

artnet



Artnet AG Quarterly Interim Statement
for the First Quarter 2023

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 year 2022 saw the continued drive towards a truly digitally enabled art market, with the transition of 2020 that was catalyzed by the global pandemic taking hold and solidifying. The art market had been one of the last bastions resisting the adoption of online commerce. Today, we have witnessed a radical shift in behavior in the industry, and Artnet's long held vision of a transparent, digital art market is starting to become a reality.

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

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First Quarter Business Highlights

“Our Media segment continued on its strong growth trajectory in the first quarter, generating a 46% increase in traffic over 2022 and providing support to Artnet’s overall performance through a slower start across the contemporary art market in 2023. Key product developments are progressing as planned, with high-impact releases, delivering a unified platform and driving marketplace engagement and conversion to follow in the second and third quarters.”

Albert Neuendorf, Chief Strategy Officer



212.000 USD for Manolo Valdes’
Damas de Barajas

137.000 USD for *Flash*
by Andy Warhol



255.000 USD for Mel Ramos’
Hav-a-Havana #6

+4%

Revenue Growth

65m

Pageviews during Q1
+46% YoY

Media

+19%

Media revenue YoY

Marketplace

255,000 USD

for Mel Ramos' *Hav-a-Havana* #6

64%

Sell Through Rate
On Artnet Auctions

212,000 USD

for Manolo Valdes'
Damas de Barajas

137,000 USD

for Andy Warhol's
Flash

Revenue Breakdown per Segment

37%

Media

35%

Marketplace

28%

Data

Data

+9%

Traffic to the Price Database

Business Model and Artnet Group Organization

Artnet AG, Berlin, is a holding company listed on the “Geregelter Markt” in the Prime Standard segment of the Frankfurt Stock Exchange. Artnet AG’s principal holding is its wholly-owned subsidiary, Artnet Worldwide Corporation, 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 has three primary operating segments: Data, Marketplace, and Media. With over 238 million page views in 2022 across its domains, Artnet is the leading art market platform. The provision of timely information about market movements, galleries, price developments, exhibitions, news, and reviews enables art enthusiasts, collectors, and art professionals to navigate the art market.

Supervisory Board



Dr. Pascal Decker



Hans Neuendorf



Prof. Dr. Michaela Diener

Executive Team



Jacob Pabst
Chief Executive Officer



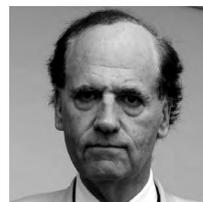
Alanna Lynch
Chief Operating Officer



Albert Neuendorf
Chief Strategy Officer



Quentin Rider
Chief Technology Officer



William B. Fine
President



Rob Baker
Chief Marketing Officer

Economic Development of the Artnet Group

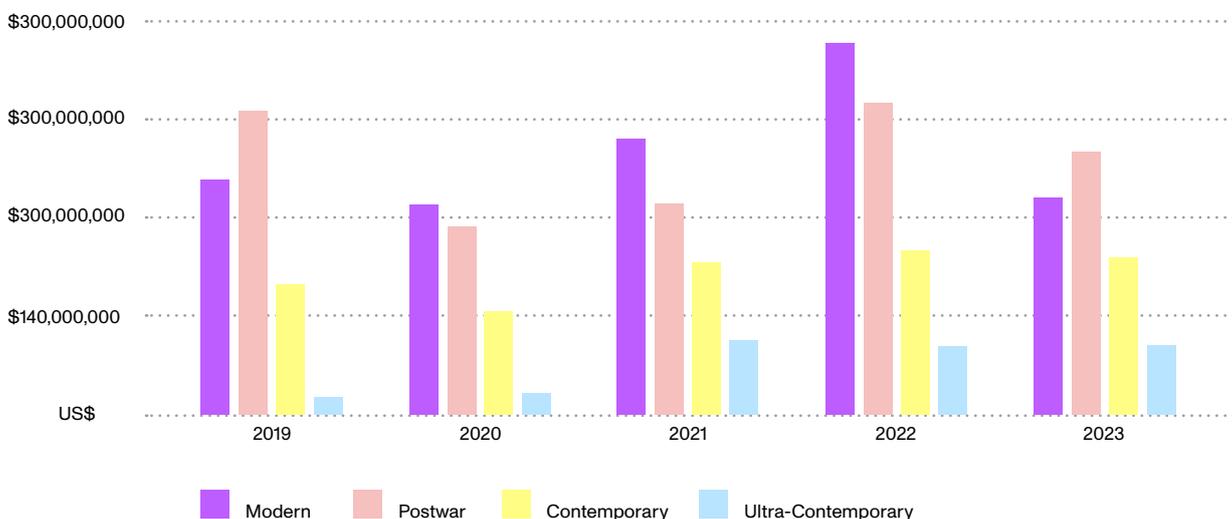
At the start of the current financial year, stubborn inflation has damaged consumer spending power and confidence in some areas. Several economies have experienced increased recessionary pressures. However, the IMF upgraded the economic outlook in January 2023, with only the United Kingdom predicted to experience continued negative growth amongst developed economies through 2023.

Socio-political instability caused by the conflict between Russia and the Ukraine have contributed to market fluctuations, rising oil prices, and supply chain disruptions. The declining global growth, inflationary pressure, and financial markets instability are expected to have a moderate impact on performance.

Global growth is projected to fall from an estimated 3.4 percent in 2022 to 2.9 percent in 2023, then rise to 3.1 percent in 2024. The forecast for 2023 is 0.2 percentage points higher than predicted in the October 2022 World Economic Outlook (WEO) but below the historical average of 3.8 percent (Source: IMF). The art market, like many other industries, has gone through a challenging and transformative period since early 2020, as the COVID-19 pandemic created new and unexpected demands for galleries and auction houses. 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.

The art market showed a soft start to the 2023 financial year, with several categories performing under expectations and in comparison to the previous year (Source: Artnet Analytics). The market is expected to pick up speed in the second half of the year.

Q1 Total Sales Value (USD) by Genre



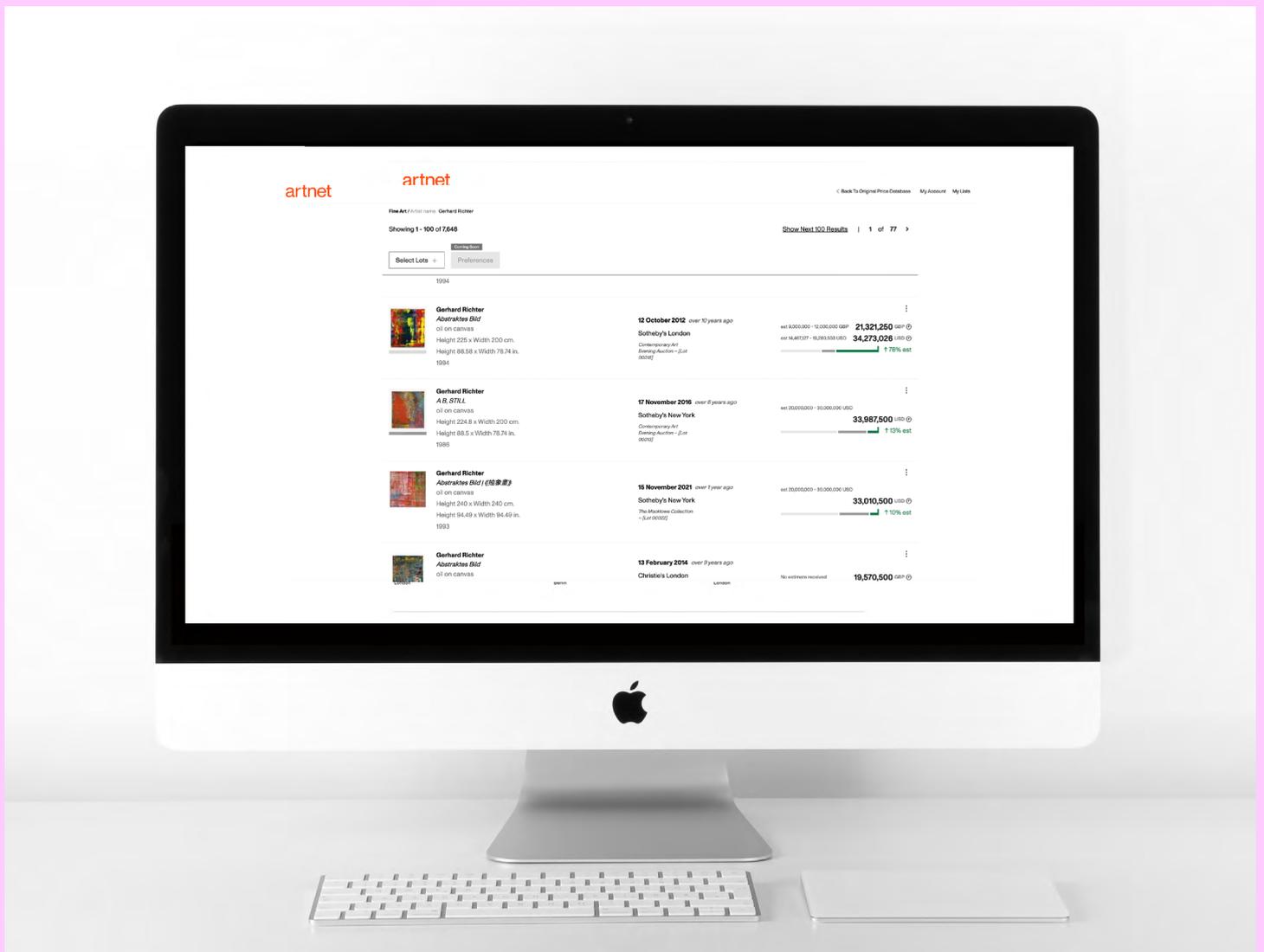
Q1 2022 in comparison to Q1 2023 (Source: Artnet Analytics)

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 decision-critical editorial. Harnessing Artnet's data, our journalists give our readers an unparalleled level of insight into the art market.

Media revenue increased 19% YoY to 2,180k USD during the first three months of 2023 (2022: 1,792k USD). With Saint Laurent, Hermès, Tiffany's, and JP Morgan Private Bank among the Group's many returning advertising partners, Artnet strives to develop long-standing relationships with its clients built on performance and trust.



Artnet's renewed Price Database gives valuable insights into the 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 280,000 artworks for sale to an engaged global audience. Artnet Auctions, an online-only in-house auction platform, is the fastest and most cost-effective way to transact fine art today, with a global team of specialists sourcing a careful selection of post-war and contemporary art. Agile operations and flexible sale calendars permit significantly higher degrees of liquidity and pay-out for sellers.

Revenue from the Marketplace segment decreased 6% to 2,371k USD within the first Quarter of the year (2022: 2,520k USD), driven by slow market conditions. Nonetheless, there are positive signals for the remainder of the year, with the Sell Through Rate of Artnet Auctions increasing to 64%. The best performing category, Prints, reported a Sell Through Rate of 96%. Galleries churn also hit an 8 year low.

Top lots during the first quarter of 2023 included Pop Artist Mel Ramos' 'Hav-a-Havana #6', which realized **255,000 USD including premium**; Sculptor Manolo Valdés' 'Damas de Barajas', which hammered down at **212,500 USD including premium**; as well as Andy Warhol's 'Flash (complete set of 11 works)', which realized **137,000 USD including premium**.



Kiku Saito, *Sea Rose*, 2013,
sold on Artnet Auctions for 162,500 USD

Data

The **Price Database** consists of more than 16 million (2021: 15 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 relied upon by 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.

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. Artnet provides direct data connections for clients via API in combination with data science support, generating deep art market insights for its clients. Additionally, analytics reports track 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.

Finalized at the end of the third quarter 2022, Artnet piloted its entry into Financial 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. The overall market size of outstanding loans against art reached over \$31.3 billion in 2022. (Source: Deloitte Art & Finance Report)

During the first quarter, revenue from the Data segment remained equal to the previous year at 1,891k USD (2022: 1,900k USD). Data revenue is expected to increase in Q2 with the release of the renewed Price Database driving conversions. Traffic to the Data segment has increased 9% in comparison to the previous year. Revenue from Artnet Analytics increased 212% YoY in the first quarter.

Message from the Chief Data Scientist Fabian Bocart

From market studies for auction houses to metrics used by investment companies to invest in artworks, we are empowering art professionals to make informed decisions like never before. Additionally, our artist rankings and market signals provide valuable insights into the art market, allowing our clients to make sound investments in the art industry.

Our data-driven approach to the art market is now instrumental in identifying emerging artists and predicting market trends. By using sophisticated algorithms and predictive models, we provide our clients with a comprehensive understanding of the art market that was once unattainable. We believe that this is the future of the art market, and our initiatives are leading the way.

We are committed to making the art market more accessible to a broader range of investors, collectors, and professionals. By empowering individuals and businesses to make smarter decisions through our data and analytics, we are creating a more efficient art market that benefits everyone involved. Looking forward, we will continue to innovate and drive positive change in the industry, ensuring that our initiatives remain at the forefront of the art market's technological transformation.

“Our Data and Analytics initiatives have been at the forefront of revolutionizing the art market, enabling us to make it more accessible and liquid.”

Fabian Bocart



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



Andy Warhol, *Mother and Child (from Cowboys and Indians)*, 1986,
sold on Artnet Auctions for 93,750 USD

Risks and Opportunities

Artnet operates in a challenging niche market. To monitor and adapt to a changing landscape, Artnet continuously observes internal and external risks and opportunities. There has not been a material change in the risk profile of the Company as compared to the 2022 reporting year. Management is monitoring global economic developments and inflationary pressures closely but sees no need for immediate action. A detailed overview of all opportunities and risks can be found in the 2022 Annual Report.

Financial Position

Driven by strong growth in the Media segment, Artnet's revenue increased by 4% to 6,442k USD in the first Quarter (2022: 6,211k USD).

Gross Profit in the first three months increased by 6.5%, or 223k USD, to 3,65 million USD as a result of steady revenue growth.

Operating Expenses increased by 11% or 479k USD to 4.69 million USD driven by increased Sales and Marketing expenses.

As a result, Operating Income for the first quarter of 2023 was -1,042k USD (2021: -786k USD), and Operating Cash Flow ended at 436k USD (2022: 897k USD).



Jacob Pabst, CEO Artnet AG, Artnet Office, New York, NY

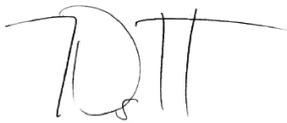
Outlook

“During the current financial year, our focus will be on maximizing operational efficiency with a view to delivering profitability.”

We continue to operate in a challenging market environment in 2023. The US economy recorded a constriction in the first quarter, and the turbulence seen in financial markets point to uncertainty and bearish sentiment. Following rising inflationary pressures across developed economies, monetary policy responses are tightening further. Tricky market conditions have also impacted the fine art and luxury collectibles market.

Despite this, management is forecasting growth in line with its projections for the financial year. Artnet's diversified business model has proven robust through downturns, and each of our main segments have significant growth potential. Management is looking forward to the completion of important technology projects including the redevelopment of much of the platform front-end UX in 2023. These developments will already have an impact on revenues in 2023. A unified navigation, a full revamp of Artnet News, and important key page redesigns will significantly increase not only the usability of the Artnet platform, but also begin to help realize the synergies between the Media, Marketplace, and Data segments. The outlook for the individual segments has not changed since the publication of the Annual Report 2022 on May 12, 2023. Management confirms the forecasts.

Berlin, May 14, 2023



Jacob Pabst
CEO, Artnet AG

Useful Information for Shareholders

Artnet AG Supervisory Board

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

Management Board

Jacob Pabst, CEO

Artnet Worldwide Corporation

Jacob Pabst, CEO
Albert Neuendorf, CSO
Quentin Rider, CTO
Alanna Lynch, COO
Rob Baker, CMO

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.

Sophie Neuendorf, Vice President, Investor Relations
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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