

artnet



Artnet AG
Six Month Report 2024

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Core Statement and Vision

We envision a world where buying, selling, and researching art is accessible, efficient, and highly rewarding for the modern collector.

Founded in 1989, Artnet has revolutionized the way collectors, professionals, and art enthusiasts discover, research, and collect art today. Artnet has an unparalleled 60 million unique users annually, making it the largest global platform for fine art. Artnet's market data is a mission-critical resource for the art industry, encompassing more than 17 million auction results and AI- and ML-driven analytics providing an unparalleled level of transparency and insight into the art market. Artnet's independence as an objective information provider is key to the trusted reputation it has built.

Marketplace: Artnet's Marketplace connects leading galleries and auction houses with our global audience, offering a curated selection of over 290,000 artworks for sale worldwide. A core element of the Marketplace, Artnet Auctions, the pioneering online-only auction platform, offers unprecedented reach, liquidity, and efficiency – powered by Artnet's Data and Media segments.

Media: A Media powerhouse, Artnet News covers the events, trends, and people shaping the global art market with up-to-the-minute analysis and expert commentary. It is the single most-read news publication in the fine art industry, with a growing, and dedicated audience.

Data: Artnet has an unparalleled 17 Million auction results in its Price Database, combined with Primary Market and NFT Data points. This renowned segment brings price transparency to an otherwise inaccessible market. Subscribers to the database receive access to upcoming auction information, recent auction results, mission critical deep analytics, as well as the up-to-date and impartial appraisal value of artworks.

Together, Artnet's unique, synergistic product offering, Data, Marketplace, and Media, provide a comprehensive ecosystem that drives and informs the modern art market - executing on this vision forms the core of our strategy for 2024 and beyond.

Executive Team



Jacob Pabst
Chief Executive Officer



Albert Neuendorf
Chief Strategy Officer



Quentin Rider
Chief Technology Officer



Bill Fine
President

Supervisory Board



Dr. Pascal Decker
Head of the Supervisory Board



Prof. Dr. Michaela Diener
Supervisory Board Member



Hans Neuendorf
Founder, Artnet, and Supervisory Board Member

Brief des Vorstands



Jacob Pabst, CEO, artnet AG

Dear Shareholders,

Macroeconomic pressures continue to impact the art market. As reported in Artnet's Mid-Year Intelligence Report the overall art market declined 29.5% relative to 2023, which had already seen a considerable decline relative to 2022. The average price of an artwork at auction dropped 26%. The big 3 auction houses showed a decline in sales of 29%, in line with the overall market. Our luxury advertising clients struggled as well with significantly lower demand within the luxury industry. Both Kering and LVMH recorded losses through H1. Kering's revenue was down 11% and profit down 50%. LVMH saw a 7% decline in share price upon release of H1 numbers.

In the first half of this year, Artnet saw a 7% decrease in revenue compared to 2023. This outcome, while challenging, underscores the impressive performance of our talented team and the resilience of our diversified product suite. High audience engagement and strong brand positioning have been crucial in sustaining deep client loyalty. Our business model continues to demonstrate robustness and adaptability in these demanding conditions.

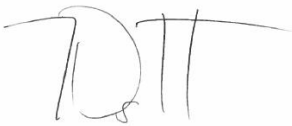
At the same time key operational changes with a focus on driving margins are starting to bear fruit. We have undertaken significant organizational restructuring, starting in 2023, to enhance efficiency and reduce costs. This includes upgrading outdated internal systems with advanced AI and engineering technologies, such as improved data scraping and parsing tools. Additionally, we are leveraging outsourcing in cost-effective jurisdictions to maintain high-quality standards while cutting operational expenses; we have optimized our internal workforce and refined operational processes.

Besides the challenging economic conditions there are positive signs with inflation contracting, and interest rates coming down. At the same time the stock markets are still performing well. We are cautiously optimistic regarding the remainder of the year and confident about the resilience of our business.

We are the trusted resource that our industry relies on for unbiased information. With a steadfast view to realizing our vision for a transparent, efficient, and accessible global art market, we have built momentum in our technological development in the first six months of the year. The enormous potential held within each of Artnet's core business lines remains clear, and our leading position as the digital platform for the global art market has never been stronger. I am proud to say we have a world class team of talented leaders, and together with them I am excited to take Artnet to its promising future.

I would like to thank our shareholders for their continued support in allowing Artnet to uphold its purpose and independence, as this is fundamental to its value and continued relevance in our industry.

Sincerely,

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

Jacob Pabst, Chief Executive Officer
New York, September 20, 2024

Half Year Business Highlights

94 Million pageviews

within the first half of the year

Revenue breakdown per segment:

36%

Marketplace

29%

Data

35%

Media

Marketplace Highlights

840,000 USD

For an artwork by Damian Hirst,
sold on Artnet Auctions

200,000 USD

for a work by Jean Dubuffet,
sold on Artnet Auctions

175,000 USD

for a work by Kikuo Saito,
sold on Artnet Auctions

78% increase in revenue

from **Private Sales** via
Artnet Auctions

Media Highlights

1,759 Articles

published on Artnet News

New luxury clients include

Dior, Gucci and Lexus

Exciting partnerships in the first half of the year included **Midnight Moment**, the prestigious **Art for Tomorrow conference**, and the renowned **Art Business Conference**

Business Model and Artnet Group Organization

artnet AG is a holding company whose shares are listed on the Regulated Market (Prime Standard) of the Frankfurt Stock Exchange. artnet AG's principal investment is its wholly-owned subsidiary Artnet Worldwide Corporation, which was founded in New York in 1989. artnet AG ("the Company"), Artnet Worldwide Corporation ("Artnet Corp.") and Artnet UK Ltd ("Artnet UK") (together "Artnet" or "the Group") operate under the brand name "Artnet". Artnet UK Ltd, based in London, is a wholly owned subsidiary Artnet Corp.

Artnet has three primary operating segments: Data, Marketplace and Media. With over 94 million page views through the first half of the year, Artnet is one of the leading art market platforms in the world. This is underlined by statistics from Similarweb: Artnet has more reach than its competitors Artsy, Theartnewspaper, ArtNews and Hyperallergic combined (source: Similarweb) By providing up-to-date information on market movements, galleries, price developments, exhibitions, news and reviews, it enables art enthusiasts, collectors and art experts to navigate the art market.

The declaration required under 161 of the German stock corporation act concerning the German Corporate Governance codex have been issued and made available to shareholders via the Artnet website.

Media

The Media Segment includes Artnet News, Artnet News Pro, Advertising, and Partnerships. Artnet News is a destination for the events, trends, and people that shape the art market and global art industry, providing up-to-the-minute analysis and commentary, with the highest possible cultural and data journalism standards. With over 51% market share, Artnet News is the most widely-read publication within the art industry, with more visitors than our top four competitors combined. Artnet News Pro is a subscription-based paywall, delivering data-driven, key market stories to industry professionals.

Marketplace

The Marketplace includes Artnet Auctions, ArtNFT, and the Gallery Network. The synergies between these three B2B and B2C products have produced the most widely-used News and online fine art transaction platform of the industry. Created in 2008, Artnet Auctions was the first online platform dedicated to buying and selling art. With the launch of Artnet's ArtNFT platform, Artnet continues its tradition of spearheading positive change and innovation for its customers. With approximately 1000 galleries and over 290,000 artworks by over 23,300 artists from around the globe, the Gallery Network is the most comprehensive platform for galleries online. Through the Marketplace, Artnet has developed from a pure information service provider to an online transaction platform and has further expanded its leading position in the art market.

Data

The Data segment includes Artnet's industry-leading Price Database as well as Artnet Analytics, Market Alerts, and Art Secured Lending. Artnet has gradually built up its information services and transaction platform around its first product, the Price Database. The database was created as a response to the decentralized art market of the late 1980s. At the time, the market lacked transparency, which was a stumbling block for buyers in particular.

The Price Database provides diverse markets with a global standard of comparison, listing fine art, design, and decorative art auction results, including more than 378,000 artists and designers. Today, the Price Database contains more than 17 million auction results from more than 1,878 international auction houses, dating back to 1985.

Complementing the Price Database are the Market Alerts, Analytics, Enterprise Data Services, and Art Secured Lending. The Market Alerts make subscribers aware whenever an artwork from one of their favorite artists comes up for sale in galleries or auction houses. Powered by the Price Database, Analytics reports are custom made by Artnet's data science team and provide comparables between fine art and other assets, such as gold or the S&P500. Enterprise Data Services is draws on an API infrastructure to empower our clients to directly access Artnet's raw data. This is particularly useful for banks, family offices, and auction houses.



Damien Hirst, *Purity*, sold for \$840,000 on artnet Auctions in May 2024

Message from the Acting Editor in Chief Naomi Rea



Naomi Rea, Editor in Chief

Over the past six months, Artnet News has continued to assert itself as the premier source of news and analysis in the global art market. We have leveraged our award-winning editorial expertise and unmatched insights from our Price Database to produce two editions of the **Artnet Intelligence Report**, a peerless resource for navigating the industry. We have expanded our media partnerships, including with TEFAF and the Art Business Conference, which has strengthened our presence on a global stage.

With the recent redesign of the news homepage, we've upgraded the user experience, making our content more accessible and engaging. Editorial output has increased by 5.1% year-over-year, with 1,876 articles published by a more streamlined staff count—a testament to the productivity of our newsroom. Despite challenges in the advertising market, Artnet Pro, our multipronged news subscription service, has emerged as an important source of recurring revenue, helping to insulate the segment from industry volatility.

Additionally, this year, we launched **Art Market Minute**, a weekly podcast that delivers top stories in a fast-paced format. We are actively exploring opportunities in multimedia to engage new audiences and meet the shifting demands of the media landscape, while carefully managing costs to ensure responsible investment.

As I transition from interim to full-time Editor in Chief, my focus is on cementing Artnet News as the leading voice in the global art market while widening the aperture of our coverage to connect with a broader audience. I've spent eight years working to elevate the quality and reach of our journalism, and I'm committed to ensuring that we continue to provide independent, cutting-edge reporting to empower our readers and drive the future of our business.

Economic Development

Global Economic Development

At the start of the current financial year, stubborn inflation damaged consumer spending power and confidence in many areas. Several economies have experienced increased recessionary pressures, notably Germany (Source: Reuters). Inflation in the eurozone rose again in July, defying economist expectations and raising some questions about the feasibility of rapid interest rate cuts by the European Central Bank (source: EuroNews). The harmonised index of consumer prices in the eurozone increased by 2.6% year-on-year in July, slightly up from 2.5% in June, according to preliminary estimates from Eurostat. Notably, the July annual inflation rate exceeded predictions of a drop to 2.4% (source: EuroNews).

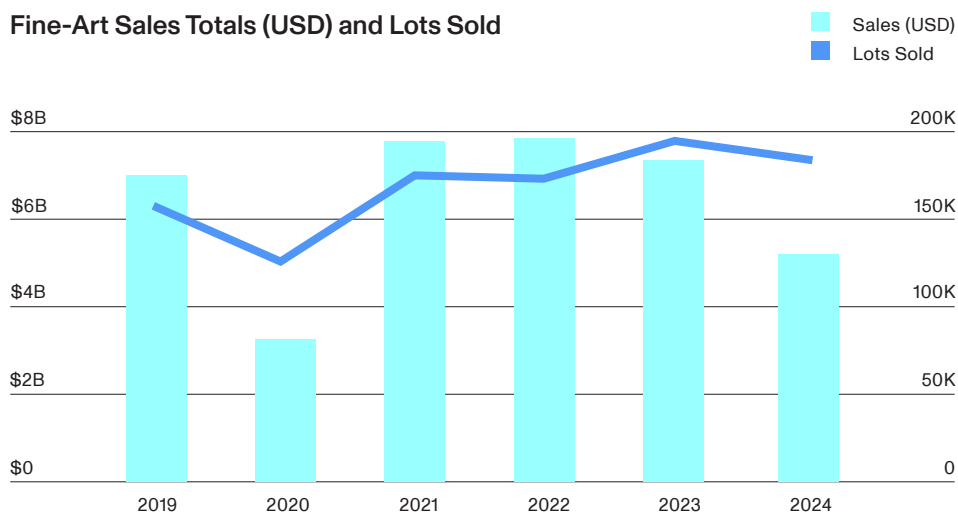
Global growth is projected to be in line with the April 2024 World Economic Outlook (WEO) forecast, at 3.2 percent in 2024 and 3.3 percent in 2025. Services price inflation is holding up progress on disinflation, which is complicating monetary policy normalization. Upside risks to inflation have thus increased, raising the prospect of higher-for-even-longer interest rates, in the context of escalating trade tensions and increased policy uncertainty.

In terms of the economic areas which are most relevant to artnet, growth and economic activity vary. In the United States, projected growth is revised downward to 2.6% in 2024 (0.1 percentage point lower than projected in April), reflecting the slower-than-expected start to the year. Growth is expected to slow to 1.9% in 2025 as the labor market cools and consumption moderates, with fiscal policy starting to tighten gradually (Source: IMF). By the end of 2025, growth is projected to taper to potential, closing the positive output gap. In the euro area, activity appears to have bottomed out. In line with the April 2024 projection, a modest pickup of 0.9 percent is expected for 2024 (an upward revision of 0.1 percentage point), driven by stronger momentum in services and higher-than-expected net exports in the first half of the year; growth is projected to rise to 1.5% in 2025 (Source: IMF). This is underpinned by stronger consumption on the back of rising real wages, as well as higher investment from easing financing conditions amid gradual monetary policy loosening this year. Continued weaknesses in manufacturing suggest a more sluggish recovery in countries such as Germany. For China, forecast is revised upward to 5% in 2024, primarily on account of a rebound in private consumption and strong exports in the first quarter (source: IMF)

Various contributing factors to the macroeconomic climate have led to market volatility as analysts struggle to determine mid-term trends. The fluctuations underscore the importance of being able to adapt working methods and strategies.

The yet difficult global growth, inflationary pressure, and financial markets instability is expected to moderately impact performance.

Fine-Art Sales Totals (USD) and Lots Sold



Artnet Intelligence Report 2024

Art Market Development

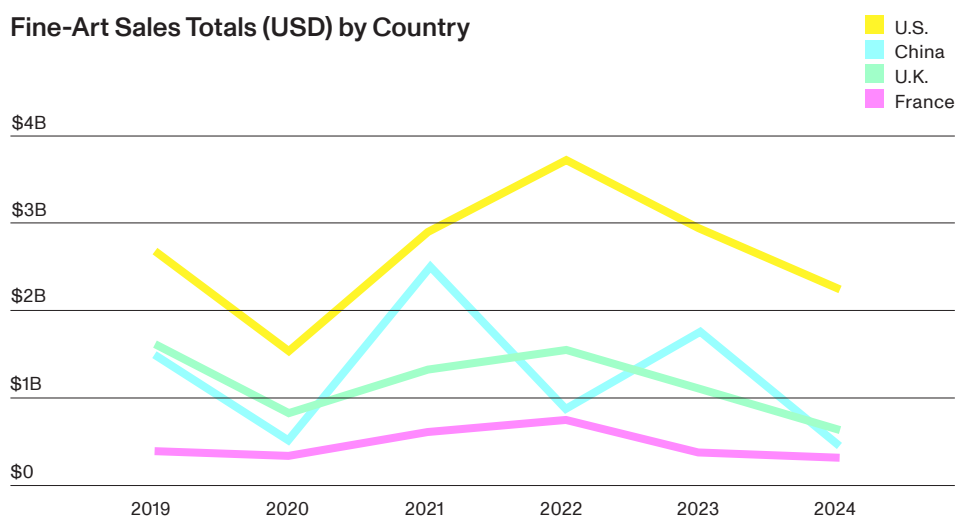
The art market, like many other industries, has gone through a troubling and transformative period as global socio-economic challenges impact the art industry. Along with the difficulties it presented, the crisis also created a huge opportunity for restructuring and innovation in the sector, with a systemic shift to online transactions - of which Artnet is poised to benefit greatly as the largest online platform in the industry. That said, difficult economic conditions in 2023 and through the first half of 2024 prompted consumers to allocate their money more conservatively, negatively affecting art market sales in terms of volume and value.

Despite current socio-economic uncertainty and soft auction sales, most HNW collectors (77%) are optimistic about the global art market's performance in 2024 (Source: UBS Art Market Report 2023). Deloitte estimates that UHNWI (Ultra High Net Worth Individuals) investments into art and collectibles could grow to 2.8 trillion USD (2.5 trillion EUR) by 2026. With the growth of online transactions, digital art purchases have enticed new buyer segments, with younger, tech-savvy collectors, often unknown to established galleries and fairs, entering the market and driving demand.

Fine-art sales at auction between January 1 and June 30 totaled just over \$5 billion, a 29.5% decrease from the same period in 2023 (Source: Artnet Intelligence Report Mid Year Review 2024). One major reason for this decline is the dearth of high-priced masterpieces coming up for sale. So far this year, no works have been sold for over \$50 million, and just three were knocked down for more than \$40 million. For reference, three works sold for more than \$50 million each in 2023, and 13 exceeded that figure in 2022 (Source: artnet Intelligence Report Mid Year Review 2024).

Fine-art auction sales in the U.S generated \$2.2 billion in the first half of 2024, down 24% from the equivalent period in 2023. That is the third-lowest half-year total of the past decade, which includes the pandemic-affected year of 2020. The U.K. came in second, with \$827 million in sales, a 26% drop from the same period last year. In a business landscape made increasingly challenging by Brexit, a historically weak pound, and high inflation, auction houses have downsized some of their London sales. In May, Christie's announced it would scrap its June sales in the U.K. capital.

Fine-Art Sales Totals (USD) by Country



Artnet Intelligence Report 2024

China's sales were 49% lower than for the same period last year, bringing in just \$825 million (Source: artnet Intelligence Report Mid Year Review 2024).

Sales at Christie's declined 28% in comparison to the equivalent period last year and Sotheby's sales declined 31% in comparison to the same period in 2023 (Source: artnet Intelligence Report Mid Year Review 2024).

A total of \$190 million worth of fine art sold in online-only sales at Sotheby's, Christie's, Phillips, Bonhams, and Artnet Auctions in the first half of 2024. The result represents a 16.9 percent dip from the same period in 2023 (Source: artnet Intelligence Report Mid Year Review 2024).

Although global inflation is expected to ebb this year, interest rates have been slow to come down, with many central banks delaying further rate adjustments until the fall or later (Source: Reuters) Additionally, political uncertainty has affected economic confidence, with a historic number of countries—50—holding elections this year, among them the U.S., U.K., France, and India (Source: American Progress)

Overall, the industry's continued demand for data, information, and online transactions is predicted to ensure the Company is only moderately impacted by the worsened economic outlook.

Media

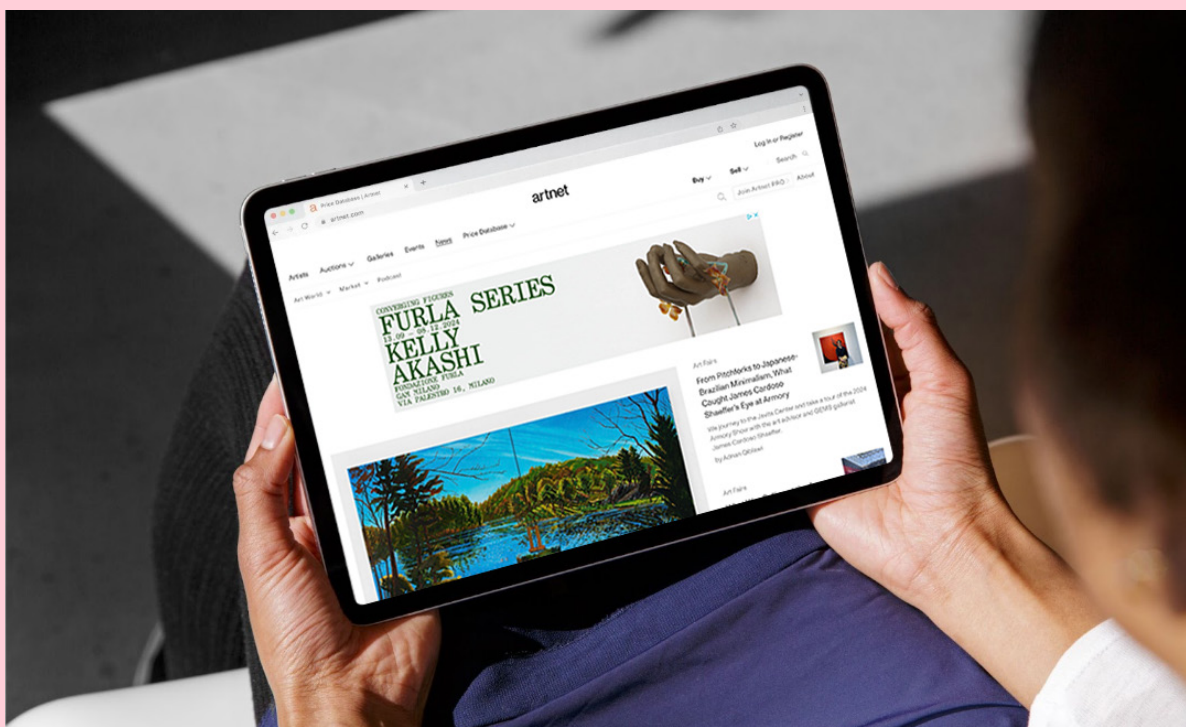
Artnet News is the world's dedicated 24-hour international online art world newswire. It informs, engages, and connects members of the art community to the events, trends, and people shaping the market and global art industry through timely articles and insightful opinion pieces. Artnet News has a larger audience than the next four art focused content publishers combined.

With **Artnet News Pro**, Artnet News offers subscribers market- critical, data-driven editorial. Harnessing Artnet's Data, our journalists give our readers an unparalleled level of insight into the art market.

Media revenue decreased 7.6% YoY to 3,974k EUR during the first six months of 2024 (2023: 4,301k EUR). Artnet has been able to establish deep, stable relationships with its luxury advertising partners built on high performance and trust, with Chanel, Hermès, and Cartier among the Group's many returning clients. Traffic to the Artnet News site decreased 47% through the first half of 2024. Updated Google algorithms impacted Google Discover traffic amongst many digital publishers. While there is a short term impact due to the need for UX adjustments, Google Discover traffic has started to pick up again in the second quarter and is expected to return to 2023 levels and above.

Artnet is also successfully leveraging its brand to build creative partnerships while maintaining its impartial and transparent journalistic standards. Published in July, the recent Artnet Intelligence Report, created in conjunction with the Artnet Data Science team, was sponsored by Morgan Stanley. During the financial year, Artnet News will release exciting updates, vastly improving its user experience.

Central to its strategy of creating an efficient, community based global marketplace driven by contextual content and data, Artnet News Pro has continued to grow Artnet's core audience and drive engagement with the platform.



Marketplace

Artnet's Marketplace segment includes Artnet Galleries, Artnet Auction House Partnerships, and Artnet Auctions. Offering B2B as well as B2C transactions, the Marketplace is a global transactional platform for fine art and design. Several key milestones were achieved in the first half of the year despite a YoY decline in revenues.

Top lots during the first half of 2024 include YBA artist Damien Hirst's *'Purity'*, which realized 840,000 USD; Jean Dubuffet's *'Boule Chantourne Juillet'*, which hammered down at 200,000 USD including premium; as well as Kikuo Saito's *Sugar Moon*, which realized 175,000 USD including premium.

Artnet Auctions, launched in 2008, provides unique value to buyers and sellers in the art market. Through an online-only model, transaction costs are lower than at incumbent brick-and-mortar competitors. Agile operations and sale calendars permit significantly higher degrees of liquidity and pay-out for sellers. The innovative model also permits the reduction of operational overheads, logistics costs, and warehouse risks are also significantly reduced. Buyers and sellers value the leaner commission structure, fast end-to-end execution time for transactions, and intuitive user experience. Artnet Auctions focuses on the Modern, Post-war and Contemporary, and Ultra Contemporary art categories. Within those segments, Artnet Auctions is focused on the mid-market (defined as works priced between \$100,000 - \$10m or 91,000 – 9,1 TEUR), which carries the largest proportion of transaction volumes. The platform has continued to pursue a strategy of increasing average transaction values to drive operating margins, and now more regularly sells works above 100,000 USD (91.9 TEUR). Interestingly, 63% of pageviews were from mobile devices. Most transactions on mobile devices were carried out in the US, UK and Germany.

Artnet Galleries represent the world's most prestigious galleries from 35 countries. Galleries members are indexed by specialty and location, with approximately 292,000 artworks featured on the platform through the first half of 2024 (2023: 290,000). Artnet provides extensive informational depth with content-rich pages to help buyers from around the world discover artworks from leading galleries. A strong SEO profile and a focused content-to-commerce strategy is one of the ways in which qualified traffic and engagement to partner inventory is enabled, offering galleries introductions to buyer pools on a global scale.

Similarly, Artnet Auction House Partnerships offer auction houses a way to gain international exposure for their sales and drive a high volume of potential buyers directly to their proprietary sites. With a partnership, 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 online catalog. All upcoming sales are listed on our Events page and rank high on both Artnet and external search engines. Auction House partnerships are a tool for auction houses to expand their international presence and direct many potential buyers to their website.

Revenue from the Marketplace segment overall decreased 7.2% YoY to 4,010k EUR within the first half of the year (2023: 4,320k EUR). Depressed market conditions, especially in the low and mid market, contributed to the revenue decrease for the first half year.

Data

The Price Database is an online database of more than 17 million color-illustrated auction results from all of the world's leading international auction houses. Composed of the **Price Database Fine Art and Design** and the **Price Database Decorative Art**, this product introduced price transparency to a historically opaque market. The Price Database is a B2B and B2C subscription product with a diverse client base, including appraisers, dealers, auctioneers, wealth managers, banks, family offices, and private and government institutions such as the IRS and the FBI. Subscribers to the database receive access to upcoming auction information, recent auction results, and auction records dating back to 1983, as well as the up-to-date and impartial assistance with the appraisal value of artworks.

During 2023, the renewed Price Database was released for all customers. Additional features are being added regularly, with a view to continually optimizing our services. 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. 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.

The Price Database provides a vital tool for private collectors to appraise the works they own and evaluate opportunities at upcoming auctions or on the dealer market. Dealers and auctioneers rely upon comparable sales from the Price Database to support the valuation and sale of important works of art.

Market Alerts inform subscribers by email when artworks by their favorite artists come up at auction (including Artnet Auctions), are featured in upcoming events, or are offered through Artnet Galleries.

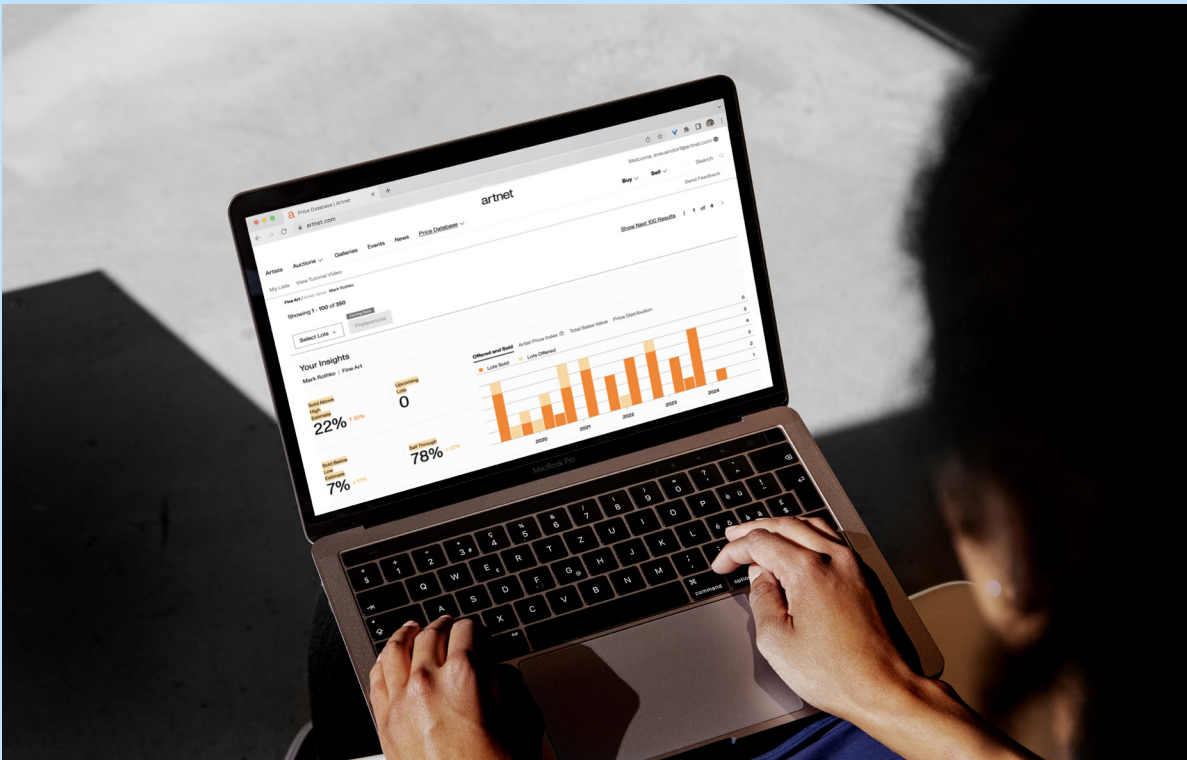
Artnet Analytics is also part of the Data segment. Reports created by the Data Science team analyze the market development of artists, art movements, art genres or a selection of artworks, and include comparisons to more traditional investments including equities, government debt, and commodities. Valued between 500 USD and 5,000 USD per report, **Analytics Reports** offer valuable insight into the art market, as market participants increasingly turn to data to drive decision making. Leveraging insights gained from the Price Database, Artnet's data science team creates custom reports for auction houses, banks, insurance companies, wealth managers, and others.

Enterprise Data Services is a newly introduced service within the Data segment. It empowers our clients to take full control over the data analysis by accessing the raw data and data updates directly.

Fine Art Lending also forms part of Artnet's Data services. 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. Deloitte estimates that the overall market size of outstanding loans against art may have reached between 29.3 and 34.1 billion USD (26.6 - 34.3 B EUR) in 2023, a 11% growth rate YoY (Source: Deloitte Art & Finance Report 2023). 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.

The Price Database's unique quality was again highlighted with the publication of the bi-annual Artnet **Intelligence Reports** — published for the spring and fall auction seasons, sponsored by Morgan Stanley. The data science team helps create these mission-critical reports of current art market trends in collaboration with the news team.

During the first half of 2024, revenue from the Data segment declined 5.9% YoY to 3,234k EUR (2023: 3,438k EUR). Revenue is expected to increase during the third and fourth quarters. A focus on retail users, driven by the mobile first design, is set to drive usage and engagement.



Artnet's Price Database

Technology Update

This first half of 2024 for the Technology Team at Artnet has been exciting and filled with a lot of hard work.

Media

In our Media segment, we have significantly enhanced the News website's performance, ensuring a fast and seamless experience for mobile users.

We have also optimized social sharing features and implemented several backend improvements. These updates will boost search functionality and simplify the embedding of news articles across our broader platform. These features will be released in the second half of 2024.

Data

In our Data segment, we released several new features and products.

Early in 2024, we introduced a new Insights and Analytics feature for our Price Database product. This feature allows users to visually view metrics and insights about their searches.

We also launched an API Data Services product, enabling institutions to access our auction lot data and perform their own analyses. This product allows clients to easily demo services, access data, and integrate our data directly into their workflows or analyses. More products are forthcoming in this space.

Additionally, we released a new marketing landing page template for our Analytics product. This template, built using Sanity CMS (sanity.io), is designed to be reusable. Future marketing pages will utilize the same components and technology.

Marketplace

For our Marketplace segment, we added new features to our bulk upload tool, allowing clients to upload multiple images and reference URLs instead of physical files.

Global

Globally across the platform, we rolled out a new header, implemented Cookie Consent, and migrated to Google Analytics 4.

The new header, launched in late December/early January, provides a consistent look and feel across our products. It is unique in that it is rendered in a single location and syndicated across various platforms. This syndication technique is reusable and will be used to update components globally across our platforms.

Responsibility: ESG Report

Artnet published its voluntary, audited ESG report in conjunction with the Annual Report 2022.

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.

Artnet is proud to be a member of the Deutsche Boerse ESG Hub, which counts Lufthansa AG and Siemens Energy AG as members. The Artnet 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 2022 reporting year.

Firstly, global socioeconomic unrest may continue to put downward pressure on the art industry. Management is closely watching industry performance in order to adapt to changing conditions. Management is predicting the global economic outlook to remain stable, with the difficult socio-economic situation having a moderate impact on performance.

The 2023 Annual Report contains a detailed overview of all opportunities and risks as of the date of its release.

Changes in Costs and Results

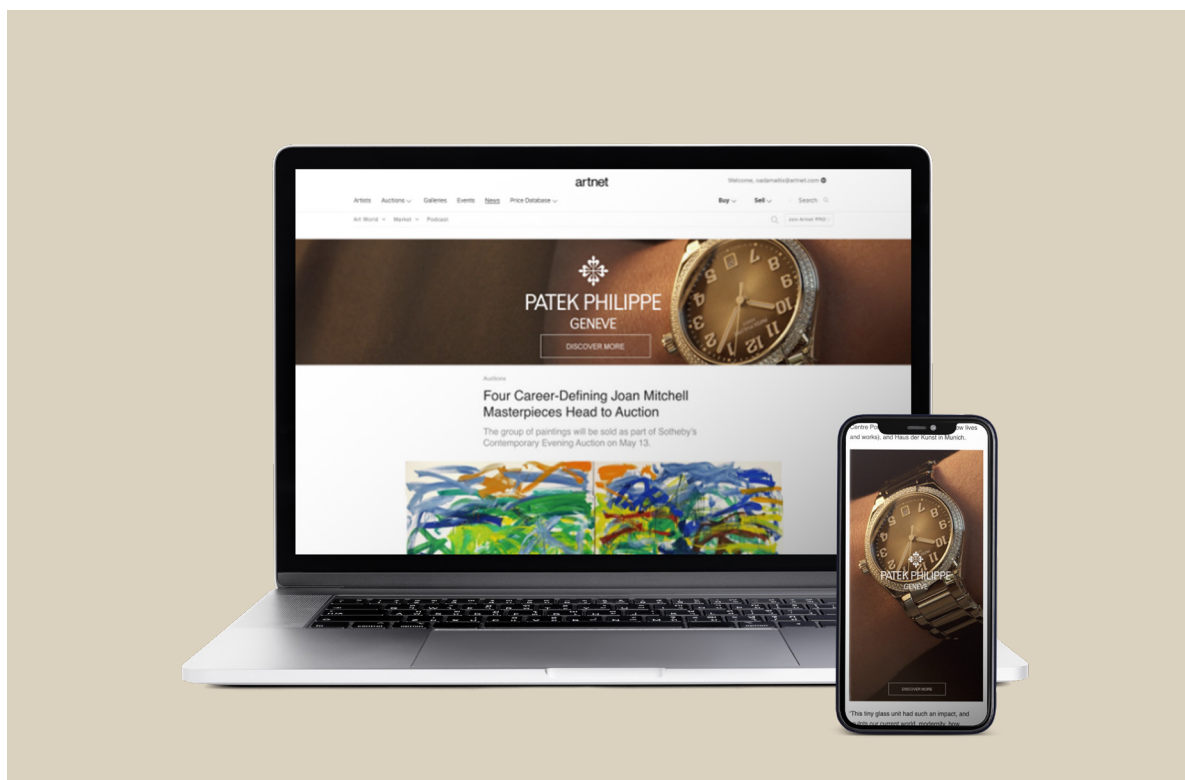
Gross profit from sales in the first six months of 2024 decreased by 13% to 6,143k EUR due to lower revenue as compared to 2023. The decrease in revenue is primarily due to the stagnant global and the ensuing ripple effects on the art industry.

Operating expenses in the first six months of 2024 decreased by 16% to 6,874k EUR as compared to 8,145k EUR in 2023, as planned cost-saving measures are taking effect. General and administrative expenses totaled 1,470k EUR, a decrease of 35% from 2,263k EUR during H1 last year.

Product development expenses increased 16% to 1,282k EUR as compared to last year (2023: 1,106k EUR).

As a result of cost saving measures, Operating Income increased to (731k) EUR as compared to 2023 (1,090k) EUR.

Consolidated earnings before income taxes in the first six months of 2024 and 2023 totaled -826k EUR and -1,089k EUR, respectively.



Advertising partner Patek Philippe, the brand is a recurring client

Result of Operations, Financial Status, and Net Assets

The consolidated financial statements were prepared in euros. This is the functional currency of artnet AG. Unless otherwise indicated, amounts are stated in k EUR (EUR thousand) or rounded to the nearest million. The addition of the individual amounts may therefore deviate slightly from the stated total.

Artnet's main business activities are conducted in the US dollar currency area. To improve comparability, particularly for our US investors, the consolidated balance sheet, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity are also presented in US dollars.

Artnet generates its revenue primarily in US dollars. The headquarters of Artnet's subsidiary, Artnet Corp., is located in New York, the global center of the art market, and thus incurs its expenses mainly in US dollars.

Result of Operations

The Group's revenue during the first half of the 2024 fiscal year decreased 7% to 11,219k EUR (2023: 12,059k EUR), showing a slightly lower performance than predicted. This is primarily due to lower than expected performance in the Marketplace and Media segments.

Operating Income increased to -731k EUR as compared to -1,090k EUR in 2023. This was primarily due to planned cost-saving measures.

Financial Position

The Group's cash flow from operating activities in the first six months of 2024 totaled 208k EUR (2023: 720k EUR).

The Group's cash flow from investing activities in the first six months of 2024 was -1,135k EUR (2023: -1,185k EUR), respectively. This is primarily due to product development associated with the Data segment and general improvements to the website.

The Group's cash flow from financing activities in the first six months of 2024 was 772k EUR (2023: -2k EUR). Two loans were granted in the first six months of 2024. 922k EUR loan was granted in May 2024 which matures in May 2025 and bears interest at 11.5%. A 55k EUR loan was granted by an Artnet executive in January 2024, which is due in January 2025 and bears interest at 10%. As of June 30, 2024, cash and cash equivalents amounted to 419k EUR compared to 574k EUR on June 30, 2023.

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, 2024, the liquidity per share totaled 0.08 USD (0.07 EUR) based on a weighted average of 5,706,067 shares in circulation compared to 0.11 USD (0.10 EUR) on June 30, 2023.

Financial Status

Consolidated total assets on June 30, 2024, totaled 12,654k EUR which slightly increased compared with the balance sheet total of 12,619k EUR on December 31, 2023.

Trade accounts receivables amounted to 2,377k EUR, as compared to 2,649k EUR on December 31, 2023.

The Group's non-current assets are primarily held in US dollars. The Non-Current Financial Asset, primarily used for security deposits, decreased to 13k EUR from 61k EUR on December 31, 2023, mainly due to the NY and UK office lease terms, due in 2025, which turned to Current Financial Assets.

The Non-Current Non-Financial Assets are comprised of intangible assets, tangible assets, right of use assets and Deferred Tax Assets, which increased by 402k EUR to 9,371k EUR. The increase was mainly from the capitalization of development costs for intangible assets in the amount of 916k EUR but was offset by a decreased depreciation expenses of tangible assets and right of use assets.

Current liabilities have increased by 23% to 8,958k EUR since December 31, 2023, mainly due to increase in loans and contract liabilities. A loan of 256k EUR, granted by an Artnet executive in July 2022, was extended in December 2023 to a term until January 2025; it was supplemented by a further loan of 136k EUR, also with a term until January 2025. In July 2023, Artnet received a loan of 453k EUR from Galerie Neuendorf AG. This was increased by EUR 58k EUR in December 2023 and extended until January 2025. All loans are due in January 2025 and bear interest at 10%. Additionally, two loans were granted in the first six months of 2024: a 922k EUR loan was granted in May 2024 which matures in May 2025 and bears interest at 11.5%. And a 55k EUR loan was granted by an Artnet executive in January 2024, which matures in January 2025 and bears interest at 10%.

As of June 30, 2024, the Group's consolidated equity decreased by 16% to 3,651k EUR, due to increase in accumulated deficit.

The Price Database constitutes an internally developed intangible asset that has been developed by gathering auction information, with results dating back to 1983. This valuable asset has not been attributed to full earnings recognition.

Currency Conversion

Currency conversion in the consolidated statement of comprehensive income is based on the average exchange rate for the period between January 1 to June 30, 2024.

For the period before June 30, 2024, the average exchange rate was 0.925 USD/EUR, as compared to 0.925 USD/EUR in the same period in 2023. Currency conversion for the balance sheet is based on the exchange rate at the end of the period. As of June 30, 2024, the rate was 0.934 USD/EUR, compared to 0.916 USD/EUR on December 31, 2023. Artnet is subject to exchange rate fluctuations because it invoices in euros, U.S. 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 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 fully or in part.

Subsequent Report

Between the end of the second quarter of 2024 and the date of this report, no significant events occurred that affected the Company's financial performance and fiscal situation that are in addition to the Risk and Opportunity Report and the Subsequent Report of the 2023 Annual Report.



David Hockney, *Horizontal Dogs* sold for \$47,500 on artnet Auctions in June 2024

Outlook



Jacob Pabst, CEO, artnet AG

The art market continues to be in a challenging environment. The first half of 2024 saw a decline of 29.5% according to Artnet's Mid-Year Intelligence Report. That said, management predicted that conditions would start to improve in the third quarter and is therefore tentatively forecasting growth for the remainder of the financial year in line with the Annual Report's outlook for 2024. 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 second half of 2024.

With over 94 million pageviews in the first half of 2024, Artnet's digital reach is unmatched due to the continued digitization of the industry. Online transactional formats have been broadly adopted as a core way of doing business, and this trend is expected to continue. Artnet remains a market leader and is uniquely positioned to deliver a holistic online environment for the modern art market. Additionally, due to its history as a pioneer of data and transparency, and a reputation for independent, quality journalism, Artnet is recognized globally as a trusted brand.

Management will continue to invest in technology and product development in 2024 in line with its strategic goal of creating a unified platform that drives growth through the realization of the clear and formidable synergies between its segments. An improved user experience in 2024 will drive traffic, user engagement, and conversion. Cost saving measures will ensure that Artnet will navigate the still challenging global and art market specific environment with agility and confidence.

The Executive Team forecasts Group revenue of between 25.0 million EUR and 27.0 million EUR. It expects an operating result of between 750 k EUR and 1.5 million EUR. This forecast is driven by the executive team's decision to continue implementing the initiated cost saving measures.

Driven by the dedication of our global team and a highly competitive product suite, Artnet enters the second half of 2024 with confidence and once again sets an objective of maintaining its global leadership position in the art world.

Responsibility Statement

To the best of all knowledge, and in accordance with the applicable reporting principles, the following consolidated financial statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of Artnet AG. Artnet AG's Management Report includes a fair review of the development and performance of the business, as well as the position of the Group, along with a description of the principal opportunities and risks attributed to the expected Group development.

Berlin, September 20, 2024

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

Jacob Pabst
CEO Artnet AG

Consolidated Financial Statements June 2024

artnet AG Consolidated Balance Sheet as of June 30, 2024

Assets	06/30/2024	12/31/2023	06/30/2024	12/31/2023
	USD	USD	EUR	EUR
Current Assets				
Cash and Cash Equivalents	449,005	590,015	419,416	534,495
Accounts Receivable	2,544,867	2,924,130	2,377,160	2,648,969
Other financial receivables and assets	173,065	215,036	161,660	194,801
Other non-financial receivables and assets	333,959	231,787	311,951	209,976
Total Current Assets	3,500,896	3,960,968	3,270,187	3,588,241
Non-Current Assets				
Property, Plant, and Equipment	53,164	50,969	49,660	46,173
Right of use Asset	196,825	335,758	183,854	304,163
Intangible Assets	7,144,418	6,876,599	6,673,601	6,229,511
Deferred Tax Assets	2,637,639	2,637,639	2,463,819	2,389,437
Other Financial Assets	13,669	67,401	12,768	61,059
Total Non-Current Assets	10,045,715	9,968,366	9,383,702	9,030,343
Total Assets	13,546,611	13,929,334	12,653,889	12,618,584
Equity and Liabilities				
Current Liabilities				
Accounts Payable	3,565,161	4,245,169	3,330,217	3,845,698
Other financial liabilities	191,902	154,429	179,256	139,897
Other non financial liabilities	736,011	693,479	687,508	628,223
Liabilities from Finance Leases - short term	150,604	244,378	140,679	221,382
Loans	1,998,751	6,970	1,867,033	6,314
Contract Liabilities	2,947,037	2,722,594	2,752,827	2,466,398
Total Current Liabilities	9,589,466	8,067,019	8,957,520	7,307,912
Non-Current Liabilities				
Liabilities from Finance Leases - long term	49,009	94242	45,779	85,374
Loans	- 0	988,532	- 0	895,511
Total Non Current Liabilities	49,009	1,082,774	45,779	980,885
Total Liabilities	9,638,475	9,149,793	9,003,299	8,288,797
Shareholders' Equity				
Common Stock	6,032,262	6,032,262	5,706,067	5,706,067
Treasury Stock				
Additional Paid-In Capital	52,995,401	52,995,401	51,523,761	51,523,761
Accumulated Deficit	(54,852,297)	(53,766,338)	(53,492,427)	(52,488,327)
Current Net Profit	(904,820)	(1,085,959)	(837,018)	(1,004,100)
Foreign Currency Translation	637,590	604,175	750,207	592,386
Total Shareholders' Equity	3,908,136	4,779,541	3,650,590	4,329,787
Total Liabilities and Shareholders' Equity	13,546,611	13,929,334	12,653,889	12,618,584

artnet AG, Consolidated Income Statement for from January 1 to June 30, 2024

	01/01/2024	01/01/2023	01/01/2024	01/01/2023	04/01/2024	04/01/2023	04/01/2024	04/01/2023
	06/30/2024	06/30/2023	06/30/2024	06/30/2023	06/30/2024	06/30/2023	06/30/2024	06/30/2023
	USD	USD	EUR	EUR	USD	USD	EUR	EUR
Revenue								
artnet Marketplace	4,334,940	4,670,204	4,010,108	4,320,467	2,193,628	2,299,042	2,037,746	2,109,835
artnet Galleries	2,268,443	2,375,221	2,098,461	2,197,348	1,175,546	1,237,730	1,091,794	1,136,866
artnet Auctions	2,066,497	2,294,983	1,911,647	2,123,119	1,018,082	1,061,312	945,952	972,969
artnet Data	3,496,445	3,716,134	3,234,444	3,437,845	1,720,938	1,825,174	1,599,025	1,674,905
artnet Price Database	3,496,445	3,716,134	3,234,444	3,437,845	1,720,938	1,825,174	1,599,025	1,674,905
artnet Media	4,296,436	4,649,236	3,974,489	4,301,070	2,435,015	2,469,294	2,259,934	2,268,713
artnet Advertising	3,788,116	4,117,377	3,504,259	3,809,040	2,186,495	2,200,957	2,029,006	2,022,364
artnet News Subscriptions	508,320	531,859	470,230	492,030	248,520	268,337	230,928	246,349
Total Revenue	12,127,821	13,035,574	11,219,041	12,059,382	6,349,581	6,593,510	5,896,705	6,053,453
Cost of Sales	5,487,593	5,409,077	5,076,388	5,004,009	2,676,804	2,618,330	2,487,370	2,402,199
Gross Profit	6,640,228	7,626,497	6,142,653	7,055,373	3,672,777	3,975,180	3,409,335	3,651,254
Operating Expenses								
Selling and Marketing	4,455,516	5,163,544	4,121,649	4,776,863	2,039,749	2,328,711	1,896,486	2,133,951
General Administrative	1,589,430	2,445,892	1,470,328	2,262,727	753,641	1,157,527	700,483	1,061,586
Product Development	1,385,363	1,195,396	1,281,553	1,105,877	761,740	625,221	707,134	574,303
Total Operating Expenses	7,430,309	8,804,832	6,873,530	8,145,467	3,555,130	4,111,459	3,304,103	3,769,840
Operating Income	(790,081)	(1,178,335)	(730,877)	(1,090,094)	117,647	(136,279)	105,232	(118,586)
Interest Expenses	77,984	48,210	72,140	44,600	47,659	24,900	44,208	22,868
Interest Income	- 0	365	- 0	338	- 0	365	- 0	338
Other Income/ (Expenses)	(24,341)	48,910	(22,517)	45,247	(18,697)	56,716	(17,318)	52,525
Earnings Before Taxes	(892,406)	(1,177,270)	(825,534)	(1,089,109)	51,291	(104,098)	43,706	(88,591)
Income Taxes	(12,414)	(5,038)	(11,484)	(4,661)	(10,122)	88	(9,373)	118
Deferred Tax Benefit/ (Expense)	-	-	-	-	-	-	-	-
Net Profit/(Loss)	(904,820)	(1,182,308)	(837,018)	(1,093,770)	41,169	(104,010)	34,333	(88,473)
Other comprehensive income								
OCI Recycled:								
Exchange differences on translating foreign operations	33,415	13,583	157,821	(76,539)	13,434	20,462	51,738	(21,767)
Total comprehensive income	(871,405)	(1,168,725)	(679,197)	(1,170,309)	54,603	(83,548)	86,071	(110,240)

artnet AG, Consolidated Statement of Cash Flows for the Fiscal Year/Period from January 1 to June 30, 2024

	06/30/2024	06/30/2023	06/30/2024	06/30/2023
	USD	USD	EUR	EUR
Cash Flow from Operating Activities				
Net Profit	(904,820)	(1,182,308)	(837,018)	(1,093,770)
Adjustments to Reconcile Net Profit to Net Cash provided by Operating Activities:				
Depreciation and Amortization	860,477	685,139	803,771	627,519
Gain/loss on Asset Disposal	-	-	-	-
Impairments/Write-Offs for Receivables	124,429	231,815	116,229	212,319
Changes in Deferred Tax Assets	- 0		(74,382)	25,828
Other Non-Cash Transactions	4,219	(1,966)	122,085	(65,880)
Changes in Operating Assets and Liabilities:				
Accounts Receivables*	254,834	528,561	155,580	534,334
Other financial receivables and assets	95,703	912	81,432	6,797
Other non-financial receivables and assets	(102,172)	2,238,099	(101,975)	2,091,956
Accounts Payable**	(680,008)	(1,025,427)	(515,481)	(995,510)
Other Financial Liabilities	37,473	737	39,359	(915)
Other non financial liabilities	42,532	(308,643)	59,285	(305,985)
Contract liabilities	224,443	(333,916)	286,429	(360,357)
Interest Expenses	77,984	48,210	72,845	44,156
Total Adjustments	939,913	2,063,521	1,045,176	1,814,262
Cash Flow Provided by Operating Activities	35,093	881,213	208,158	720,492
Cash Flow from Investing Activities				
Purchase of Property and Equipment	(15,162)	(19,534)	(15,599)	(17,062)
Right Of Use Asset	0	(154,655)	(9,468)	(136,321)
Purchase and Development of Intangible Assets	(980,615)	(1,233,382)	(1,109,913)	(1,031,343)
Proceeds from asset disposal	- 0	- 0	- 0	- 0
Cash Flow Used in Investing Activities	(995,777)	(1,407,571)	(1,134,980)	(1,184,725)
Cash Flow from Financing Activities				
Repayment of financial lease	(139,007)	(166,645)	(120,298)	(169,223)
Loan	1,060,000	- 0	1,018,219	(7,667)
Loan repayment	(62,065)	(482,718)	(57,975)	(446,569)
Interest Expenses	(72,670)	(53,414)	(67,881)	(48,970)
Other Changes in Equity	- 0	711,986	- 0	669,935
Cash Flow Used in Investing Activities	786,258	9,209	772,065	(2,493)

* Contains the value adjustments from the value adjustment on/derecognition of receivables. See also note 8.4 Accountns receivables

** Includes the reclassification of a lease liability to accounts payables. See note 8.10. Liabilities from leases.

artnet AG, Consolidated Statement of Cash Flows for the Fiscal Year/Period from January 1 to June 30, 2024

	06/30/2024	06/30/2023	06/30/2024	06/30/2023
	USD	USD	EUR	EUR
Effects of Exchange Rate Changes on Cash	33,415	13,583	39,678	(12,460)
Changes in Cash and Cash Equivalents	(141,010)	(503,566)	(115,079)	(479,185)
Cash and Cash Equivalents—Start of Year	590,015	1,130,080	534,495	1,053,009
Cash and Cash Equivalents—End of Year	449,005	626,514	419,416	573,825
Supplemental Disclosures of Cash Flow				
Income Tax Receipts/ (Payments)	(12,414)		(11,484)	
Interest Payments	(72,672)	(53,414)	(67,227)	(44,600)
Interest Receipts	-	-	-	-

artnet AG, Consolidated Statements of Changes in Shareholders Equity (USD) for the Fiscal Year from January 1 to June 2024

	Issued Shares	Amount	Treasury Stock	Additional Paid-In Capital	Accumulated Deficit	Foreign Currency Translation	Total
BALANCE - December 31, 2022	5,706,067	6,032,262	(269,241)	52,547,769	(53,766,338)	615,752	5,160,204
Net Income / (Loss)					(1,182,308)	13,583	(1,168,725)
BALANCE - June 2023			269,241	442,745			711,986
	5,706,067	6,032,262	- 0	52,990,514	(54,948,646)	629,335	4,703,465
BALANCE - December 31, 2023							
Net Income / (Loss)	5,706,067	6,032,262	- 0	52,995,401	(54,852,297)	604,175	4,779,541
Sale of treasury stock					(904,820)	33,415	(871,405)
BALANCE - June 2024	5,706,067	6,032,262	- 0	52,995,401	(55,757,117)	637,590	3,908,136

artnet AG, Consolidated Statements of Changes in Shareholders Equity (EUR) for the Fiscal Year from January 1 to June 2024

	Issued Shares	Amount	Treasury Stock	Additional Paid-In Capital	Accumulated Deficit	Foreign Currency Translation	Total
BALANCE - December 31, 2022	5,706,067	5,706,067	(264,425)	51,118,251	(52,488,327)	736,713	4,808,279
Net Income / (Loss)					(1,093,770)	(76,539)	(1,170,309)
BALANCE - June 2023			264,425	405,510			669,935
	5,706,067	5,706,067	- 0	51,523,761	(53,582,097)	660,174	4,307,905
BALANCE - December 31, 2023							
Net Income / (Loss)	5,706,067	5,706,067	- 0	51,523,761	(53,492,427)	592,386	4,329,787
Sale of treasury stock					(837,018)	157,821	(679,197)
BALANCE - June 2024	5,706,067	5,706,067	- 0	51,523,761	(54,329,445)	750,207	3,650,590

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 Niebuhrstraße 78, 10629 Berlin, Germany. The company is entered in the Commercial Register of Charlottenburg District Court under HRB 980060 B.

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

The Group’s goal is to provide collectors, galleries, publishers, auction houses, and art enthusiasts with a platform to buy, sell, and research fine art. Users can find artworks that are currently available for sale in the Gallery Network, Auction House Partnerships, or on Artnet Auctions, an online transaction platform. Artnet News, the 24-hour newswire, informs users about the events, trends, and people shaping the global art market.

The declaration on the German Corporate Governance Code pursuant to Section 161 of the German Stock Corporation Act (AktG) was published on February 3, 2024, and is available to shareholders on the Artnet website at <https://www.artnet.de/investor-relations>.

The interim consolidated financial statements were authorized for issuance by the CEO on September 20, 2024.

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 E.U. In particular, they correspond to the “Interim Financial Reporting” guidelines of IAS 34. They also comply with the German Accounting Standard (DRS) 16 on half-year reporting, as well as with §§ 115, 117 of the Securities Trading Act. These financial statements do not include all of the information and notes required by IFRS for complete financial statements for year-end reporting purposes. The accounting and valuation methods applied to this interim report were generally the same as to the most recent annual financial statements. A detailed description of the accounting policies is published in the notes to the 2022 annual consolidated financial statements. The Management of the Company is confident 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 ending on June 30, 2024, are not necessarily indicative of future results. The interim financial statements as of June 30, 2024, 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, 2024.

Reporting Period

The consolidated financial statements were prepared for the reporting period from January 1, 2024, to June 30, 2024. The fiscal year for all Group companies coincides with the calendar year.

The Consolidated Financial Statements have been prepared in euros. This is the functional currency of artnet AG. Unless otherwise stated, amounts are shown in thousands of euros (EUR k) or rounded up/down to the nearest million. As a result, the total calculated by adding up the individual amounts may deviate slightly from the total stated.

The currency of the primary economic environment in which the Group operates is the US dollar. For convenience, especially for our US-based investors, the Consolidated Balance Sheet, the Consolidated Income Statement, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity are also presented in US dollars.

The Consolidated Financial Statements were also prepared on the basis of the going concern principle, which assumes that the Group will be able to settle its liabilities, including repayment obligations under credit facilities. The Group's ongoing solvency and, as a result, the assumption that it will continue as a going concern is determined by its core business and independently of external lenders.

At each balance sheet date, monetary assets and liabilities 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 2024, the long-term intercompany loan remained at 1.5 million EUR. A settlement for this loan is neither planned nor likely to occur in the foreseeable future. The intercompany loan qualifies as a net investment, according to IAS 21.15. Accordingly, exchange differences on the euro-validating loan will be recognized in other comprehensive income. They will thus be accumulated in a separate component of equity until full or partial disposal of Artnet AG's ownership interest in Artnet Corp.

In the first six months of 2024, currency exchange effects in the amount of 46k EUR were recognized as net investment in other comprehensive income and increased the equity. Currency exchange rates significant to the Group are the conversion of U.S. dollars to euros and of U.S. dollars to British pounds. The following exchange rates have been used for the currency translation in the years presented:

USD to EUR	6 / 30 / 2024	12 / 31 / 2023	6 / 30 / 2023
Current Rate Period End	0.934	0.906	0.916
Average Rate for the Period	0.925	0.925	0.925

USD to GBP	6 / 30 / 2024	12 / 31 / 2023	6 / 30 / 2023
Current Rate Period End	0.791	0.786	0.787
Average Rate for the Period	0.791	0.804	0.811

Basis of Consolidation and Consolidated Companies

The Consolidated Financial Statements include the legal parent company, artnet AG, its wholly owned subsidiary Artnet Worldwide Corp. and the latter's wholly-owned subsidiary, Artnet UK Limited. A company defines its status as the parent company by examining whether it controls one or more investees. Control over a company, leading to its inclusion in the Consolidated Financial Statements, is deemed to exist if Artnet has power over the investee. This means that Artnet has existing rights that give it the current ability to direct the relevant activities. These are activities that significantly affect the investee's returns. In addition, Artnet is exposed, or has rights, to varying returns from its involvement with the investee. Furthermore, it has the ability to use its power over the investee to affect the amount of the returns.

artnet AG has decision-making powers over a company if it has rights that give it the current opportunity, either directly or through third parties, to control the relevant activities of the investee. The relevant activities are those which, depending on the type and purpose of the company, have a material influence on its returns. Such returns must have the potential to vary as a result of the investee's performance and can be positive, negative, or both. Variable returns include dividends, fixed and variable interest rates, fees and charges, fluctuations in the value of investments, and other economic benefits.

The inclusion of an investee in the Consolidated Financial Statements begins when control is obtained and ends when control is lost. The financial statements of the investee are prepared as of the same reporting date as the parent company and in accordance with the same accounting policies as those applied by the parent company.

As part of the consolidation, all significant intragroup transactions, receivables and liabilities as well as income and expenses were eliminated in full. The income and expenses resulting from intragroup transfers of assets are also eliminated. Accounting policies at subsidiaries are based on uniform group-wide standards.

The subsidiaries are presented below:

Name	Registered office	Capital share
Artnet Worldwide Corporation	New York, US	100%
Artnet UK Limited	London, GB	100%

Treasury Shares

As of June 30, 2024, Artnet AG does not hold any treasury shares.

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, 2024, based on the most recent corporate planning for the fiscal years 2024 through 2026. Currently, no material effects of the Corona pandemic on the recoverability of deferred taxes are expected.

Segment Reporting

In accordance with IFRS 8, operating segments are identified using the management approach. This approach means that external reporting is based on internal financial reporting to the senior management body. Within the Artnet Group, the Management Board of artnet AG is responsible for assessing and managing business development and is considered the chief operating decision maker in accordance with IFRS 8. Information on the operating segments is reported in the same way as this information is reported internally to the Management and Supervisory Boards.

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

Marketplace: comprises Artnet Galleries and Artnet Auctions

- Artnet Galleries presents artworks from member galleries and partner auction houses online
- Artnet Auctions offers a curated platform for buying and selling art online

Data: includes Price Database and Analytics

- Price Database contains all database-related products, including the Fine Art and Decorative Art Price Databases, as well as the products based on them
- Market Alerts and Analytics Reports

Media: includes Artnet News, Advertising and Sponsorships

- Artnet News provides a 24-hour news service covering events, trends and people shaping the art industry
- Advertising includes advertising partnerships with luxury and art brands
- Sponsorships includes contracts with companies that sponsor Artnet events or services

The segment reporting is shown in multilevel Contribution Margin calculations. In the first stage, the difference between the revenues generated and the variable costs directly attributable to a segment is calculated (Contribution Margin I – CM I). 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 II (CM II) is the amount available by segment to cover the fixed costs.

Management decisions for segments are based on CM II (revenue minus direct and indirect variable costs), which is therefore presented below as the segment result. Indirectly attributable expenses are mainly allocated to the reportable segments using the ratio of headcounts and revenue for each segment. The segment reporting is presented, similarly to the internal communication, in US dollars. An allocation of assets or liabilities for each segment is not provided to Management. Therefore, reportable-segment-related assets and liabilities are not presented in this report.

The table below shows the segments' revenue and Contribution Margins II in a year-over-year comparison:

2024 EUR k	Revenue	Contribution Margin II
Marketplace	4,010	1,316
Data	3,234	1,874
Media	3,974	162
Total	11,219	2,934

2023 EUR k	Revenue	Contribution Margin II
Marketplace	4,320	996
Data	3,438	2,076
Media	4,301	257
Total	12,059	3,329

The reconciliation of the CM II to the operating income in the Consolidated Income Statement is presented in the following table:

Reconciliation of segments' CM II to operating income	2024	2023
EUR k	2024	2023
Contribution Margin II	2,934	3,329
Fixed costs from cost of sales and depreciation/amortization	(2,233)	2,193
Fixed costs from general administrative costs	(1,253)	(1,948)
Fixed costs from product development	(179)	(278)
Operating income	(731)	(1,090)

Earnings Per Share

Basic earnings per share are calculated by dividing net income by the weighted average number of outstanding ordinary shares during the year. As there are no more potentially dilutive shares from stock options, diluted earnings per share are the same as basic earnings per share, as in the previous year.

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

EUR	01 / 01 / 2024 – 06 / 30 / 2024	01 / 01 / 2023 – 06 / 30 / 2023
Numerator (Earnings): Net income for the first six months	-837	-1,094
Denominator (Number of Shares): The weighted average number of ordinary shares used to calculate basic earnings per share (issued and fully paid ordinary shares)	5,706,067	5,680,040
Effect of potentially dilutive shares from stock options	0	0
The weighted average number of ordinary shares used to calculate dilutive earnings per share	-0.15	-0.19

In the first six months of the 2024 fiscal year, Diluted and Undiluted earnings per share amounted to (0.16) USD or (0.15) EUR, as compared to the previous year (2023: (0.21)USD or (0.19) EUR).

Employees

In the first six months of the 2024 fiscal year, there were 131 full-time employees in the Group compared to 127 in the same period of 2023. Additionally, the Group had four part-time employees, two more than last year.

Significant transactions with related parties

Related parties within the meaning of IAS 24 are legal entities or natural persons and their relatives who can exert influence over artnet AG and its subsidiaries, or who are subject to control, joint control or significant influence by artnet AG or its subsidiaries. These include the members of artnet AG's executive bodies, whose remuneration can be found in the Remuneration Report and in section 10.2.

All transactions and agreements were concluded and executed on an arm's length basis.

In January 2024, Artnet received a loan from an Artnet executive in the amount of EUR 55k, which was due in January 2025 and bear interest at a rate of 10%.

Significant Estimates and Judgments

Preparing the Consolidated Financial Statements requires, to a limited extent, using assumptions and estimates that impact the amount and disclosure of the assets and liabilities, income and expenses, and contingent liabilities recognized. Although these estimates were made by the Management Board to the best of its knowledge and taking into account all of the information currently available, the actual results may deviate from these estimates.

Estimates and assumptions were used when measuring and determining the useful life of intangible assets. These are subject to an annual review. The actual results could differ from those estimates. Any changes are recognized accordingly as and when better information is available.

The following accounting policies, in particular, are significantly impacted by the Management Board's estimates and judgments:

Estimated Useful Lives

Depreciation and amortization rates are determined based on current knowledge of the expected useful lives of property, plant and equipment and intangible assets. The expected useful lives are reviewed at regular intervals. Details on the depreciation/amortization periods can be found in the notes in section 3.

Current and Deferred Taxes

Current income taxes are recognized in the balance sheet at the time they are incurred. The actual tax refund claims and tax liabilities for the current period and for previous periods are to be measured at the amount expected to be refunded by, or paid to, the tax authorities. The calculation is based on the local tax legislation and previous court decisions. The complexity of these regulations, and possible differences in their interpretation, create uncertainty regarding the tax treatment of

individual transactions. In accordance with IFRIC 23, these uncertain tax items are measured at the value most likely to be utilized.

Deferred taxes are recognized on the loss carryforwards of Group companies existing on the reporting date if it can be assumed, based on projections, that the loss carryforwards will be utilized. Deferred tax assets for differences between the tax balance sheet values and the IFRS balance sheet values recognized by the corresponding companies were offset against deferred tax liabilities, taking the maturities into account. If there is a surplus of deferred tax assets, these are capitalized if it is considered probable that taxable income will be available.

Internally Generated Intangible Assets

The capitalization of website or software development costs relates to new products, material additions, or improvements to the website that the Group anticipates will lead to revenues or cost savings in the future. The revenue and cost projections for these new products and developments are based on the best estimates on the measurement date. The actual results can, however, deviate from the estimates.

Leases

The Group defines the lease term as the non-cancelable term of the lease and all periods covered by an option to extend the lease if it is reasonably certain that the option will be exercised.

Artnet has leases that include extension options. The Group makes an assessment as to whether it is reasonably certain that the option to extend the lease will be exercised.

The Group is often unable to determine the interest rate implicit in a lease. In such cases, the lease liability is measured using the incremental borrowing rate. This is the rate of interest that the Group would have to pay to borrow – over a similar term, and with a similar security – the funds necessary to obtain an asset of a similar value to the right of use related to the leased asset in a similar economic environment.

The Group determines the incremental borrowing rate on the basis of observable data, such as market interest rates, taking company-specific adjustments into account.

Voting Rights Notifications According to § 21, WpHG

Shareholders are required to report when the level of their shareholdings exceeds or falls below certain thresholds. The thresholds are 3%, 5%, 10%, 15%, 20%, 25%, 30%, 50%, and 75%. The voting rights notifications received by the Company during the year under review are available on Artnet's website at [artnet.com/investorrelations/voting-rights-notifications](https://www.artnet.com/investorrelations/voting-rights-notifications).

During the first half of 2024, there were no changes to shareholder thresholds reported.

Endnotes

1. Reuters, German economy unexpectedly shrinks, inflation ticks higher, Maria Martinez, 30.07.2024
2. EuroNews, Eurozone inflation rises again in July: are ECB rate-cuts at risk?, Piero Cingari, 30.07.2024
3. IMF, Global Economic Outlook Update, July 2024
4. Forbes, Fed Policymakers say they are ready to cut Interest Rates, Ann Saphir, Lindsay Dunsmuir and Michael S. Derby, 06.09.2024
5. Artnet News, Intelligence Report Mid Year Review 2024
6. American Progress, Protecting democracy online in 2024 and beyond, Megan Shahi, 14.09.2024

Useful Information for Shareholders

Useful Information for Shareholders

Artnet AG Supervisory Board

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

Management Board Artnet AG

Jacob Pabst, CEO

Artnet Worldwide Corporation

Jacob Pabst, CEO
Albert Neuendorf, CSO
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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

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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:

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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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