cash Compensation	54,763	21,126	49,057	15,409	35,626	19,139	32,081	13,958
Total Operating Expenses	5,997,809	5,390,634	5,372,837	3,931,928	2,919,265	2,861,494	2,641,861	2,086,414
Operating Income	121,038	222,695	108,426	162,434	279,159	(9,991)	248,694	(7,357)
Interest Expenses	30,388	35,225	27,222	25,693	15,197	17,505	13,746	12,763
Interest Income	594	58	532	42	306	19	277	14
Other Income/(Expenses)	(5,916)	19,589	(5,300)	14,288	27,233	(6,986)	24,106	(5,104)
Earnings Before Taxes	85,328	207,117	76,436	151,071	291,501	(34,463)	259,331	(25,210)
Income Taxes	(2,659)	(9,531)	(2,382)	(6,952)	(2,659)	(5,403)	(2,382)	(3,940)
Net Profit/(Loss)	82,669	197,586	74,054	144,119	288,842	(39,866)	256,949	(29,150)
Other Comprehensive Income								
OCI Recycled: Differences from Foreign Currency Translation	172,834	24,801	135,147	37,652	(37,262)	22,392	(25,173)	34,175
Total Comprehensive Income	255,503	222,387	209,201	181,771	251,580	(17,474)	231,776	5,025
Result per Share								
Basic and Diluted	0.01	0.04	0.01	0.03	0.05	(0.01)	0.05	(0.01)

artnet AG Consolidated Statement of Changes in Shareholders Equity (USD)

For the Six Months Ended on June 30, 2015

Common Stock							
	Issued Shares	Amount	Treasury Stock	Additional Paid-In Capital	Accumulated Deficit	Foreign Currency Translation	Total
Balance as of 12/31/2013	5,631,067	5,941,512	(269,241)	52,252,827	(54,872,246)	(4,660)	3,048,192
Net Income/(Loss)	-	-	-	-	197,586	24,801	222,387
Remuneration from Stock Options	-	-	-	21,126	-	-	21,126
Balance as of 6/30/2014	5,631,067	5,941,512	(269,241)	52,273,953	(54,674,661)	20,140	3,291,704
Balance as of 12/31/2014	5,631,067	5,941,512	(269,241)	52,325,939	(58,762,833)	493,117	(271,506)
Net Income/(Loss)	-	-	-	-	82,669	172,834	255,503
Remuneration from Stock Options	-	-	-	36,950	-	-	36,950
Balance as of 6/30/2015	5,631,067	5,941,512	(269,241)	52,362,889	(58,680,164)	665,951	20,947

artnet AG Consolidated Statements of Changes in Shareholders Equity (EUR)

For the Six Months Ended on June 30, 2015

Common Stock							
	Issued Shares	Amount	Treasury Stock	Additional Paid-In Capital	Accumulated Deficit	Foreign Currency Translation	Total
Balance as of 12/31/2013	5,631,067	5,631,067	(264,425)	50,872,189	(53,868,969)	(155,868)	2,213,994
Net Income/(Loss)	-	-	-	-	144,119	37,652	181,771
Remuneration from Stock Options	-	-	-	15,409	-	-	15,409
Balance as of 6/30/2014	5,631,067	5,631,067	(264,425)	50,887,597	(53,724,850)	(118,216)	2,411,173
Balance as of 12/31/2014	5,631,067	5,631,067	(264,425)	50,927,279	(56,916,361)	399,099	(223,341)
Net Income/(Loss)	-	-	-	-	74,054	135,147	209,201
Remuneration from Stock Options	-	-	-	33,016	-	-	33,016
Balance as of 6/30/2015	5,631,067	5,631,067	(264,425)	50,960,295	(56,842,307)	534,246	18,876

artnet AG Consolidated Statement of Cash Flows

For the Six Months Ended on June 30, 2015

	1/1-6/30/2015 USD	1/1-6/30/2014 USD	1/1-6/30/2015 EUR	1/1-6/30/2014 EUR
Cash Flow from Operating Activities				
Net Profit/Loss	82,669	197,586	74,054	144,119
Adjustments to Reconcile Net Profit to Net Cash Provided by/(used in) Operating Activities				
Depreciation and Amortization	280,729	293,729	251,477	214,246
Impairments/Write-Offs for Receivables	(92,509)	180,484	(82,870)	131,645
Non-Cash Compensation from Stock Options	36,950	21,126	33,100	15,409
Other Non-Cash Transactions	90,500	30,855	81,069	22,506
Changes in Operating Assets and Liabilities				
Trade Receivables	(121,164)	(499,346)	(108,539)	(364,223)
Other Current Assets	(105,143)	(8,082)	(94,187)	(5,895)
Security Deposits	(2,598)	(6,694)	(2,327)	(4,883)
Accounts Payable	(103,177)	(256,143)	(92,426)	(186,831)
Provisions	(29,352)	–	(26,294)	(47,165)
Accrued Expenses and Tax Liabilities	(325,310)	(125,513)	(291,413)	(91,549)
Deferred Revenue	243,997	149,466	218,573	109,021
Total Adjustments	(127,077)	(220,118)	(113,836)	(160,554)
Cash Flow Provided by/(used in) Operating Activities	(44,408)	(22,532)	(39,782)	(16,435)
Cash Flow from Investing Activities				
Purchase of Property and Equipment	(9,152)	(22,345)	(8,198)	(16,298)
Purchase and Development of Intangible Assets	(7,616)	(177,961)	(6,822)	(129,805)
Cash Flow Provided by/(used in) Investing Activities	(16,767)	(200,306)	(15,020)	(146,103)
Cash Flow from Financing Activities				
Repayment of Finance Leases	(153,226)	(154,122)	(137,260)	(112,417)
Loans Received/Redeemed	(139,540)	–	(125,000)	–
Cash Flow Provided by/(used in) Financing Activities	(292,766)	(154,122)	(262,260)	(112,417)
Effects of Exchange Rate Changes on Cash	(56,178)	1,628	60,319	13,011
Changes in Cash and Cash Equivalents	(410,119)	(375,332)	(256,742)	(261,944)
Cash and Cash Equivalents—Start of Period	1,435,839	2,104,778	1,181,121	1,528,763
Cash and Cash Equivalents—End of Period	1,025,720	1,729,446	924,379	1,266,819
Supplemental Disclosures of Cash Flow				
Income Tax Receipts/(Payments)	–	(9,531)	–	(6,952)
Interest Payments	(19,504)	(21,512)	(17,472)	(15,691)
Interest Receipts	594	58	532	42

Notes to the Consolidated Financial Statements

Corporate Information

artnet AG (hereinafter referred to as “artnet AG” or the “Company”) is a publicly traded corporation headquartered in Berlin, Germany. The address of its registered office is Oranienstraße 164, 10696 Berlin, Germany.

artnet AG holds 100% of the shares in Artnet Worldwide Corporation (“Artnet Corp.”), which is located in New York, NY, USA. Artnet Corp. holds 100% of the shares in artnet UK Ltd. and artnet France sarl. artnet AG and Artnet Corp., together with the latter’s wholly owned subsidiaries, are referred to as the “artnet Group” or the “Group.”

The Group’s business is to provide art collectors, galleries, publishers, auction houses, and art enthusiasts with a site where individuals can research artists and art prices, and find artworks that are currently available in the artnet Gallery Network or on artnet Auctions, a transaction platform to buy and sell art.

The consolidated financial statements were authorized for issuance by the CEO on August 13, 2015.

Basis of Reporting

These unaudited interim financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), and its interpretations adopted by the International Accounting Standards Board (IASB) for interim financial information effective within the EU. In particular, they correspond to the “Interim Financial Reporting” guidelines of IAS 34. They also comply with the German Accounting Standard (DRS) No. 16 on interim reporting, as well as with §§ 37x, 37w of the Securities Trading Act. These financial statements do not include all of the information and footnotes required by IFRS for complete financial statements for year-end reporting purposes.

The same accounting and valuation methods have been applied to this interim report as were applied to the most recent annual financial statements. A detailed description of the accounting policies is published in the notes to the 2014 annual consolidated financial statements.

The Management of the Company is convinced that the interim consolidated financial statements include all adjustments of a normal and recurring nature considered necessary for a fair presentation of results for the interim period. Results for the period ended June 30, 2015, are not necessarily indicative of future results.

The interim financial statements as of June 30, 2015, and the interim management report, have not been audited in accordance with § 317 of the German Commercial Code or reviewed by an auditor.

The consolidated financial statements have been prepared on a historical cost basis. The balance sheet date is June 30, 2015.

Reporting Period

The consolidated financial statements were prepared for the reporting period from January 1, 2015 to June 30, 2015. The fiscal year for all Group companies coincides with the calendar year.

Foreign Currency Translations and Transactions

Amounts mentioned in the interim consolidated financial statements, and notes to the interim consolidated financial statements, are stated in euros (EUR), unless otherwise noted. The reporting currency is the euro.

The currency of the primary economic environment in which the artnet Group operates is US dollars, which is the functional currency of the operating subsidiary Artnet Corp. Transactions in currencies other than US dollars are recorded at the exchange rates prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Gains and losses from foreign currency transactions are recognized as other income or expenses.

On consolidation, the assets and liabilities of the Group’s operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average price for the period. The accumulated gains and losses resulting from translation are recorded as a separate component of the Group equity.

In January 2015, Artnet Worldwide Corporation converted existing current intercompany receivables of artnet AG in the amount of 2.1 million EUR into an intercompany loan. The loan, including all accrued and unpaid interest, is due for repayment on December 31, 2017. A settlement for this this loan is neither planned nor likely to occur in the foreseeable future. The intercompany loan is part of net investments according to IAS 21.15. Accordingly, exchange differences on the loan amount in euros will be recognized in the foreign currency adjustment item in equity at closing dates (including interim reports). The amount, recognized in the foreign currency adjustment item, will be reclassified from equity into profit or loss upon full or partial settlements.

Currency exchange rates significant to the artnet Group are the translation of US dollars to euros, and of US dollars to British pounds. The following exchange rates have been used for the currency translation in the years presented:

	USD to EUR		USD to GBP			
	6/30/2015	12/31/2014	6/30/2014	6/30/2015	12/31/2014	6/30/2014
Current Rate						
Period End	0.901	0.823	0.733	0.636	0.644	0.587
Average Rate						
for the Period	0.896	0.754	0.729	0.656	0.607	0.599

Basis of Consolidation and Consolidated Companies

The consolidated financial statements include the legal parent company, artnet AG, its wholly owned subsidiary, Artnet Worldwide Corporation, as well as the subsidiaries of the Company. According to IFRS 10, control is achieved where a company is exposed to fluctuating yields as a result of its engagement with the entity or owns rights, and has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

On February 23, 1999, artnet AG entered into a transaction with Artnet Corp. in accordance with IFRS 3, B1 et seq., which was treated as a recapitalization of Artnet Corp., with Artnet Corp. as the acquirer of artnet AG. As a result, the initial consolidation was implemented in a way that artnet AG consolidated as a legal acquirer for the subsidiary company, Artnet Corp., because this was the economic acquirer.

On November 1, 2007, Artnet Corp. established artnet UK Ltd., which is a wholly owned subsidiary of Artnet Corp. artnet UK Ltd. conducts sales for Artnet Corp. in the United Kingdom.

The active business operation of artnet France sarl was discontinued after the closure of the office in Paris in June 2012. Since that time, the French market has been served from the main headquarters in New York and Berlin.

All significant intercompany transactions, balances, income, and expenses are eliminated in full on consolidation.

Authorized Capital

The Shareholders' Meeting of artnet AG on July 16, 2014, authorized the Board of Directors, with the approval of the Supervisory Board, to increase the capital stock by up to 2,800,000 EUR before July 15, 2019, through the issue of 2,800,000 new no-par value bearer shares in exchange for cash contributions or contributions in kind (Authorized Capital 2014).

No shares have been issued from the Authorized Capital 2014 at this point.

Treasury Shares

As of June 30, 2015, artnet AG held 78,081 of its own shares, unchanged from the previous year, representing 1.4% of common stock.

The Shareholders' Meeting of artnet AG on July 14, 2010, authorized the Board of Directors, with the approval of the Supervisory Board, to acquire its own shares until the end of July 13, 2015, up to a 10% stake in the current share capital. At no point may the acquired shares, together with other shares owned by the Company or attributable to the Company under Articles 71 et seq. AktG (German Stock Corporation Act), constitute more than 10% of the share capital. The time limit applies only to acquiring—and not holding—the shares.

Related-Party Transactions

As of June 30, 2015, financial liabilities of the artnet Group comprise, in addition to the accounts payable and other liabilities, a loan granted by the main shareholder (including interest)

in the amount of 388,085 EUR. The loan serves as collateral to a potential temporary liquidity bottleneck, which could result from seasonal changes of cash collections. The loan agreement was terminated by mutual agreement as of May 20, 2015, and replaced by a short-term loan.

Income Taxes

Current income tax is recognized in the interim period based on the estimate of weighted average annual income tax for the entire fiscal year. Due to its tax loss carryforwards, Artnet Corp. only has to pay the alternative minimum corporation tax.

The Group reviews the carrying amount of its deferred tax asset once per year, and will review the deferred tax asset on the balance sheet date, December 31, 2015, based on the most recent corporate planning for the fiscal years 2016 through 2018.

Segment Reporting/Changes in Segment Reporting

The Group reports on the operating segments in the same way it reports operating segment information to the Management and Supervisory boards.

At the beginning of the 2015 fiscal year, the Group adjusted its segment reporting. Management no longer considers the previous segmentation appropriate to provide sufficient information. As part of the modification to internal reporting, the decision was made to disclose the online news platform, artnet News, as its own segment. In the previous year, the English-language art world news platform was considered a PR and marketing tool that supported business operations as a whole. The number of reportable segments has not increased. Management no longer considers appropriate the disclosure of the segment Advertising as a standalone segment. Advertising revenue will now be allocated to the segments where banners have been placed. If an advertising banner, for example, is placed on the product page of the Price Database, advertising revenues will be allocated to this segment. In addition, since the beginning of the fiscal year, the segment reporting was changed to a multilevel Contribution Margin accounting. In the first stage, the difference of the generated revenues and the direct variable costs (Contribution Margin (CM I)) for each segment is calculated. In a second step,

variable indirect costs, which are not directly attributable to a segment, are subtracted from the CM I, by allocating them to the segments with an allocation key. The so-determined Contribution Margin (CM II) is the amount available by segment to cover the fixed costs. Management expects a better picture of the profitability of each segment due to this change.

Following the requirements of IFRS 8 "Operating Segments" (Management Approach), this realignment has retroactively led to a change in the segment report in 2014.

The Group's reporting is based on the following four segments:

- The artnet Galleries segment presents artwork from member galleries and partner auction houses
- The artnet Price Database segment comprises all database-related products, including the artnet Price Database Fine Art and Design and the artnet Price Database Decorative Art, as well as the products based thereupon, including artnet Market Alerts and artnet Analytics
- The artnet Auctions segment provides a platform to buy and sell artworks online
- The artnet News segment is a 24/7 news service for the art market; the online platform, news.artnet.com, provides information about the events, trends, developments, and people shaping the art market and global art industry

The control of the segment performance is evaluated based on the Contribution Margin II (revenue minus direct and indirect variable costs), which is therefore presented below as the segment result. Non-directly attributable expenses are allocated to the reportable segments, based primarily on the headcount and revenue for each reportable segment. The segment reporting is presented, based on the internal communication, in US dollars.

A measurement of assets or liabilities for each reportable segment is not provided to Management. Therefore, segment-related assets and liabilities are not shown.

Period January 1, 2015 to June 30, 2015	Revenue USD	Contribution Margin II USD
artnet Galleries	3,358,000	1,816,000
artnet Price Database	3,790,000	1,919,000
artnet Auctions	1,546,000	(229,000)
artnet News	716,000	(428,000)
Total	9,410,000	3,078,000

Period January 1, 2014 to June 30, 2014	Revenue USD	Contribution Margin II USD
artnet Galleries	3,245,000	1,587,000
artnet Price Database	4,176,000	2,356,000
artnet Auctions	1,768,000	124,000
artnet News	133,000	(609,000)
Total	9,322,000	3,458,000

The reconciliation of the Contribution Margin II to the operating income of the Group is given in the following table:

Reconciliation of Segments Contribution Margin II to the Operating Income	6/30/2015 USD	6/30/2014 USD
Contribution Margin II	3,078,000	3,458,000
Fix Costs of Sales Expenses Including Depreciation -281,000 USD	1,085,000	1,109,000
Fix Costs of General and Administrative Expenses	1,638,000	1,860,000
Fix Costs of Product Development Expenses	234,000	266,000
Operating Income	121,000	223,000

Earnings Per Share

Basic earnings per share are calculated by dividing net income by the weighted average number of outstanding common shares during the year.

Diluted earnings per share are calculated in the same manner as basic earnings per share, with the exception that the average number of outstanding shares increases by adding the potential number of shares from stock option conversions.

The calculation of earnings per share is based on the following data:

	1/1-6/30/2015 EUR	1/1-6/30/2014 EUR
Numerator (Earnings)		
Net income for the first six months	74,054	144,119
Denominator (Number of Shares)		
Weighted average number of ordinary shares used to calculate basic earnings per share (issued and fully paid ordinary shares)	5,552,986	5,552,986
Effect of potential dilutive shares from stock options	-	-
Weighted average number of ordinary shares used to calculate dilutive earnings per share	5,552,986	5,552,986

The weighted average share price of stock options is higher than the weighted average exercise price in 2015. As a result, there are no diluted shares.

Employees

In the first six months of the 2015 fiscal year, there were 116 full-time employees in the Group, versus 115 in the same period of 2014. Additionally, the artnet Group had two part-time employees, compared to four in the same period last year. In sales and other departments, the Group had 12 freelancers, compared to 10 in the first half of 2014.

Accounting Estimates and Judgments

The preparation of the consolidated financial statements in accordance with IFRS necessitates estimates and assumptions that influence assets and liabilities, income, and expenses, as well as information in the notes to the financial statements. Actual results and developments may differ from those estimates and assumptions.

Estimates made by Management that have a significant effect on the consolidated financial statements include the recognition of deferred tax assets and development costs, the impairment of capitalized development costs, the valuation of provisions, the useful lives of non-current assets, and the assessment of bad debt provisions on accounts receivable.

Notification concerning transactions by persons with management duties according to § 15a WpHG

No transactions by persons with management duties according to § 15a WpHG have been reported to the Company.

Voting Rights Notifications

According to § 21 WpHG shareholders are required to report when the level of their shareholdings exceed or fall below certain thresholds. The thresholds are 3%, 5%, 10%, 15%, 20%, 25%, 30%, 50%, and 75%.

artnet AG was notified about the following notification of voting rights as per § 26 WpHG:

April 7, 2015

1. Weng Fine Art AG with its registered office in Krefeld, Germany, informed us on April 2, 2015 that its share of the voting rights in artnet AG fell below the threshold of 3% on March 27, 2015 and on this date amounts to 2.66% (150,000 voting rights of the total of 5,631,067 voting rights in artnet AG).

2. Mr. Rüdiger K. Weng, Germany, informed us on April 2, 2015 that his share of the voting rights in artnet AG fell below the threshold of 3% on March 27, 2015 and on this date amounts to 2.67%, (150,100 voting rights of the total of 5,631,067 voting rights in artnet AG). The entire voting rights are attributable to Mr. Rüdiger K. Weng pursuant to sec. 22 para. 1 sent. 1 no. 1 WpHG.

March 23, 2015

1. Weng Fine Art AG with its registered office in Krefeld, Germany, informed us on March 20, 2015 that its share of the voting rights in artnet AG fell below the threshold of 5% on March 16, 2015 and on this date amounts to 4.56% (257,000 voting rights of the total of 5,631,067 voting rights in artnet AG).

2. Mr. Rüdiger K. Weng, Germany, informed us on March 20, 2015 that his share of the voting rights in artnet AG fell below the threshold of 5% on March 16, 2015 and on this date amounts to 4.58%, (258,150 voting rights of the total of 5,631,067 voting rights in artnet AG). The entire voting rights are attributable to Mr. Rüdiger K. Weng pursuant to sec. 22 para. 1 sent. 1 no. 1 WpHG, including the voting rights of the following shareholder whose holdings of voting rights amount to 3% or more: Weng Fine Art AG.

March 12, 2015

Mr. Hans-Herbert Döbert, Germany, informed us on March 11, 2015 that his share of the voting rights in artnet AG exceeded the threshold of 3% on March 10, 2015 and on this date amounts to 3.01%, (169,700 voting rights of the total of 5,631,067 voting rights in artnet AG).

The Company has published this information on its investor relations page online.

Berlin, August 13, 2015



Jacob Pabst
CEO, artnet AG

artnet AG

Supervisory Board

John Hushon, Chairman
Hans Neuendorf, Deputy Chairman
Piroschka Dossi

Management Board

Jacob Pabst, CEO

Artnet Worldwide Corporation

Jacob Pabst, CEO

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Investor Relations

You can find information for investors and the annual financial statements at artnet.com/investor-relations.

If you have further queries, please send an email to ir@artnet.com, or send your inquiry by mail to one of our offices.

German Securities Code Number

The common stock of artnet AG is traded on the Prime Standard of the Frankfurt Stock Exchange under the symbol "ART." You can find notices of relevant company developments at artnet.com/investor-relations.

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