

artnet AG

Nine-Month Report as of
September 30, 2016

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General Information and Business Activities

artnet AG is a publicly traded corporation headquartered in Berlin, Germany. artnet AG was incorporated under the laws of Germany in 1998. The address of its registered office is Oranienstraße 164, 10969 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. The Group's goal is to provide art collectors, galleries, publishers, auction houses, and art enthusiasts with a comprehensive suite of products that allows users to buy, sell, and research art online. The Price Database contains over 10 million auction records, providing in-depth art market research. Users can find artworks that are available for sale in the Gallery Network or Auction House Partnerships, as well as on artnet Auctions, an online transaction platform. artnet News, a 24-hour newswire, informs users about the events, trends, and people shaping the global art market.

Economic Development of the Group

As of September 2016 and 2015, artnet's revenue was 14.0 million USD and 13.8 million USD, respectively, representing an increase of 168,000 USD or 1%. Revenue for the third quarter of 2016 increased by 1% compared to 2015, mainly due to growth in artnet Auctions and advertising revenue.

As of September 2016, revenue for artnet Auctions increased by 5% as compared to the previous year. The average price of lots sold increased by 18% and the sell-through rate increased by approximately 20%, as compared to the previous year. This led to an increase of 14% in artnet Auctions revenue for the third quarter, as compared to the previous year. The art market slowed down in 2016, which resulted in fewer than expected banner sales, as a result, advertising revenue grew slightly by 4% during the first nine months. In the third quarter, banner sales recovered which led to a revenue growth of 8%, as compared to the previous year. As of September 2016, the Price Database revenue grew by 1% in comparison to 2015. The anticipated marginal increase resulted from fewer subscriptions sold online during the summer months. Revenue for the Gallery Network decreased by 2% during the first nine months, as well as in the third quarter, as compared

to the previous year. The number of galleries in the network remains unchanged as a result of successful sale initiatives, as compared to the end of 2015, in addition, the decrease in revenue for this segment has steadily decreased over time, as compared to the previous years.

As of September 2016 and 2015, gross profit was 8.9 million USD and 9.0 million USD, respectively, representing a slight decrease of 23,000 USD or 0.3%. The gross profit for the third quarter of 2016 decreased by 103,000 USD or 4%, as compared to the third quarter of 2015. The decrease in gross profit is due to an increase in cost of sales, mainly due to increased costs in the artnet Auctions Department.

As of September 2016 and 2015, operating expenses were 9.0 million USD and 8.9 million USD, respectively, representing an increase of 171,000 USD or 2%. This is mainly due to higher general administrative expenses coupled with decreasing selling and marketing, as well as product development costs. Operating expenses for the third quarter of 2016 increased by 9% as compared to 2015, largely due to an increase in general administrative and selling and marketing expenses.

As of September 2016 and 2015, the consolidated earnings was 47,000 USD and 16,000 USD, respectively, representing an increase of 31,000 USD.

Development of Segments

Management closely monitors the Contribution Margin II (revenue minus direct and indirect variable costs) for each segment. The Contribution Margin II for the Price Database segment increased by 12% for the first nine months of 2016 as compared to 2015, and remains the main source of income for artnet. The Contribution Margin II for artnet Auctions increased by 80% for the first nine months of 2016 as compared to 2015. In the first quarter of 2016, the segment had achieved a positive Contribution Margin II for the first time. Even though the margin remained negative during the first nine months of 2016, the segment is close to becoming profitable. Higher revenue and lower expenses for product development and marketing allowed the artnet Auctions segment to benefit. The Contribution Margin II for artnet News increased by 5% for the first nine months of 2016 as compared to 2015, as improvements to the website and more

traffic led to an increase in artnet News revenue by 21%. Next to advertising campaigns from luxury brands, endemic advertising has already contributed to approximately 75% of revenue for artnet News. The Contribution Margin II for Galleries decreased by 14% for the first nine months of 2016 as compared to 2015, which resulted from higher development costs for the segment. However, the Contribution Margin II remains significantly positive for the segment.

Financial Status

The financial status of the Group has not changed significantly since the publication of the 2015 Annual Report. While artnet continued to reduce its liabilities—mainly accounts payable and other liabilities—even further, the Group's operating cash flow was positive. Due to the redemption of a loan, the reduction of leasing liabilities, and investments made, the development of the cash balance was negative as compared to December 31, 2015, even though artnet generated a positive consolidated operating cash flow.

Opportunities and Risks

Since the 2015 Annual Report was published on April 8, 2016, no significant events occurred that may affect the evaluation of future risks and opportunities for the Group, with the exception of the favorable court decision in the German copyright lawsuit.

As described in the 2015 Annual Report, the ongoing concern assumption for the Group could be endangered by liquidity risks if full payment of damages relating to the copyright lawsuit were to be made at once. Damages of 0.8 million EUR could be required on short notice for the alleged copyright infringement of a photographer, as determined by the French Court of Appeal. Aside from all legal remedies, artnet continues its efforts to achieve a settlement with the plaintiff. artnet does not believe a full payment of damages will be required in 2016.

The Berlin Court, on the same matter, dismissed the case in May 2016. Since the court's decision was not appealed, the provision of 150,000 EUR for the German lawsuit was released as income.

Outlook

According to the outlook published in the 2015 Annual

Report, artnet is poised to continue its leadership position in a competitive market. Management expects the momentum of rising revenues, coupled with a moderate increase in expenses, to continue, and therefore do not alter its prognoses for the development of the segments in 2016, as made in the 2015 Annual Report.

Berlin, November 11, 2016

A handwritten signature in black ink, appearing to be 'JP' with a long horizontal stroke extending to the right.

Jacob Pabst
CEO, artnet AG

artnet AG

Supervisory Board

Andreas Langenscheidt, Chairman
Hans Neuendorf, Deputy Chairman
Dr. Bernhard Heiss, Member of the Supervisory Board

Management Board

Jacob Pabst, CEO

Artnet Worldwide Corporation

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Investor Relations

Financial statements and investor information can be found at artnet.com/investor-relations.

If you have further questions, please contact us at ir@artnet.com or by mail at any one of our locations.

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.

Wertpapier-Kenn-Nummer

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Concept and Production
Artnet Worldwide Corporation

