

Artnet AG

Quarterly Interim Statement
for the First Quarter 2022

Artnet

The Art World Online

Since 1989, Artnet has revolutionized the way collectors, professionals, and art enthusiasts discover and collect fine art today. Artnet's founder, Hans Neuendorf, provided a clear vision from the outset: to create the leading online resource for the international art world – a trusted and transparent global marketplace to buy, sell, and research fine art.

As the art market continues its digital transformation, our purpose remains more relevant now than ever. 2021 saw the continued drive towards a truly digitally enabled art market, with the transition of 2020 that was catalyzed by the global pandemic taking hold and solidifying. The art market had been one of the last bastions resisting the adoption of online commerce. Today, we have witnessed a radical shift in mentality in the industry, and Artnet's long held vision of a transparent, digital art market is starting to become a reality.

With that in mind, the future is looking bright. Artnet continues to strive towards its vision, and is valued by the market as the industry's key independent information provider and marketplace. With a strong start to the first Quarter, Artnet is positioned to lead and guide the market in its shift towards a digital art market, as it has done since its inception.

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Supervisory Board



Dr. Pascal Decker



Hans Neuendorf



Prof. Dr. Michaela Diener

Executive Team



Jacob Pabst
Chief Executive Officer



Alanna Lynch
Chief Operating Officer



Albert Neuendorf
Chief Strategy Officer



Quentin Rider
Chief Technology Officer



William B. Fine
President

First Quarter Business Highlights

+19%
Revenue YoY

48 Million
Pageviews during Q1

+111%
Media growth YoY

18,000 USD
Average Transaction Value +7% YoY

1st NFT Drop
sells out within hours

Partnership
with Talking Galleries

Revenue Breakdown per Segment

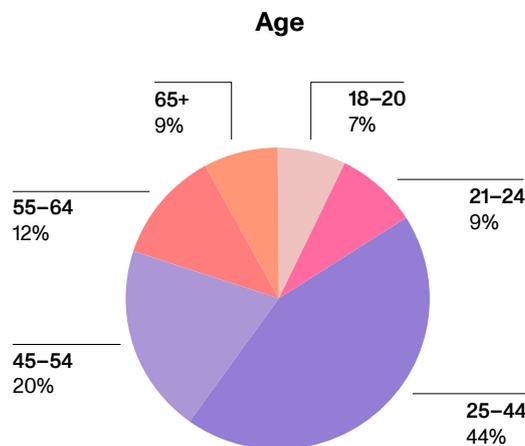
28,8%
Media

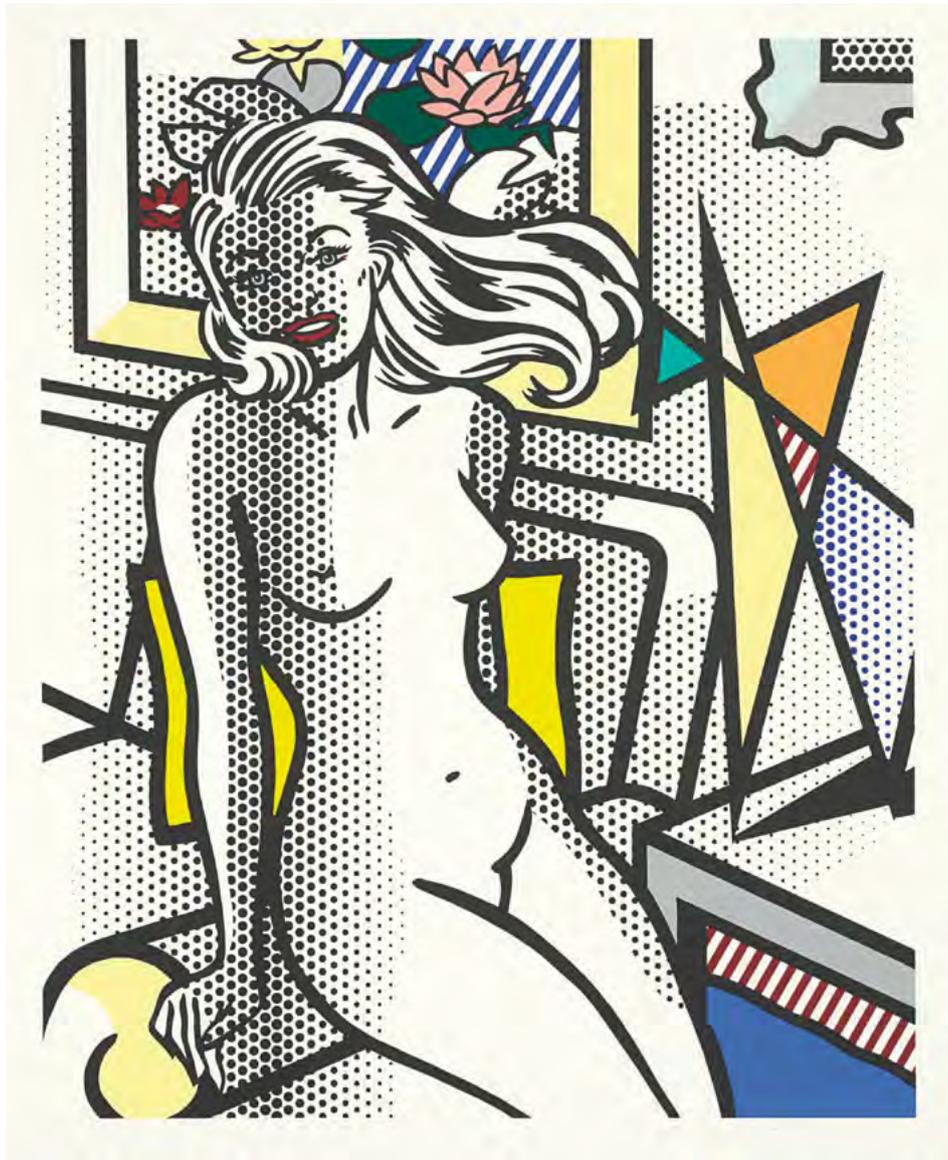
40,6%
Marketplace

30,6%
Data

Audience Insights

50% Female & 50% Male





Roy Lichtenstein, *Nude with Yellow Pillow*, 1994, Versteigert auf Artnet Auctions für 425.000 USD

‘Artnet was able to record growth in line with its Forecasts in Q1 2022 driven by continued strong growth in its Media segment despite an increasingly uncertain economic environment. Key product and technology developments are progressing as planned as the Company pursues its strategy of unlocking value through the realization of synergies between its core segments.’

Albert Neuendorf, Chief Strategy Officer

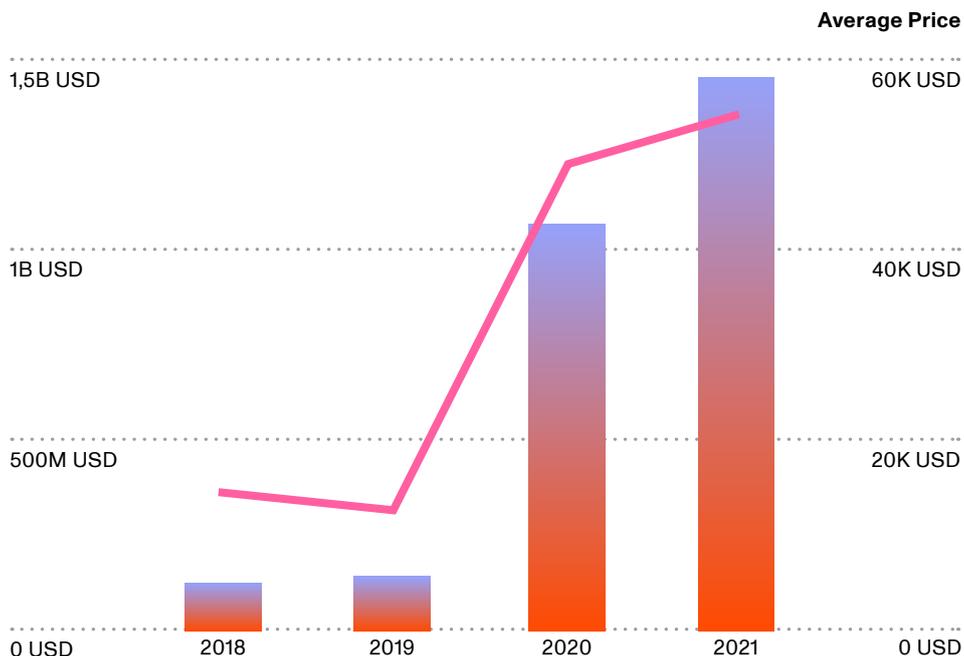
Business Model and Artnet Group Organization

Artnet AG is a holding company listed on the Prime Standard segment of the Frankfurt Stock Exchange. Artnet AG’s principal holding is its wholly-owned subsidiary, Artnet Worldwide Corporation, formed in 1989 in New York. Artnet AG (“Artnet” or the “Company”) and Artnet Worldwide Corporation (“Artnet Corp.,” collectively the “Artnet Group”, the “Group”, or the “Company”) operate under the trade name “Artnet.” Artnet Worldwide Corp. has a wholly-owned subsidiary, Artnet UK Ltd., based in London.

Artnet’s purpose is to provide art collectors, galleries, auction houses, publishers, and enthusiasts with a holistic global ecosystem to buy, sell, and research fine art. With over 200 million page views in 2021, Artnet is the most visited art market platform globally. The provision of timely information about market movements, price developments, exhibitions, news, and reviews enables Artnet’s users to navigate the art market in the most efficient way.

Artnet Analytics Online art sales increasing, showing shift in purchasing behavior

Total Online Sales (USD) at Christie’s, Sotheby’s, Phillips, Bonhams and Artnet Auctions



Economic Development of the Artnet Group

The global economy entered 2022 in a weaker position than previously expected. Global growth is projected to slow from an estimated 6.1 percent in 2021 to 3.6 percent in 2022 and 2023. This is 0.8 and 0.2 percentage points lower for 2022 and 2023 than projected in January (Source: International Monetary Fund). Socio-political instability caused by the conflict between Russia and the Ukraine have contributed to market fluctuations, rising oil prices, and supply chain disruptions. 2022 inflation projections of 5.7 percent in advanced economies and 8.7 percent in emerging market and developing economies are higher than January projections (Source: International Monetary Fund). The declining global growth, inflationary pressure, and financial markets instability are expected to have a moderate impact on performance

The art market, like many other industries, has gone through a challenging and transformative period since early 2020, continuing into the 2022 financial year. Along with the difficulties it presented, the global pandemic also created an opportunity for restructuring and innovation in the sector, with a strong shift towards online transactions - of which Artnet, as the pioneer of online commerce in the art market, is poised to benefit from in 2022 and beyond.

The art market saw a recovery in 2021, with transaction volumes returning to pre-pandemic levels. Signaling a shift in purchasing patterns, collectors are now increasingly comfortable in buying higher value artworks online. In 2019, the average price of an artwork sold online was 11,228 USD. In 2020, that figure jumped to 46,595 USD, and remained on an upward trajectory, rising 15 percent in 2021, to 53,685 USD. (Source: Artnet Analytics). This can also be seen in Artnet's increasing average transaction value (ATV) and success in higher price categories in 2021 and through the first quarter of 2022.



Ed Ruscha, *Mocha Standard*, sold on Artnet during Q1 for 150,000 USD

Media

Artnet's Media Segment is the world's dedicated 24-hour international online art market newswire and content provider. This platform informs, engages, and connects members of the art community to the events, trends, and people shaping the market and global art industry through timely articles, expert analyses, and insightful opinion pieces. With the launch of Artnet News Pro, a new partial paywall, Artnet offers its most engaged subscribers critical, data-driven editorial. Artnet News' journalists work with the Data Science Team to give our readers an unparalleled level of insight into the art market.

Media revenue increased 111% YoY to 1,792k USD during the first three months of 2022 (2021: 849k USD). With Saint Laurent, Hermès, Tiffany's, and JP Morgan Private Bank among the Group's many returning advertising partners, Artnet develops long-standing relationships with its clients built on performance and trust.

Marketplace

Artnet's Marketplace Segment strives to deliver an accessible and efficient art market by providing global access to the world's fine art. Through partnerships with the leading international galleries and auction houses, Artnet offers a diverse, curated selection of over 250,000 artworks to an unparalleled global audience. Artnet Auctions is the fastest and most cost-effective way to transact fine art today, with a global team of specialists sourcing a careful selection of post-war and contemporary art. Additionally, developed and launched in Q4 of 2021, Artnet's transactional ArtNFT platform offers a bridge between the NFT community and the traditional art industry.

Revenue from the Marketplace segment increased 3% to 2,520k USD within the first Quarter of the year (2021: 2,437k USD). Within the Marketplace, Artnet Auctions' revenue increased 12%, with Sell Through Rates also increasing, and the Average Transaction Value up 7% YoY to 18,000 USD. Also launched in 2021, 'Buy Now' has continued to expand, with a focus on tightly curated releases of unique works and editions for immediate purchase.

Top lots during the first quarter of 2022 include Roy Lichtenstein's *Nude with Yellow Pillow (from the Nude series)*, which realized 425,000 USD including premium, significantly above its high estimate of 300,000 USD; Light artist Dan Flavin's *Untitled (to Brad Gillaugh)*, which hammered down at 275,000 USD including premium; as well as Ed Ruscha's iconic *Mocha Standard*, which realized 150,000 USD including premium.

Data

Artnet is the industry's critical Data provider. With over 15 million auction results, The Price Database's highly reliable and transparent information is an essential research tool for all art market participants.

During the first quarter, revenue from the Data segment declined 2% YoY to 1,900k USD (2021: 1,946k USD). Data revenue is expected to increase in Q3 with the release of the Price Database redesign planned for late Q2.

Artnet's Data Science team provides expert analyses of the market development of artists, art movements, art genres, or a unique selection of artworks in order to provide critical support to market decision making. Revenue from Artnet Analytics increased 32% YoY in the first quarter.

2022 Tech Roadmap

The Company has made the strategic decision to invest into product development and technology.

The Artnet website forms the foundation of the Group's products and services. It is of the utmost importance to keep pace with the latest technological developments as well as improve and develop new products to enhance the user experience. The above technological roadmap sees completion of several new products and improvements through 2022, with new management and a strengthened team making strong headway as Artnet transitions into front-end product development.

Single Sign On

Unification of different sign-on protocols across News, PDB, and Auctions will set the basis for unifying platform and enhancing data capture.

Artnet News Upgrade

A series of updates to Artnet News that will enhance traffic, improve reader experience, and increase advertising viewability.

Artwork Pages / Artist Pages

A full rebuild of the UX/UI of Artist Pages / Artwork Pages to improve dwell time, SEO, and user experience.

Price Database Rebuild

A total rebuild of the price database, making it mobile first and including key upgrades to usability and design.

Unified Navigation

Creating a unified experience across Artnet sites by having all sites run under one master Navigation.

Marketplace Upgrade

Key Improvements to Auctions payment systems and post-sale processes that help set the foundation for a modern marketplace.

Responsibility

ESG Report

Artnet published its voluntary, audited ESG report in conjunction with the annual report 2021.

Artnet values its role in assisting clients in engaging with fine art and collectibles. Whether Artnet's clients are researching, evaluating, buying, or selling art, they count on the Company to understand both the cultural and commercial value of art —and to ensure the responsible sale of their fine and decorative art in a transparent, efficient, and sustainable way.

The report was prepared in accordance with globally accepted reporting standards and provides information on Artnet's objectives and measures relating to different stakeholders, which include our clients, employees, suppliers, shareholders, and society and the environment in general.

The ESG report can be found on Artnet's Investor Relations page.



Nick Brandt, *Lion before Storm*, charity auction benefiting Earthday.org, sold on Artnet Auctions, Q1 2022 for 16,250 USD

Risks & Opportunities

Artnet operates in a challenging niche market. To monitor and adapt to a continually changing landscape, Artnet continuously observes internal and external risks and opportunities. There has not been a material change in the risk profile of the Company as compared to the 2021 reporting year. Management is monitoring global economic developments and inflationary pressures closely but sees no need for immediate action.

A detailed overview of all opportunities and risks can be found in the 2020 Annual Report.

Financial Position

Driven by strong growth in the Media segment, Artnet's **revenue increased by 19% to 6,212k USD** in the first Quarter (2021: 5,233k USD).

Gross Profit in the first three months increased by 16% or 485k USD to 3.43 million USD as a result of strong revenue growth. The result was partially offset by increased Network Maintenance and Personnel costs.

Operating Expenses increased by 13% or 500k USD to 4.21 million USD driven by investments in Product Development, Sales and Marketing, as well as an increase in General Administrative Expenses.

As a result, Operating Income for the first quarter of 2022 was -786k USD, and Operating Cash Flow ended at 497k USD.

Outlook



Jacob Pabst, Vorstand, Artnet AG

In 2022 the global outlook appears mired by economic and geopolitical issues. The US economy recorded a constriction in the first quarter, and the turbulence seen in financial markets point to uncertainty and bearish sentiment. Following rising inflationary pressures across developed economies, monetary policy responses are tightening. There is some early concern that increasing interest rates will lower demand in the fine art and luxury collectibles market, although no clear indication of that has been recorded as of yet.

Despite this, management is forecasting continued growth for the remainder of the financial year. The share price has also recovered slightly at the end of the first Quarter. Artnet's diversified business model has proven robust through downturns, and the Company's Media and Transactional businesses in particular have a strong growth runway. Management is looking forward to the completion of important technology projects including the Price Database rebuild, as well as hiring in key positions that will drive growth through Q2 and beyond.

Along with the complete rebuild of the Price Database, there are important additional improvements that will already have an impact on revenues in 2022. A unified navigation, a full revamp of Artnet News, and important key page redesigns will significantly increase not only the usability of the Artnet platform, but also begin to help realize the synergies between the Media, Marketplace, and Data segments. The outlook for the individual segments has not changed since the publication of the Annual Report 2021 on May 4, 2022. Management confirms the forecasts.

Artnet has the foundational brand strength and broad product suite to lead the online art market for years to come and is making the necessary investments to obtain long term market share and profitability.

Berlin, May 15, 2022

Jacob Pabst
CEO, Artnet AG

Useful Information for Shareholders

Artnet AG Supervisory Board

Dr. Pascal Decker, Chairman
Prof. Dr. Michaela Diener, Deputy Chairwoman
Hans Neuendorf

Management Board

Jacob Pabst, CEO

Artnet Worldwide Corporation

Jacob Pabst, CEO

Artnet UK Ltd.

Jacob Pabst, CEO

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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.

Stock Market Information

WKN A1K037
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Investor and Shareholder Relations

The Artnet Group places great value on a positive and fruitful exchange with its stakeholders. We look forward to staying in touch with you.

Please find all relevant information for investors, the financial statements, and updates at artnet.com/investor-relations.

If you have further queries, please don't hesitate to get in touch via ir@artnet.com

Newsletter

The Artnet Group sends regular newsletter updates to its shareholders.
Please sign up by emailing ir@artnet.com with your name and email address.

Design

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