

Artnet AG

Quarterly Interim Statement
for the Third 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. 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. In 2022, Artnet has been able to make forceful strides on its path towards a unified, synergistic platform and is positioned to lead the art market towards its digital future.

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Supervisory Board



Dr. Pascal Decker



Hans Neuendorf



Prof. Dr. Michaela Diener

Executive Team



Jacob Pabst
Chief Executive Officer



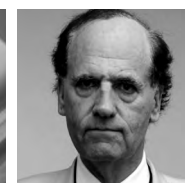
Alanna Lynch
Chief Operating Officer



Albert Neuendorf
Chief Strategy Officer



Quentin Rider
Chief Technology Officer



William B. Fine
President

Third Quarter Business Highlights

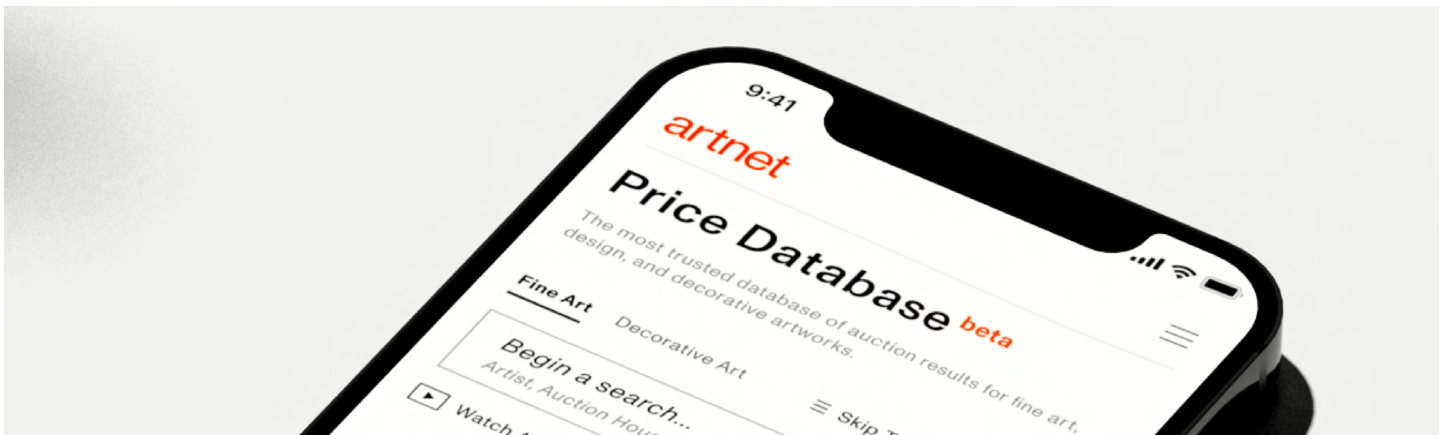
110 Million
Pageviews On Artnet News

+59%
Media growth YoY

8%
Revenue Growth YoY

USD 175,000
For a work by Gerhard Richter sold on Artnet Auctions

Price Database Release For Beta Testing



Advertising Partnerships with Royal Salute x Tate Britain, Cadillac, and Dobel x Artnet Innovators

Future Developments Introduction of Fine Art Lending Brokerage in partnership with The Fine Art Group & Luxury Asset Capital

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.



Introducing the Artnet Fall 2022 Intelligence Report at Cromwell Place, Artnet's London Home during Frieze Week

Global Economic Developments

The global economy has continued to suffer from uncertainty and inflationary pressure through the end of the 2022 financial year. Geopolitical tensions including the war in Ukraine have led to supply-side shortages and high energy prices. As Central banks in developed Nations have continued to raise interest rates, the world economy has slowed, with many predicting a prolonged downturn through 2023 and beyond. Financial Markets have been in turmoil in response to continued monetary tightening, with the technology sector particularly affected.

The IMF's prediction for global growth in 2022 has dropped to 3.2 percent compared to the 6 percent achieved in 2021; while projections for next year have been lowered further from the July forecast to 2.7 percent (Source: IMF). The 2023 slowdown will be broad-based, with countries accounting for about one-third of the global economy poised to contract this year or next. The three largest economies, the United States, China, and the Euro area will continue to stall. Monetary tightening will also continue in 2023, with global inflation projected to be at 6.5 in 2023, well above healthy levels.

Economic Development of the Artnet Group

Against this uncertain economic backdrop, the Artnet Group is continually monitoring market developments and taking necessary precautions in order to ensure its financial health through the fourth quarter and into 2023. As announced at the beginning of November, the company expects a net cash inflow in the fourth quarter of 2 million USD in the form of a non-repayable US Government grant. This, combined with a projected strong fourth quarter, leaves Artnet in a solid position for the remainder of 2022. As the art market continues its shift towards online transactions, Artnet, as a pioneer of online commerce, is poised to capitalize in 2023 and beyond.

Development of Segments

Media, Data, Marketplace

Media

Artnet News is the world's only dedicated 24-hour international online art market newswire and content provider. Artnet News 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 partial paywall subscription offering, Artnet News has diversified its revenue streams while offering its most engaged subscribers critical, in-depth data-driven editorial and insider insights. Artnet News' leading journalists, powered by Artnet's Data and Analytics, give its readers an unparalleled level of analysis of the art market.

Media revenue increased 59% YoY to 6,291k USD during the first nine months of 2022 (2021: 3,957k USD). Demand for advertising has risen to an all time high as endemic partners and luxury brands seek to reach Artnet's high-value audience of dedicated readers. With Saint Laurent, Hermès, Tiffany's, and JP Morgan Private Bank among Artnet's many returning advertising partners, Artnet has developed long-standing relationships with its clients built on performance and is able to leverage its brand equity to generate competitively priced direct advertising sales.

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Data

Artnet is the industry's critical Data provider. With over 15 million auction results, the Price Database's comprehensive and accurate data and analytics are an essential research tool for all art market participants. Revenue from the Data segment declined 3% YoY to 5,602k USD (2021: 5,792k USD). The third quarter typically sees reduced search activity due to the sparse summer auctions program. Data revenue is expected to start to increase in the fourth quarter also due to the release of the new Price Database.

At the time of publication, the renewed Price Database is available in a Beta environment for existing subscribers. Additional features are being added weekly with a final release scheduled for the end of the fourth quarter. The renewed Price Database is built on a new API-first architecture, introducing the opportunity for transformational new data delivery formats. A mobile optimized design will ease access to our global user base and drive search volume, and the implementation of elastic search introduces vast new search possibilities. Artnet's Data Science team has produced intelligent, reactive analytics that generate deep insight and understanding of the art market. Artnet has invested in its core product, and is excited for the new era of transparency that the new Price Database will bring as it strives towards its vision of creating an efficient, global art market.

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 an expert selection of post-war and contemporary art. Artnet has now been able to complete a key operational step in its strategy of realizing the strong synergies between its business segments. Artnet Auctions and Artnet Galleries have been unified under shared leadership, with Colleen Cash named SVP, Marketplace. Under this new structure, Artnet will be able to drive value to its Gallery Partners while generating increased opportunities for Artnet Auctions and Private Sales.

The Artnet Auctions Post-War & Contemporary Art department kicked off the fall season with a \$1M+ sale of Post-War Abstraction. Presented in partnership with Post-War connoisseur Dakota Sica, GEMS: Collecting Post-War Abstraction offered an exciting selection of Abstract Expressionism and Color Field painting. Lots attracted competitive international bidding; a bold and colorful painting by Paul Reed realized \$35,000 and set an all-time record for the artist. Other highlights include a large-scale canvas by Friedel Dzubas, which achieved \$175,000, and a signature work on paper by Frank Stella, which achieved \$137,500. Top lots during the third quarter of 2022 included German artist Gerhard Richter's *Cage 1-6*, which realized **175,000 USD including premium**; Friedel Dzubas' *Wendover*, which hammered down at **175,000 USD including premium**; as well as Frank Stella's iconic *Targowica* which realized **137,000 USD including premium**.

Revenue from the Marketplace segment decreased 9% to 7,104k USD in comparison to the previous year. (2021: 7,804k USD) but stayed equal to the previous quarter. Launched in 2021, 'Buy Now' has continued to expand, with a focus on tightly curated releases of unique works and editions for immediate purchase. An increasingly difficult market environment has led to a decrease in sales volumes and average transaction values for contemporary art at auction globally. In response to tightening market conditions Artnet Management has completed a data-led strategic review and refocused the business on core, top-performing artist groups and price segments.



Gerhard Richter, *Cage 1-6*, sold on Artnet Auctions for USD 175,000

Message from Colleen Cash Senior Vice President Marketplace



“The year ahead will see the build out of an unparalleled online Art collecting experience, from discovering works on the primary market to bidding at auction – we are excited to realize the potential of this next stage of Artnet’s growth.”

Over the last three decades, Artnet has brought to market a series of key products that have revolutionized the art industry. From the Price Database to Artnet Galleries and Auctions, and Artnet News, these pioneering products have ushered in new ways of engaging with the global art world and its markets. The profound adoption of e-commerce and digital shown by the industry in recent years coupled with the maturation of Artnet’s own business strategies and teams makes the time nigh for the next phase of the company’s own evolution: enter the Artnet Marketplace.

Artnet has long been committed to a multi-channel, digitally rooted art ecosystem. By harnessing the global reach and rich inventory of Artnet Galleries along with the transactional prowess and expertise driven experience of the Artnet Auctions platform, we will create for our clients a multi-modal marketplace that is focused on surfacing meaningful and varied selling opportunities for partners and consignors while fostering a diverse and discovery-driven experience for buyers.

The revenue and scale opportunities of the Marketplace are many, as is the depth of possibility where client experience is concerned. This new ecosystem will allow us to leverage the full strength of the Artnet brand to empower a buying and selling experience that is rooted in decades of market data, supported in contextual content by a world class media team, and powered by a technical experience that is seamless in operation and run by a team of seasoned digitally native art specialists and professionals. The year ahead will see the build out of an unparalleled online Art collecting experience, and from discovering works on the primary market to bidding at auction– we are excited to realize the potential of this next stage of Artnet’s growth together with our clients and partners.

Technology and Product Update

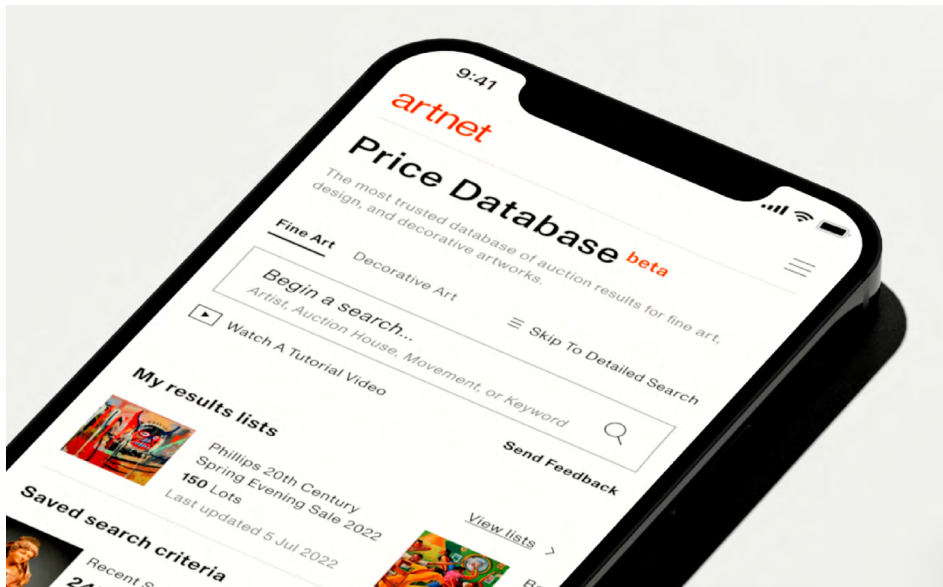
The new Price Database

The renewed Price Database heralds a new era of transparency and insight.

Exciting features for long time users are the mobile responsiveness and the advanced filtering that provides users with visual cues on search results. With this new product, Artnet completely rebuilt the data architecture from the ground up. The team really wanted a product that would introduce a new level of insight and transparency. But more than that, Artnet wanted a powerful engine that we could leverage for future capabilities and new products.

“We see the Price Database as the backbone of the data arm of the company and anticipate it supporting other parts of the business in new innovative ways. As for near future features in the new product, users can look forward to more filters, saved searches, saved queries, analytics, content flagging, and more.”

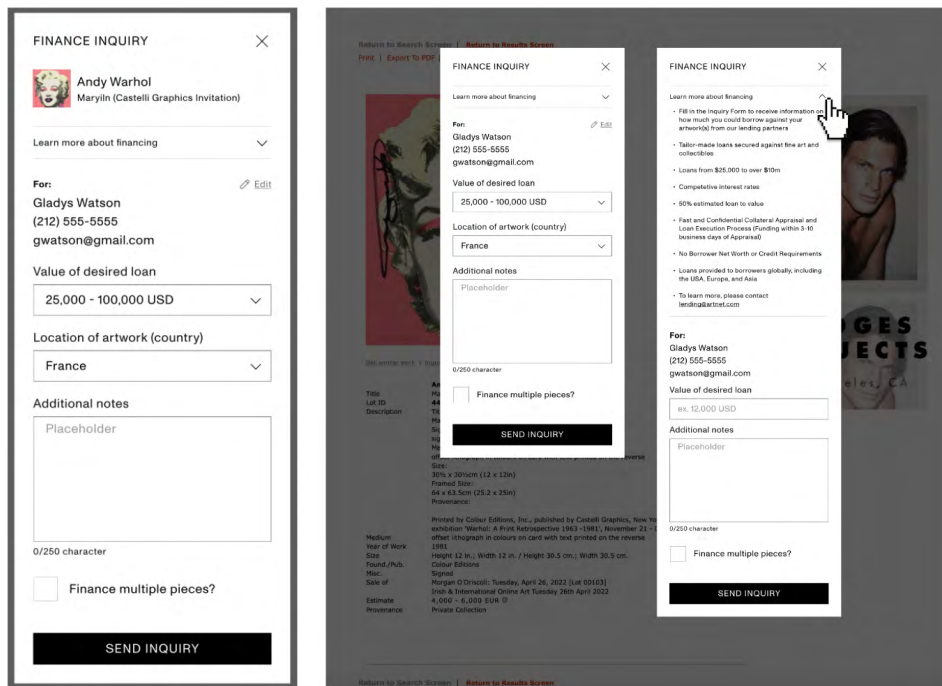
Quentin Rider, Chief Technology Officer



Launch of Artnet Lending Brokerage Program

Finalized at the end of the third quarter, Artnet piloted its entry into Financial Services in the fourth quarter of 2022. Fine Art Lending refers to the practice of taking out loans against Fine Art & Collectibles. This provides borrowers with additional liquidity to expand their collections or fund new alternate investments, without selling items from their collections or disrupting their investment strategy. The overall market size of outstanding loans against art reached over \$25 billion in 2021, a 10% growth rate YoY, and is expected to grow to \$31.3 billion in 2022.

Core to the Artnet Group’s vision is providing a holistic ecosystem for the global art market. As the industry’s primary data provider, Artnet is a natural home for Fine Art Lending activities. By partnering with some of the world’s leading Asset-Backed Lending Providers, Artnet is pleased to offer its customers a valuable additional amenity in the renewed Price Database. Artnet is proud to launch the program with The Fine Art Group and Luxury Asset Capital as the primary loan providers.



Screenshots of the Fine Art Lending Inquiry Form on Artnet

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.

Risks and Opportunities

Artnet operates in a competitive unique niche market. To monitor and adapt to a changing landscape, Artnet continuously observes internal and external risks and opportunities. There have been material changes in the risk profile of the Company as compared to the 2021 reporting year.

Global socioeconomic unrest is forecast to put downward pressure on the art industry. Management is closely watching industry performance in order to rapidly adapt to changing conditions. Management is predicting the worsening global economic outlook to have a moderate impact on performance.

The 2021 Annual Report contains a detailed overview of all opportunities and risks as of the date of its release.

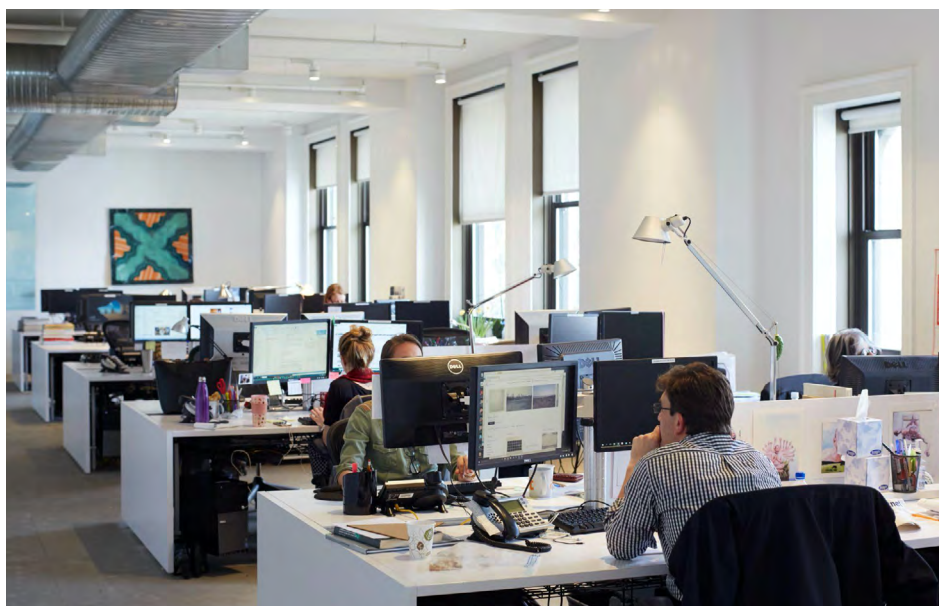
Financial Position

Driven by strong growth in the Media segment, Artnet's **revenue increased by 8% to 18,997k USD** in the first nine months of the year (2021: 17,554k USD).

Gross Profit in the first nine months increased by 6% to 10,5 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 14% to 12,5 million USD driven by investments in Sales and Marketing, as well as an increase in General Administrative Expenses and investments in tech and product development.

As a result, Operating Income for the first nine months of 2022 was -1,963k USD, and Operating Cash Flow ended at 1,947k USD.



Artnet offices/headquarters, Woolworth Building, New York, NY

Outlook



Jacob Pabst, *Chief Executive Officer*, pictured here in Artnet's New York Office.

Dear Shareholders,

In an increasingly complex environment we are focussed on performance. Following rising inflationary pressures driven by global supply disruptions, monetary policy responses have tightened significantly and inflation expectations remain high. There are signs that uncertainty and increasing interest rates will lower demand in the fine art and luxury collectibles market. Analytics produced by Artnet's Price Database point to significant decreases in sales volumes and average transaction prices for contemporary art online through the third quarter of 2022 compared to the year before. Management is keenly focussed on efficiency in this more challenging climate.

Despite this, I'm pleased that Artnet is on track to achieve its projected growth target. Artnet's diversified business model has proven robust through downturns, and important strategic, operational, and technology updates are expected to have a positive impact on revenues in the final months of 2022, typically Artnet's strongest quarter. The new Price Database, the new Lending Brokerage Program (specialty financial services), a Unified Navigation, and a modernized Homepage will significantly improve the usability of the Artnet platform, and also begin to realize the synergies between the Media, Marketplace, and Data segments.

The Media segment is expected to continue on its forceful growth trajectory, with a robust pipeline of advertising contracts through the fourth quarter. Artnet's marketplace segment is expected to return to growth in the last quarter of the year, with crucial strategic and operational changes having a positive impact. Data revenue is set to grow moderately through December following the release of the redesigned Price Database.

As we take stock of 2022 and look towards the coming year I would like to thank Artnet's team for their continued dedication to our vision. The completion of the multi-year project Falcon and the release of the new Price Database underpin the tremendous work of our Technology team so far this year and highlight the forceful momentum they've been able to generate. Similarly, the unparalleled growth rate of our Media segment has been powered by the team's hard work and a tireless commitment to journalistic quality.

We have made transformational strategic and operational strides this year in line with our mission to create a unified, holistic platform for the global art world. An important element was the hiring of several key team members, such as the Chief Operating officer, Chief Marketing Officer, Chief Strategy Officer, and Chief Technology Officer. I believe that 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 scale and sustainable profitability.

I would also like to thank our shareholders for their continued support of Artnet. While there are difficult dynamics ahead I have never been more confident in our team, and am as ever excited to execute on our vision in 2023 and beyond.

Berlin, November 15, 2022



Jacob Pabst
Chief Executive Officer

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
ISIN DE000A1K0375
LEI 391200SHGPEDTRIC0X31

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 sneuendorf@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.

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