

artnet



**Artnet AG Quarterly Interim Statement
for the Third Quarter 2023**

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 60 million unique users annually, making it the largest global platform for fine art.

Marketplace: Artnet's Marketplace connects leading galleries and auction houses with our global audience, offering a curated selection of over 285,000 artworks for sale worldwide. Artnet Auctions, a pioneering online-only auction platform, offers unprecedented reach, liquidity, and efficiency in the secondary art market.

Media: 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 rapidly growing, and dedicated audience.

Data: Artnet has an unparalleled 16 Million auction results in its Price Database, combined with Primary Market and NFT Data points, bringing price transparency to an otherwise opaque market. Subscribers to the database receive access to upcoming auction information, recent auction results, mission-critical analytics, as well as the impartial appraisal of artworks.

Together, Artnet's unique, synergistic product offering provides a comprehensive ecosystem that drives and informs the modern art market.



Ed Ruscha, *Made in California*, 1971, sold on Artnet Auctions for 75,000 USD during Q3

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Supervisory Board



Dr. Pascal Decker
Chairman of the
Supervisory Board



Prof. Dr. Michaela Diener
Deputy Chairwoman of
the Supervisory Board



Hans Neuendorf
Founder, Artnet
Supervisory Board
Member

Executive Team



Jacob Pabst
Chief Executive Officer



Albert Neuendorf
Chief Strategy Officer



Quentin Rider
Chief Technology Officer



Rob Baker
Chief Marketing Officer



Bill Fine
President

Third Quarter Business Highlights

Over 50 Million pageviews

in the third quarter

+13% new users

in comparison to the previous year

Marketplace

USD 100,000

For a work by photographer
Herb Ritts

USD 75,000

For a work by Ed Ruscha

56%

of Marketplace sales are made
using mobile devices

Data

241,000

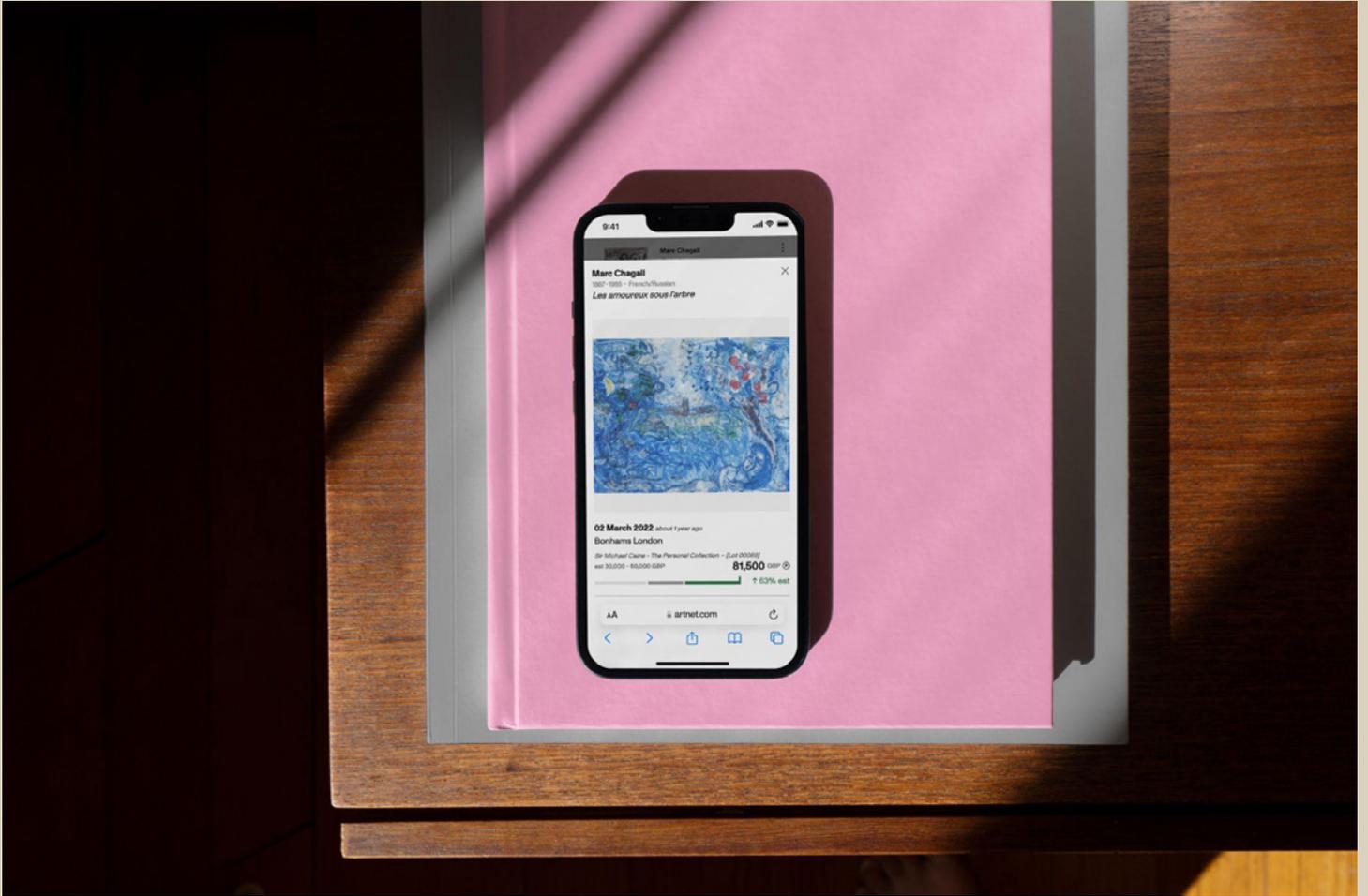
auction results added
to the Price Database

+15% YoY

Media

Partnerships for bespoke
experiences with Royal Salute
and Dalmore

New and returning advertising
clients include Saint Laurent,
Cartier, Hermes, and Tiffany's



With the reimagined Price Database, Artnet is powering the art industry more than ever before

Business Model and Artnet Group Organization

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

Artnet's purpose is to provide art collectors, galleries, auction houses, publishers, and enthusiasts with a holistic global ecosystem to buy, sell, and research fine art.

The provision of timely information about market movements, price developments, exhibitions, news, and reviews enables Artnet's users to navigate the art market in the most efficient way. Our vision is to be the leading online resource for the international art world, powered by three core, highly synergistic pillars:

Data

Artnet's market data is a mission-critical resource for the art industry, encompassing more than 16 million auction results and AI-driven analytics providing 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 a global audience, offering a curated selection of over 285,000 artworks for sale worldwide. A core element of the Marketplace, Artnet Auctions, a pioneering online-only auction platform, offers unprecedented reach, liquidity, and efficiency for buyers and sellers.

Media

Artnet News covers the events, trends, and people shaping the global art market with up-to-the-minute analysis and expert commentary. With over 60 million unique users annually, Artnet is the largest global platform in the fine art industry, with a rapidly growing, and dedicated audience.



Yue Minjun, *99 Idol Series (No. 14 and No. 53)*, 1996, sold on Artnet Auctions for 50,000 USD

Economic Development

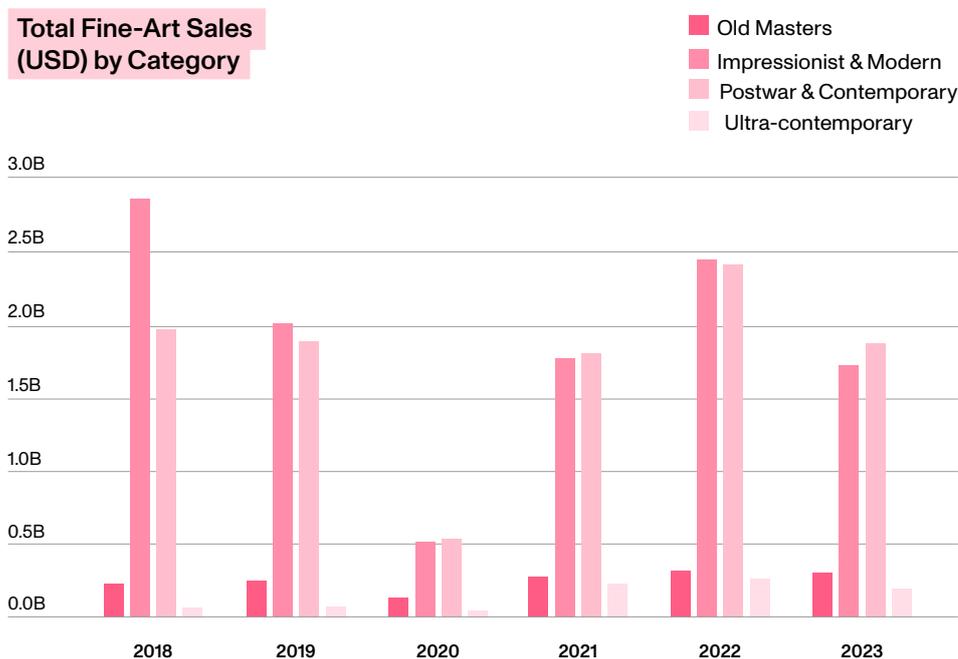
Global Economic Development

The global economy continues to suffer from socio-economic uncertainty and inflationary pressure through the current financial year. Geopolitical tensions, including the war in Ukraine and the conflict between Israel and Palestine, have also contributed to turbulent financial markets, supply-side shortages and high energy prices. An escalation of the new conflict in the Middle East or a worsening in other geopolitical tensions could reduce economic activity further and put downward pressure on financial markets; particularly in the event of prolonged disruptions in supply chains and interruptions in production. As Central banks in developed Nations have continued to raise interest rates, the world economy has slowed, with many predicting a prolonged downturn through 2023 and into the 2024 financial year. Financial Markets have suffered significant downward pressure in response to continued monetary tightening, with equity and bond markets particularly affected.

According to the IMF, global growth is forecast to slow from 3.5 percent in 2022 to 3.0 percent in 2023 and 2.9 percent in 2024. The projections remain below the historical (2000–19) average of 3.8 percent, and the forecast for 2024 is down by 0.1 percentage point from the July 2023 Update to the World Economic Outlook. For advanced economies, the expected slowdown is from 2.6 percent in 2022 to 1.5 percent in 2023 and 1.4 percent in 2024, amid stronger-than-expected US momentum but weaker-than-expected growth in the euro area.

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 quickly adapt working methods and strategies as consumer behavior changes.

The declining global growth, inflationary pressure, and financial markets instability is expected to have a moderate impact on performance.



Economic Development of the Artnet Group

Against this uncertain economic backdrop, the Artnet Group is continually monitoring market developments and taking necessary precautions in order to ensure its financial health through the fourth quarter and into 2024.

The worsening global macroeconomic outlook continues to have a negative impact on art market activity. Already in 2022 and now during 2023 so far, the data paints a subdued picture, with average transaction prices down across the major auction houses (Source: Artnet Price Database). There has been an 11% decrease in sales in the third quarter 2023 compared to the same period in 2022. Additionally, the market for Modern, Postwar, and Contemporary Art is showing a decline in volumes sold at auction despite stability in some other subsectors of the market. While China was third in terms of global sales during the 2022 financial year, it outperformed the UK during the past 9 months of 2023, regaining its position as the second most important market behind the United States. (Source: Artnet Analytics).

The art market downturn has impacted Marketplace performance in the first nine months of the year. However, Artnet's diversified business model provides stability through difficult market conditions, ensuring the Company is only moderately impacted by the worsened economic outlook.

Total Fine-Art Sales of Picasso and Warhol



Major works by both Picasso and Warhol will hit the auction block in Q4 2023 and test market strength and resilience.

Development of Segments: Media, Data, Marketplace

Media

Artnet News is the world's only dedicated 24-hour international online art market newswire and content provider. Artnet News informs, engages, and connects members of the art community to the events, trends, and people shaping the market and global art industry through timely articles, expert analyses, and insightful opinion pieces. Artnet News Pro is a partial paywall subscription offering its most engaged subscribers critical, in-depth, data-driven editorial and insider insights. Artnet News' leading journalists, powered by Artnet's Data and Analytics, give its readers an unparalleled level of analysis of the art market.

Media revenue increased 2% YoY to 6,424k USD during the first nine months of 2023 (2022: 6,291k USD). Demand for advertising has been steady despite the ongoing economic jitters; thus, endemic partners and luxury brands continue to seek Artnet's high-value audience of dedicated readers. With Saint Laurent, Hermès, Tiffany's, and JP Morgan Private Bank among Artnet's many returning advertising partners, Artnet has developed long-standing relationships with its clients built on performance and is able to leverage its brand equity to generate competitively priced direct advertising sales.

Data

The Price Database contains more than 16 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 brings 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 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.

Through the third quarter, revenue from the Data segment declined 2% YoY to 5,488k USD (2022: 5,602k USD). The third quarter typically sees reduced search activity due to the sparse summer auctions program. Data revenue is expected to increase in the fourth quarter also due to the release of new enhancements to the user experience within the Price Database.

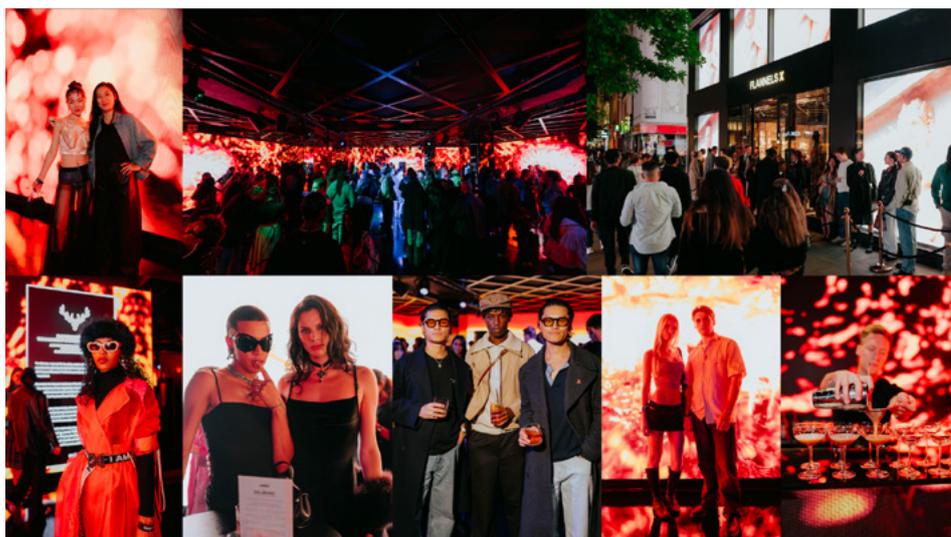
At the time of publication, the renewed Price Database has already been released for all customers. Artnet has invested in its core product, and is excited for the new era of transparency that the improvements will bring as it strives towards its vision of creating an efficient, global art market. The renewed Price Database is built on a new API-first architecture, introducing the opportunity for transformational new data delivery formats. A mobile-optimized design eases access to our global user base and drives search volume, and the implementation of elastic search introduces vast new search possibilities. Artnet's Data Science team has produced intelligent, dynamic analytics that enable deep insight and understanding of 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 285,000 artworks to an unparalleled global audience. Artnet Auctions is the fastest and most cost-effective way to transact fine art today, with a global team of specialists sourcing an expert selection of post-war and contemporary art. Artnet has now been able to complete a key operational step in its strategy of realizing the strong synergies between its business segments.

Artnet Auctions kicked off the fall season with several exciting sales. Lots attracted competitive international bidding, with most bids coming from mobile devices. A striking photograph by internationally acclaimed photographer Herb Ritts hammered down at 100,000 USD. Other highlights include a diptych by Yue Minjun, which achieved 50,000 USD, and a signature work on paper by Richard Serra, which achieved 47,500 USD. Top lots during the third quarter of 2023 also included a work by west coast Pop artist Ed Ruscha, 'Made in California,' 1971, which hammered down at 75,000 USD; as well as After Jean Michel Basquiat's 'Flash from Naples,' 1082-2022, which realized 93,750 USD.

Revenue from the Marketplace segment decreased 7% to 6,610k USD in comparison to the previous year. (2022: 7,104k USD). The global art market is in the midst of a significant correction, and total YoY volumes offered and sold are down significantly with total sales decreasing 11% through the third quarter. Art across the global market. In response to tightening market conditions, Management has completed a data-led strategic review and refocused the business on core, top-performing artist groups and price segments.



Artnet and Dalmore x Lycorises Reverie collaboration during Frieze Week 2023

Message from Rob Baker, Chief Marketing Officer



“Artnet is the portal to a global art world. This new brand positioning reflects the trust our users have in the quality of our content, tools and marketplace and acts as an invitation to join our community.”

Rob Baker

To accompany this, in 2023, we launched a new visual identity system, allowing us to engage our users through ever-changing channels and better reflect the contemporary, forward-thinking digital art brand we are.

This year has been both a year of transformation and a real focus on the user. We listened to our audiences through research to inform our program and tools. We launched more sophisticated performance marketing techniques to ensure a laser focus on bringing qualified users to our platform to drive participation – from making a successful auction bid to buying a price database subscription. We also prepared for the launch, later this year, of the Artnet PRO membership – an evolution of the news subscription – a tool for art professionals and serious collectors to navigate the ever-changing art market with confidence. The program includes unlimited access to our market editorial coverage, exclusive content, events and benefits from across Artnet’s Marketplace and Data segments.

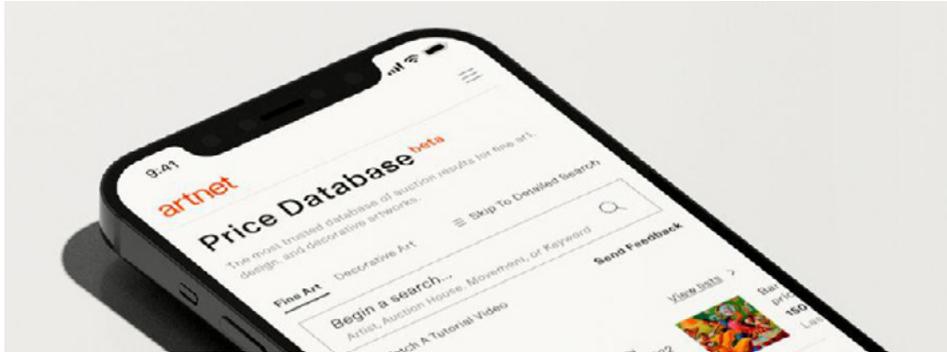
We developed and strengthened our partnerships with fairs - including Frieze, TEFAF, Munich Highlights, The Armory and Asia Now - raising our profile with the collector community. At the same time, the launch of the Artnet Studio has enabled a creative and strategic approach to partnering with global brands across fashion, financial services, the automotive sectors and more.

Into 2024, we will continue building Artnet as a destination for art professionals, collectors, and art enthusiasts. Through the smart use of data, we’ll provide our users with an increasingly personalized experience of Artnet, creating more utility and encouraging them to make the most of our platform and products.



Artnet x Armory Show panel in New York during Q3 2023

Technology and Product Update



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

In the third quarter the Artnet News platform was redesigned. The new experience will deliver a best-in-class user experience focused on driving traffic, engagement, and conversion. Large image formats, new article templates, an expanded menu, and discoverability will be key components.

In the fourth quarter a Unified Header will be released, which will unify the experience for all users that come to the platform. Another focus in the fourth quarter is an exciting new feature in the Price Database, analytics. Users will be able to see real-time analytic visuals of the query they selected, bringing even more power to the user than ever before.



Artnet x Armory Show panel in New York during Q3 2023

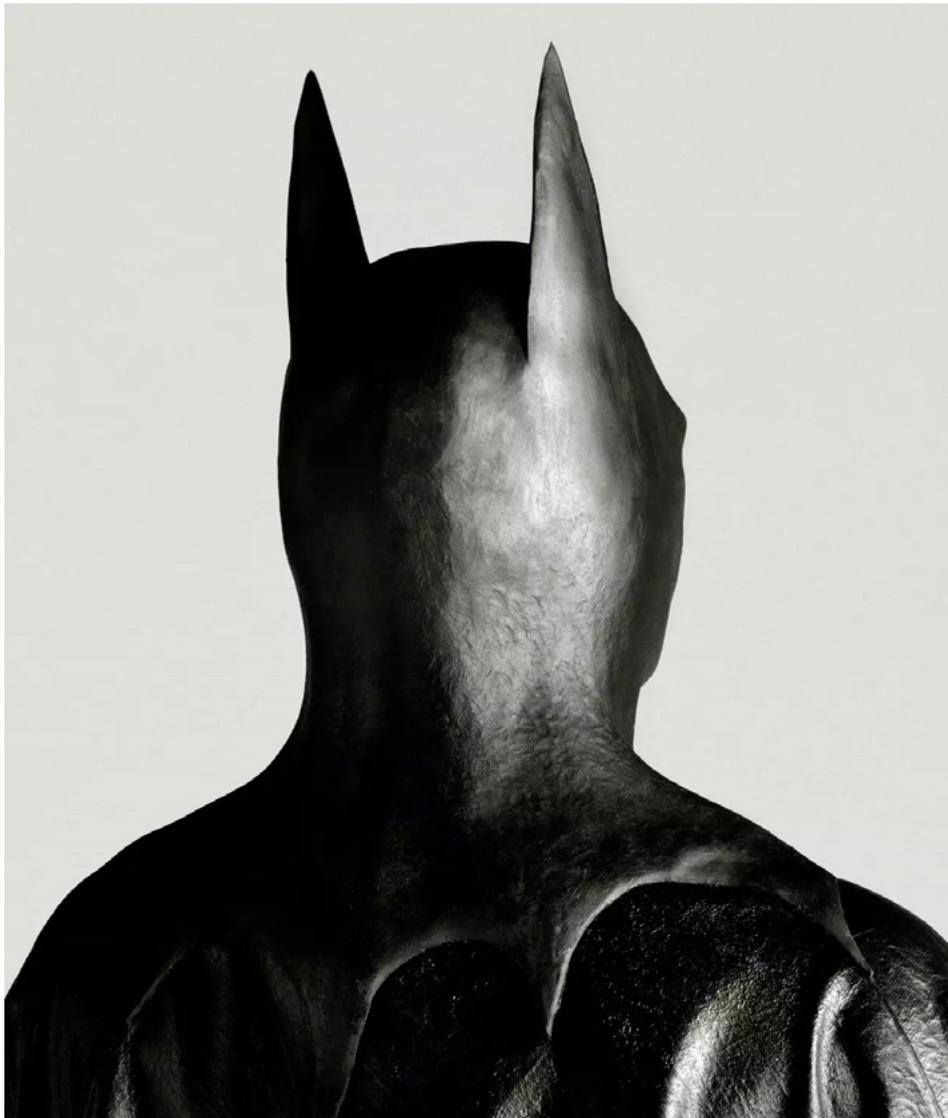
ESG Report

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.



Herb Ritts, *Batman*, London, 1988, sold on Artnet Auctions for 100,000 USD during Q3 2023

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.

Several factors including global socioeconomic unrest is putting downward pressure on the economy, and hence the art industry. Management is closely watching industry performance in order to rapidly adapt to changing conditions. Management is predicting the worsening global economic outlook to have a moderate impact on performance.

The 2022 Annual Report contains a detailed overview of all opportunities and risks as of the date of its release.

Financial Position

Despite strong headwinds driven by a globally difficult macroeconomic climate, **Artnet's revenue decreased only 2% to 18,523k USD** in the first nine months of the year (2022: 18,997k USD).

Gross Profit in the first nine months increased by 0.72% to 10,6 million USD as a result of decreased cost of sales. The result was partially offset by decreased revenue.

Operating Expenses decreased by 3% to 12,1 million USD driven by a decrease in general administrative expenses as well as a decrease in product development costs.

As a result, Operating Income for the first nine months of 2023 was -1,516k USD, and Operating Cash Flow ended at 884k USD (2022:1,947k USD).

Outlook



Jacob Pabst, CEO, Artnet AG

Dear Shareholders,

In an increasingly complex environment we are focussed on performance. Following rising inflationary pressures driven by global supply disruptions, monetary policy responses have tightened significantly and inflation expectations remain high. This has lowered demand in the fine art and luxury collectibles market. Analytics produced by Artnet's Price Database point to significant decreases in sales volumes and average transaction prices industry-wide compared to the year before. Management is keenly focussed on efficiency in this more challenging climate.

Despite this, I'm pleased by our technological development and performance. Artnet's diversified business model has proven robust through downturns, and important strategic, operational, and technology updates are expected to have a positive impact on revenues in the final months of 2023, typically Artnet's strongest quarter. The new Price Database, a Unified Navigation, and a modernized Homepage will significantly improve the usability of the Artnet platform.

The Media segment is expected to have a strong end to the year, with a robust pipeline of advertising contracts through the fourth quarter and into 2024. Artnet's marketplace segment is expected to return to moderate growth in the last quarter of the year, with crucial strategic and operational changes having a positive impact. Data revenue is also set to grow moderately, driven by a strong pipeline of API partnerships.

As we take stock of 2023 and look towards the coming year I would like to thank Artnet's team for their continued dedication to our vision. The release of the new Price Database and the development of Artnet Pro underpin the tremendous work of our team so far this year and highlight the forceful momentum we've been able to maintain under difficult circumstances.

We have made transformational strategic and operational strides this year in line with our mission to create a unified, holistic platform for the global art world. An important element is our dedicated, international team and strong leadership across departments. I believe that Artnet has the foundational brand strength and broad product suite to lead the online art market for years to come and is making the necessary investments to obtain scale and sustainable profitability.

I would also like to thank our shareholders for their continued support of Artnet. While these are difficult dynamics to contend with, I have never been more confident in our team, and am as ever excited to execute on our vision in 2024 and beyond.

Berlin, November 15, 2023

A handwritten signature in blue ink, appearing to read 'JP' or 'J.P.', with a horizontal line extending to the right.

Jacob Pabst, Chief Executive Officer

Useful Information for Shareholders

Artnet AG Supervisory Board

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

Management Board

Jacob Pabst, CEO

Artnet Worldwide Corporation

Jacob Pabst, CEO

CEO Artnet UK Ltd.

Jacob Pabst, CEO

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German Securities Code Number

The common stock of Artnet AG is traded on the Prime Standard of the Frankfurt Stock Exchange under the symbol "ART." You can find notices of relevant company developments at artnet.com/investor-relations.

Stock Market Information

WKN A1K037
ISIN DE000A1K0375
LEI 391200SHGPEDTRIC0X31

Investor and Shareholder Relations

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

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

If you have further queries, please don't hesitate to get in touch

Sophie Neuendorf, Vice President, Investor Relations
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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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