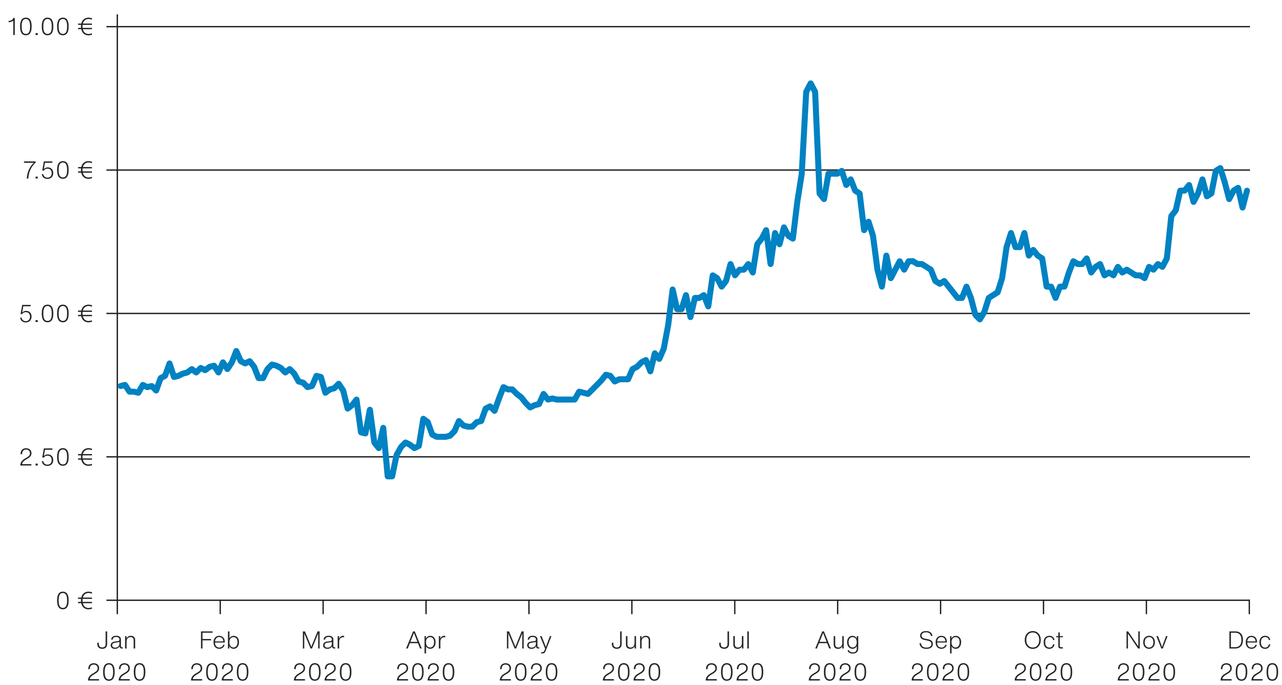
artnet AG

Annual Report 2020

Key Financial Figures for the Artnet Group

	12/31/2020	12/31/2019	Difference (Balance)
Revenue (k USD)	21,594	21,878	(284)
Profit from Operations (k USD)	217	197	20
Earnings Before Tax (k USD)	2,049	5	2,044
Earnings per Share (USD)	0.39	0.00	0.39
Weighted Number of Shares (k USD)	5,559	5,553	6
Cash Flow from Operating Activities (k USD)	3,107	1,816	1,291
Staff (Year-End)	120	122	(2)
Cash and Cash Equivalents (k USD)	1,796	539	1,257
Equity (k USD)	5,896	3,586	2,310
Total Assets (k USD)	13,203	13,259	56

Development of the Artnet AG Share 1/1/2020–12/31/2020



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Jacob Pabst
CEO, Artnet AG

Dear Shareholders,

2020 started strong at Artnet. Through February, revenue was up year-over-year due to increased advertising at Artnet News and growing demand in the Galleries segment. Then, starting in March, the novel coronavirus outbreak and its global spread brought entire countries to a near standstill. The global economy took the worst downturn since the Great Depression, and the art world was hit hard as well. Auctions, art fairs and exhibitions were canceled or postponed, museums and galleries closed. Luxury retailers, loyal advertisers on Artnet News, shut their stores and cut advertising budgets. Auctions sales volume dropped 35% in the U.S. alone — traditionally the largest auction market globally and Artnet's key market.

At Artnet, we met the challenges caused by the pandemic. We kept our team safe and took bold advantage of the opportunities the crisis presented.

We certainly didn't anticipate a global health crisis, but the pandemic accelerated the art market's digital transformation, which Artnet spearheaded since its founding three decades ago. We predicted this trend for years and our broad range of digital products and innovations are now well on their way to becoming the industry standard.

Traffic was up by an astonishing 38.4% last year to 60 million visitors sitewide — an average of 5 million monthly — and traffic on Artnet News was up by 58% to 35.6 million visitors year-over-year, as millions of new readers used Artnet News as a trusted source of news shaping an industry in crisis. Galleries turned to us and used our Gallery Network to increase their visibility on the web and connect with clients online and the market.

The digital transformation of the art market was particularly apparent in the auctions business. When the pandemic shut down auctions, other market participants desperately tried to adapt to the soaring demand for online sales. Artnet was ready to satisfy this demand, having revolutionized the art market with online-only auctions more than ten years ago. The current situation only underscores the importance of our products and our superior business model. Our auctions differ fundamentally from conventional auctions. We offer fast and cost-effective transactions, a quick turnaround, and continuous sales throughout the year, making the trading of art efficient, liquid and attractive.

Artnet Auctions fee-based revenue increased by 26% to 4.9 million USD year-over-year and became Artnet's second-largest revenue source behind the Price Database. Despite the initial uncertainties and tremendous volatility in both art and financial markets in March, we decided against canceling or postponing sales. We launched 70 sales during the year, sending a clear signal to the market that our transaction platform remains open and available as a solution to buy and sell art — even in a stressed and challenging market environment. Our message was well-received by market participants. After an initial downturn in March, our auctions business recovered quickly. In May, sales doubled year-over-year and set a new monthly record. By the end of October, Auctions' revenue already exceeded the revenue of 2019 — for the entire year.

In the summer, when auction activity usually slows, we sold top lots like Andy Warhol's 1984 screenprint *The Scream (After Munch)* for more than 300k USD. Several contemporary artists achieved new auction records. Not only were volume records shattered, but the quality of the works offered rose as well. We are the only auctions platform that continuously sells great artworks without any seasonal restrictions. In September, *20th Century Art*, which included works by Roy Lichtenstein and Pablo Picasso, became the highest performing sale in Artnet Auctions' history. In October, the *Important Photographs* sale set a new high mark, and Jasper Johns's well-known screenprint *Target* (1974) became the second print sold for more than 200k USD on Artnet Auctions.

Gallery Network revenues decreased by only 3% to 4.8 million USD in 2020 despite the significant business challenges for many gallery members. The pandemic caused galleries to suspend operations or even close business for good, further hurting a critical client base which has struggled with high operating costs and intense competition for some time. The overall number of gallery members was down in 2020. However, we added more gallery members than in 2019, as galleries turned to Artnet to boost their online presence and facilitate transactions. Galleries now depend almost entirely on the internet for sales and marketing. To help drive traffic to gallery members, we quickly created and introduced the new Artist Alerts. Prospective buyers now receive customized email updates about their favorite artists when their works are available at galleries, auction houses, or online sales. By the end of the year, thousands of subscribers had signed up for the free service.

Technological projects like the Artist Alerts were part of an overall strategic shift to provide immediate support and relief to clients during the pandemic. We also migrated all apps and internal systems to the Google Cloud in 2020, making our technological backbone even more secure and resilient.

Price Database revenue fell slightly by 3% to 7.4 million USD in 2020. In light of the auction market's drastic downturn, these were robust results since a slowdown in auctions activity generally reduces the demand for data research on our platform. Still, the number of auction results available in the Price Database exceeded 14 million for the first time. The stable demand for our data underlines both the art markets' trust in our brand and its unabated desire for price transparency. The Price Database remains an essential research tool for art market participants, even as sales declined.

Advertising revenue decreased by 17% to 4.5 million USD year-over-year due to lower demand and the postponement of ad campaigns because of the pandemic. Luxury advertisers and art businesses cut their marketing budgets because of the economic downturn and restricted operations.

Due to the Auctions segment's record performance, overall revenue at Artnet held steady at 21.6 million USD — down only 1% compared to the record revenues of 2019 and above our adjusted forecast at the beginning of the pandemic. However, the strong growth at Artnet Auctions was offset by the drop in advertising revenues at Artnet News.

Our diversified business model was vital to our resilience and will be key to the anticipated recovery in 2021. Overall, our position in the changing and tested art industry is stronger than ever. The ongoing coronavirus crisis presents us with unique challenges but it is further accelerating the art market's digital transformation — which we anticipated and led for three decades. As the leading online provider of information, analysis, and auctions for fine art, Artnet remains ideally positioned to benefit from an economic recovery and the growing importance of e-commerce in the art world.

Berlin, March 31, 2021

Jacob Pabst
CEO, Artnet AG

Core Statement

Artnet is the leading online resource for the international art market. Established in 1989, Artnet provides reliable information and market transparency to art collectors. Our comprehensive suite of products includes the Price Database, which offers objective price information, and the Gallery Network, a platform for connecting leading galleries with collectors from around the world.

With 24/7 worldwide bidding, Artnet Auctions was the first online marketplace for collecting fine art. Our auction platform allows for immediate transactions, with a seamless flow between sellers, specialists, and collectors. Artnet News is a dedicated international art market newswire that informs, engages, and connects the art community through timely articles and insightful opinion pieces.

Company Development

Artnet AG was formed in 1998 as an information service provider for the art market. It took over Artnet Worldwide Corporation, formed in New York in 1989, and moved the Price Database and the Gallery Network online by the mid-1990s.

Artnet has modernized the way people buy, sell, and research art. Its products provide reliable and transparent information used by collectors, gallery owners, museums, and investors, and have become indispensable tools for independent market players. Through Artnet Auctions, 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.

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 art business had always been international, but it was managed locally in a relatively inefficient market by tens of thousands of geographically disparate art dealers, galleries, auction houses, book publishers, museums, and collectors.

The Price Database provides these local markets with a global standard of comparison, listing fine art, design, and decorative art auction results, including more than 378,000 artists and designers. Since 2009, the Price Database Decorative Art has provided results for international antique auctions. Today, the Price Database contains more than 14.3 million auction results from more than 1,878 international auction houses, dating back to 1985.

Another pillar of the business is the Gallery Network, which was introduced in 1995. With approximately 1,100 galleries and over 249,000 artworks by nearly 23,300 artists from around the globe, this product is the most comprehensive platform for galleries online. The Gallery Network serves dealers and art buyers in equal measure by giving them an overview of the global market and price trends while allowing users to contact the gallery directly.

Created in 2008, Artnet Auctions was the first online platform dedicated to buying and selling art. With fast turnaround and low commissions, Artnet Auctions is available around the clock. From selling to placing bids, every step of a sale happens more efficiently and quickly than at traditional brick-and-mortar auction houses.

In 2014, Artnet launched a 24/7 global art newswire: Artnet News. Artnet News is a one-stop platform 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 journalism standards.

Company Background

Artnet.com AG was incorporated under the laws of Germany in 1998. In 1999, Management took the Company public on the Neuer Markt of the Frankfurt Stock Exchange. In 2002, Artnet.com AG changed its name to Artnet AG. On October 4, 2002, Artnet AG left the Neuer Markt and was listed in the General Standard of the Frankfurt Stock Exchange, a segment of the EU-regulated Geregelter Markt. Effective February 1, 2007, Artnet AG is listed in the Frankfurt Stock Exchange's Prime Standard, the segment with the highest transparency standards. Its principal holding is its wholly-owned subsidiary, Artnet Worldwide Corporation, a New York corporation founded in 1989. The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS), as applied in the European Union.

Report of the Supervisory Board

In the reporting year 2020, the Supervisory Board performed the duties required by law and the Articles of Association and supervised the Company's management.

There were several personnel changes in the Supervisory Board during the reporting year. Ms. Bettina Böhm resigned from the Supervisory Board at her request on August 15, 2020. We would like to thank Ms. Böhm most sincerely for her many years of service and dedication as a Supervisory Board member. Prof. Dr. Michaela Diener was appointed by court order on August 26, 2020, as a member of the Company's Supervisory Board until the following Annual General Meeting. All members of the Supervisory Board were elected at the Annual General Meeting on December 15, 2020, to serve until the end of the Annual General Meeting that decides on the discharge of its members for the 2021 financial year. At the inaugural meeting following the Annual General Meeting, the signatory was elected Chairman of the Supervisory Board and Prof. Dr. Diener was elected Deputy Chairman of the Supervisory Board.

Mr. Jacob Pabst was the sole member of the Management Board of Artnet AG in the 2020 financial year. His contract was extended in November 2020 until the end of July 1, 2024. We unanimously approved the contract extension at the meeting of October 5, 2020.

In the 2020 financial year and up until the publication of the 2020 Annual Report, we held four meetings in which all Supervisory Board member participated in full. The meetings were held on February 27, 2020 (attendance meeting in Berlin with the Management Board by phone), April 30, 2020 (video conference together with the Management Board), October 5, 2020 (attendance meeting in Berlin), and November 29, 2020 (attendance meeting in Berlin). On June 25, 2020, the meeting to approve the financial statements was held with the auditors from Ebner Stolz GmbH & Co. KG, Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Hamburg, via video conference. In addition to the Supervisory Board and the auditors, Mr. Pabst, CEO, Ms. Maya Zilbert, Chief Financial Officer, and Ms. Jessica Huang, Controller, participated in this meeting.

The Management Board informed us in detail about business developments, corporate strategy and all essential measures in oral and written reports. Critical to the reporting were the management reports with key figures on the Company, which the Management Board distributed to all Supervisory Board members every month. The management reports, the quarterly reports and the 2020 half-year report were discussed with the Management Board. The Management Board discussed issues of fundamental importance for business policy and corporate strategy with the Supervisory Board on an ongoing basis.

With the spread of the COVID-19 pandemic in early 2020, the Management Board was forced to adjust the financial plan for fiscal 2020. The revised financial plan was approved by the Supervisory Board on April 30, 2020, after Mr. Pabst had explained to us in advance the planned cost savings and the expected revenue declines.

We received regular reports on FALCON, the project to modernize the IT infrastructure completely. We were also informed about quickly arranged measures to improve the websites and products, some of which were given priority in the wake of the COVID-19 pandemic. Fortunately, revenue forecasts for fiscal 2020 were met — thanks to the significance of online auctions (Artnet Auctions) in the wake of lockdowns and social distancing, but also because of the adopted measures.

With the onset of the recession, the Management Board had successfully sought a loan from the U.S. government (U.S. Small Business Administration) to assist businesses. The loan in the amount of 1,667k USD enabled Artnet to avoid layoffs and improved the Group's liquidity. The Management Board informed the Supervisory Board that the loan does not have to be repaid, as the respective requirements were met.

Corporate governance and compliance issues were subjects of our deliberations, and we also approved the Declaration of

Conformity with the German Corporate Governance Code. The Supervisory Board did not form any committees.

The annual financial statements for the 2020 financial year under the German Commercial Code (HGB) and the consolidated financial statements under IFRS, both prepared by the Management Board of Artnet AG, were, together with the management report and the Group management report, audited by the auditing firm Ebner Stolz GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Hamburg.

The Supervisory Board determined that the auditors are independent. The auditors conclude that both the annual financial statements under HGB and the consolidated financial statements under IFRS present an accurate and fair view of the net assets, financial position and results of operations for the financial year and issued an unrestricted audit opinion in each case. After completing their audit, the auditors attended a Supervisory Board meeting on March 29, 2021, to discuss the annual financial statements and explain their audit results.

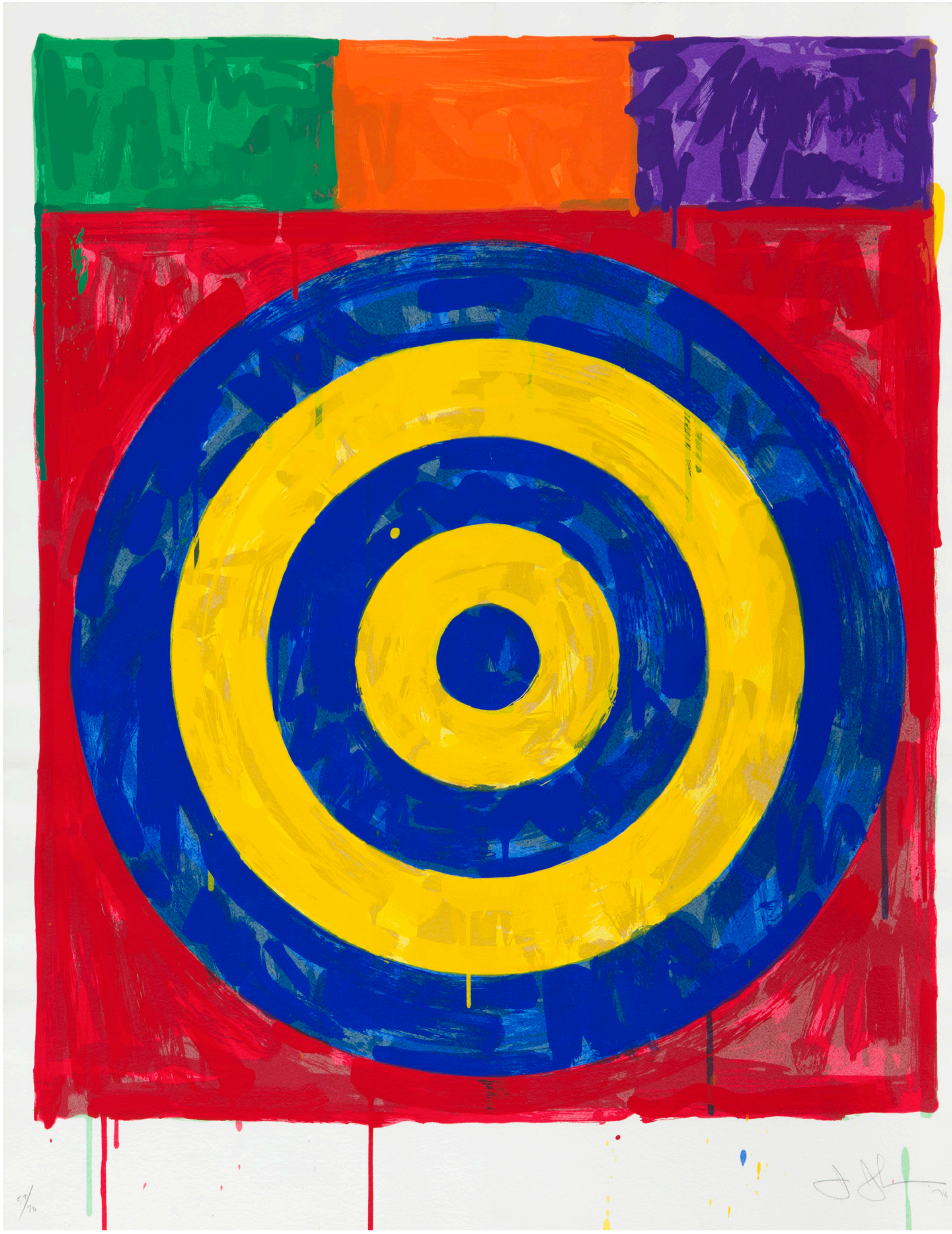
The Supervisory Board concurred with the results of the audit by the auditor. We audited the annual financial statements and the consolidated financial statements of Artnet AG and the related management reports beforehand. Based on the final result of our in-depth audit, we raised no objections. The Supervisory Board approved Artnet AG's annual financial statements prepared by the Management Board in the version audited by the auditing firm by resolution dated March 31, 2021. The annual financial statements, as of December 31, 2020, are thus adopted. The consolidated financial statements, as of December 31, 2020, were also approved by the Supervisory Board by way of a resolution on March 31, 2021.

The Supervisory Board will use the upcoming fiscal year to actively support the strategic repositioning of the Company. In particular, the organizational structure will play an important role. The Supervisory Board intends to introduce innovations, particularly the appointment of a Chief Strategy Officer (CSO) and a Chief Operating Officer (COO).

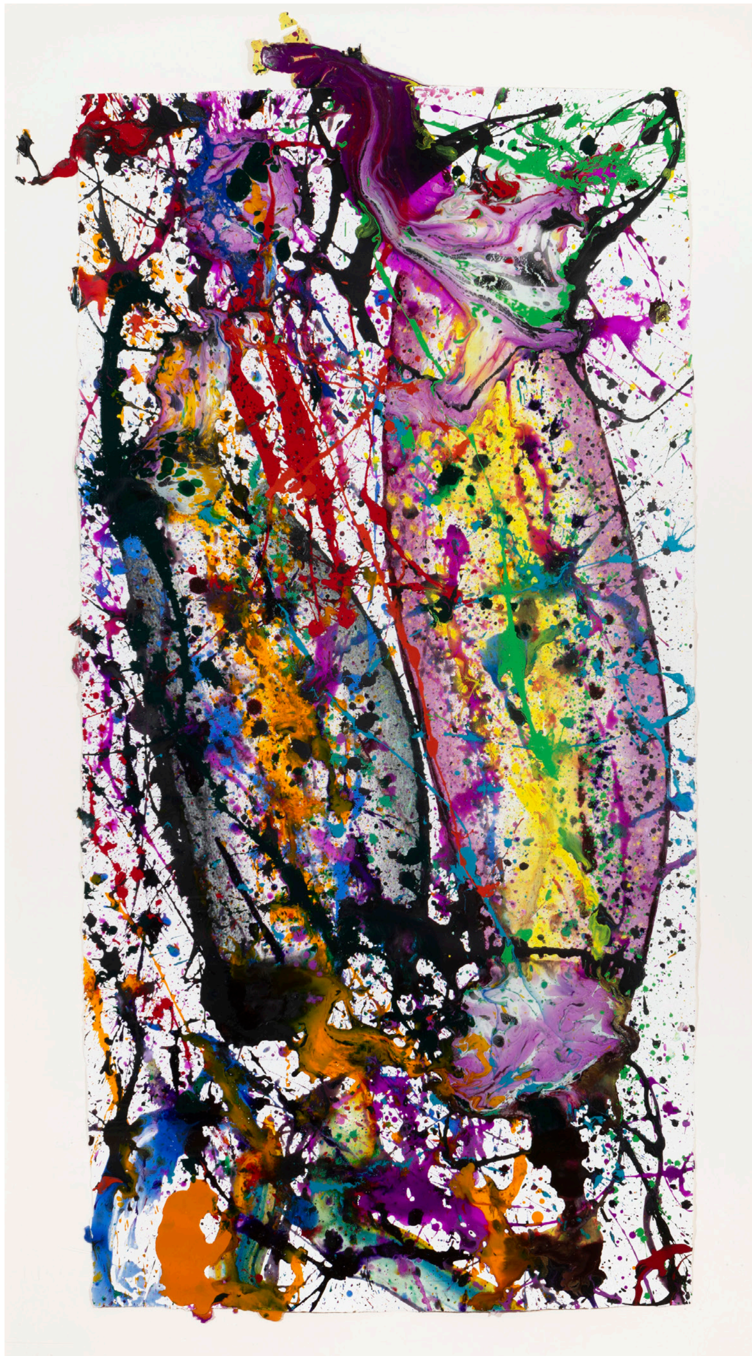
We would like to thank the Management Board and all of the employees for their work in the past year.

Berlin, March 31, 2021

For the Supervisory Board
Dr. Pascal Decker, Chairman



Jasper Johns
Target, 1974
Estimate 150,000–250,000 USD
Sold for 216,000 USD on October 8, 2020 in *Premier Prints & Multiples*



Sam Francis
Untitled (SF87-259), 1987
Estimate 150,000–225,000 USD
Sold for 264,000 USD on May 8, 2020 in *Contemporary American Art*

Corporate Social Responsibility (CSR)

About this report

The CSR Report is published once a year in German and English and covers Artnet AG and its subsidiaries Artnet Worldwide Corp and Artnet Ltd. Any deviation from this is mentioned in the footnotes.

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. We present the general guidelines of our sustainability vision and some of the Key Performance Indicators related to our non-financial report for the year 2020.

This is the summarized, non-financial ESG (Environmental, Social, Corporate Governance) statement for the year 2020, which has been reviewed by the Supervisory Board. To improve readability, we use gender-neutral language. Still, where this is not possible, we may use masculine or, in some instances, feminine terms. Regardless of gender, these usages always implicitly refer to all sexes.

Statement from the Supervisory Board

Fine art and culture define us as individuals and nations and thus remain central to Artnet's Corporate Social Responsibility strategy. It guides Artnet's activities relating to the environment, the community, and stakeholders.

Artnet helps people worldwide to research, discover, buy and sell fine art and collectibles online. Efficiency, transparency, and sustainability form the core of Artnet's business model to empower its clients and generate attractive returns for its stakeholders in a sustainable way.

CSR Mission Statement

Artnet has been a pioneer within the art market for over 30 years. By engaging with ESG reporting and initiatives, Artnet continues its ethos of spearheading positive change and sustainable business practices.

Artnet strives to continuously offer an environment where its employees, customers, and stakeholders can do what they love in a sustainable way.

ESG Goals and Strategy

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.

In 2020, Artnet adopted a CSR strategy, defined key areas of responsibility, and set concrete goals for 2025. The CSR strategy is based on its vision for a more sustainable art business, corporate responsibility and social engagement.

Employees

Artnet's corporate culture guides the interaction with customers and employees. It enables Artnet to create an agile and motivating environment that fosters ideas and talents, promotes teamwork, and encourages employees to find a healthy work-life balance.

To that end, Artnet offers its employees education and training options ranging from financial planning, technology, cybersecurity, and management to classes on healthy living. Artnet also provides mandatory workplace training on ethical conduct, sexual harassment, and equality.

Employee satisfaction is a crucial indicator of company performance. Satisfied employees identify with their employer and commit to a company in the long term. To that end, Artnet measures its performance regularly and recently carried out an anonymous online survey for employees at all our offices. The goal of these surveys is to regularly measure employee satisfaction to quickly and efficiently affect positive change.

Survey results:

- 50% of our employees value the ease of working with colleagues highest within their office experience.

- 70% of employees say that they can easily work from home.
- 93% of employees have established a good working routine at home due to COVID-19 related restrictions. This is primarily due to the active support and steady communication from the management and Human Resources.
- 40.9% of employees are very satisfied with working efficiently from home, and 38% are satisfied.
- 35% of employees are very likely to recommend Artnet to a friend/colleague, and 23% are likely to recommend Artnet to a friend/colleague — indicating a high level of employee satisfaction.

The Company's goal is to always promote from within. Artnet only searches for external candidates if it requires capabilities it does not possess internally.

The Artnet Group strives to promote equality, diversity, and opportunities within the workplace and has a zero-tolerance policy for any type of discrimination, harassment, or bullying.

The employee data exemplify Artnet's commitment to an equal opportunity, diverse workplace:

- 77 women employed, which represents 65.8% of employees
- 19 women in management and C-suite positions which represent 63.3% of these positions.
- 27 interns across all offices over the past three years
- 14 employees supported during maternity leave over the past three years.

Costs for employee training/education over the past three years

Artnet strives to provide training and education possibilities to all employees. During 2020, the amount of training we could provide was reduced due to COVID-19 related restrictions.

2018: 28,023 USD
2019: 65,345 USD
2020: 14,368 USD

Goals: Artnet aims to increase employee satisfaction to 70% by 2025. As Artnet pivoted to working from home in response to the COVID-19 pandemic, it is important to regularly evaluate the satisfaction and sustainability that goes hand in hand with this change. Engagement is measured in the percentage of employees that would recommend Artnet.

Artnet will regularly (bi-annually) survey employee satisfaction by using anonymous surveys and encouraging employees to approach senior management and/or Human Resources with any ideas, requests, or concerns.

Society

Artnet sees the art industry as an interconnected ecosystem, and thus feels a great responsibility in affecting positive change and helping it achieve sustainable growth.

To that end, Artnet strives to be a responsible and engaged corporate citizen in supporting not-for-profit organizations and charities.

Artnet partners with 'Dine around Town' on their 'Cooking at Home' series, supporting restaurants during the COVID-19 pandemic.

For the past two years, Artnet has partnered with "The Bowery Mission" to donate 200+ 'Blessing Bags.' The Bowery Mission, the oldest Christian rescue mission in New York, hosts a Thanksgiving meal for the homeless or people in need. After the dinner, each guest receives a care package (Blessing Bag).

Artnet is also exploring a partnership with 'Free Arts NYC.' Free Arts empowers underserved youth through arts and mentoring programs to develop their creativity, confidence, and skills to succeed.

Goals: We aim to support at least two local charities financially or non-financially within all the cities where we have offices by 2025. By the end of 2021, we will have chosen these charities together with our regional teams.

Philanthropy

We use our online auctions platform as an opportunity for Artnet and our clients to give back to society by donating a portion of our proceeds to charities. The below-listed auctions benefited several diverse charities which promote equality, help the homeless, and assist emerging artists.

Queer Legacy
June/July 2020

Launched during Pride month in June, this sale of artwork by LGBTQ+ artists spanned decades of creativity. It included groundbreakers like Tom of Finland, Pierre Moliner, Robert Mapplethorpe, and George Platt Lynes and contemporary luminaries like Wolfgang Tillmans, Kehinde Wiley, Annie Leibovitz, Mickalene Thomas, and Zanele Muholi. A portion of the proceeds from the sale benefited the Marsha P. Johnson Institute to protect and defend the human rights of the black transgender community.

A Bid for Peace: Hank Willis Thomas
July 2020

Artnet Auctions, in collaboration with Hank Willis Thomas and gallery Kayne Griffin Corcoran, presented Bid for Peace, a single lot auction featuring an important work by the American conceptual artist. All proceeds from this auction, including the buyer's premium, were donated to G.L.I.T.S., an organization that empowers and protects the rights of transgender workers.

Art in General
February/March 2021

Since 1981, Art in General, the non-profit contemporary art exhibition space in New York City, was known for its vibrant and ground-breaking projects and its focus on giving resources and opportunities to emerging artists. Upon reaching its 40th Anniversary, Art in General made the difficult decision to close its doors because of the growing financial constrictions due to the COVID-19 pandemic. In collaboration with Art in General, Artnet Auctions presents some of the limited editions artists masterfully produced with AIG. As a reminder of the forever changing New York art scene, this unique selection of works helps to keep AIG's history alive in future collections.

NY / NY
February/March 2021

Artnet Auctions presents NY / NY. This auction showcases a variety of approaches to depicting the essence and energy of New York City. It features Jasper Johns, Chuck Close, Keith Haring, Vera Lutter, Romare Bearden, Andy Warhol, Berenice Abbott, Robert Indiana, and Alex Katz. A portion of the NY / NY proceeds will benefit City Harvest, an organization aiming to combat hunger in New York City through food distribution and education.

Goals: Artnet aims to expand its charitable initiatives by offering at least five charity auctions per year by 2025. Artnet Auctions will host them and may partner with other art business institutions to maximize the given charity's returns and promote a sustainability mindset within the art industry.

Products and Services

Artnet's mission is to provide products and services that help customers effectively meet the challenges of tomorrow's art business and benefit from its opportunities. Though the art business has been steadily evolving over the past 15 years, the past 12 months propelled it into the digital age. Artnet is uniquely positioned to assist its customers in embracing the digital opportunities — enabling them to pivot to sustainable business models with the aid of Artnet's digital product suite.

Goals: Artnet aims to offer its B2B customers a sustainable platform to conduct most of their business. Using Artnet to market, value, and sell fine art and collectibles is more environmentally sustainable and efficient than the current brick-and-mortar business model.

Additionally, Artnet aims to educate its B2B and B2C customers on the value of sustainable transactions and business models. To that end, the company will publish a report to empower its customers to change to a sustainable way of pursuing their passion within the art world and market.

Data Protection and Compliance

Sustainable corporate governance goes hand in hand with integrated and transparent business processes. As a company with a digital network and data collection at the core of its business model, Artnet processes large amounts of information. Data protection and compliance are, therefore, essential aspects of Artnet's business practice.

Potential breaches pose a significant risk to Artnet's business and could have severe consequences for the organization. Artnet is, therefore, very aware of its tremendous responsibility in handling the personal data of users, customers, employees, business partners, and other third parties. Artnet ensures the strict confidentiality of personal data, handles it especially carefully and protects it to the best of its ability, meeting and in many cases surpassing relevant legal and regulatory standards.

In addition to statutory requirements, Artnet follows the recommendations of the German Corporate Governance Code as a guideline for good corporate governance. The German Corporate Governance Code provides guidance and suggestions on managing and supervising companies listed on the stock exchange in Germany and is of great importance to the Artnet Group.

Goals: Artnet will conduct bi-annual reviews to ensure that it meets all existing and new compliance and data protection regulations and suggestions.

Environment

Artnet strives to drive positive change and build a more sustainable future, not only for the art business but for culture and its enjoyment on a global scale. Artnet continues to look at all aspects of our business to identify opportunities to reduce our environmental impact.

Environmental sustainability is of the utmost importance to Artnet and increasingly important for its stakeholders - as a digital corporation, the group strategy aims to contribute to a more sustainable business model within the art industry. The topic of the environment is a matter of social responsibility, and, as a service provider, Artnet wants to contribute by reducing its emissions as much as possible. Artnet used the past year to identify the most significant contributors to its carbon emissions as a digital company without any major infrastructure.

Artnet analyzed the areas in which digital service providers possibly contribute to carbon emissions. The analysis revealed that companies with a digital business model avoid carbon emissions by lowering energy consumption in their operations, limiting business travel, and by sustainable supply chain management.

Costs for electricity use (Amount used) over the past three years). The decrease is due to the efficient storage of data and the COVID-19 related pivot to working from home.

2018: 67,822 USD
2019: 70,267 USD
2020: 57,372 USD

Goals: The COVID-19 pandemic was a chance to not only reduce business travel for the time being but to pivot to a more environmentally sustainable way of conducting our business in the longer term. Thus, it is Artnet's goal to implement this change of conducting business in the long term to limit carbon emissions and transact more efficiently.

In terms of scope 3 emissions further down the value chain, Artnet aims to educate our B2B clients about the governmental suggestions and benefits of sustainable business practices within the art industry. To that end, Artnet will publish guidelines for clients by the end of 2021. Scope 3 emissions include greenhouse gas emissions from business travel, waste disposal, and commuting to work.

Risk and Opportunities

The Artnet group takes a comprehensive approach in terms of risks, including evaluating and quantifying when possible the potential impacts and probability of occurrence. Our risk early-warning processes allow us to quickly identify and systematically deal with existing risks while keeping the Management Board, Supervisory Board and shareholders fully informed about the Company's risk exposure at any given time.

We have identified cybersecurity, specifically data breaches and data theft, as the main area of risk facing us over the coming year. With art businesses globally pivoting online in response to the COVID-19 pandemic, the risk in terms of cybersecurity has increased dramatically. Having said this, during 2020, our systems continued to be state of the art, were cloud-based and 100% operational, despite the very strong traffic increase to the website.

Digitalization is an opportunity for Artnet. It substantiates our digital business model and gives art market professionals and collectors confidence in trading online, expanding our client base. This is reflected in the significant revenue increase at Artnet Auctions and the traffic growth on our website over the past year.

The expected transfer of wealth and asset allocation changes resulting from the pandemic and economic downturn also present an opportunity. Interest in valuing private collections, selling them and reinvesting them in other art-related assets is rising. Artnet is uniquely positioned to provide both the tools for valuations of artworks and an online platform for processing transactions.

Corporate Governance Report

Artnet attaches great importance to corporate governance. Artnet AG complies with the German Corporate Governance Code (GCGC) recommendations in the version dated February 7, 2017, published in the German Bundesanzeiger on April 24, 2017, except for the recommendations in No. 3.8 para. 3, No. 4.1.3 sent. 2, No. 4.2.1 sent. 1, No. 5.1.2 para. 2 sent. 3, No. 5.3.1, No. 5.3.2, No. 5.3.3, No. 5.4.1 para. 2, and section 7.1.2 sentence 3. Additionally, Artnet AG complies with the recommendations of the German Corporate Governance Code as amended on December 16, 2019 ("Code 2019"), as published in the official section of the Federal Gazette on March 20, 2020, except for the recommendations in B.5, C.2, D.2, D.3, D.4, D.5, and G.1 to G.16, and will continue to comply with the recommendations in the future with the exceptions mentioned above. The Management and Supervisory Boards of Artnet AG have adopted the declaration of conformity with the Code detailed at the end of this report. It is published online at artnet.com/investor-relations.

1. Supervisory Board

According to the German Aktiengesetz, Artnet AG has a dual-pronged management and control structure, comprising a sole member of the Management Board and a three-person Supervisory Board. Management and control functions are strictly split in the dual-management system. It is not legally permissible to simultaneously work for the Management Board and the Supervisory Board. The tasks and responsibilities of these two bodies are clearly legally defined in each case.

The Supervisory Board monitors and advises the Management Board in conducting business. The Supervisory Board discusses the business growth and forecasts, as well as the strategy and its implementation at regular intervals. In addition, the Supervisory Board adopts the annual financial statements and appoints the members of the Management Board. The Supervisory Board has defined approval requirements by the Supervisory Board for transactions of fundamental importance. These include decisions or activities that have a fundamental impact on the Company's financial position or result of operations. The Management Board provides the Supervisory Board with regular, timely, comprehensive information on all issues of relevance to the Company with regard to forecasting, business growth, risks, and risk management.

The members of the Supervisory Board are independent in their decision-making, and are not subject to instructions or specifications by third parties. In addition, consulting, service, and certain other agreements between Artnet and the members of its Supervisory Board must be approved by the Supervisory Board. According to item 5.4.1 of the Code, the Supervisory Board shall specify concrete objectives regarding its composition, which, whilst considering the specifics of the enterprise, take into account the international nature of the enterprise, potential conflicts of interest, age limits for the members of the Supervisory Board, and diversity. These concrete objectives shall, in particular, stipulate an appropriate degree of female representation. The concrete objectives of the Supervisory Board and the status of the implementation shall be published in the Corporate Governance Report.

2. Management Board

The Management Board is responsible for the Company's management. It must uphold the Company's interests and endeavor to increase its sustained enterprise value. It is responsible for the Company's strategic orientation in agreement with the Supervisory Board. The Management Board cooperates closely with the Supervisory Board.

The Management Board ensures that statutory provisions are upheld and suitable risk management and risk control at the Company.

3. Directors' Dealing Transactions and Shareholdings of Managing Directors and Supervisory Board Members

During the financial year 2020, certain employees of Artnet, as authorized by the Management Board, Supervisory Board, and executives who have had access to the Company's information and who are authorized to make material entrepreneurial decisions, made purchases or sales of at least 20k EUR during the calendar year. On March 31, 2021, the Management Board and Supervisory Board held no shares.

Trade Date	December 8, 2020
Name	Hans Neuendorf
Function	Chairman of the Supervisory Board
Name of Financial Instrument	Shares
Nature of the Transaction	Acquisition
ISIN / WKN	DE000A1K0375 / A1K037
Price / Volume	7.35 EUR / 7,350 EUR
Total Volume	7,350 EUR

Trade Date	December 8, 2020
Name	Hans Neuendorf
Function	Chairman of the Supervisory Board
Name of Financial Instrument	Shares
Nature of the Transaction	Acquisition
ISIN / WKN	DE000A1K0375 / A1K037
Price / Volume	7.15 EUR / 715 EUR 7.20 EUR / 6,480 EUR
Total Volume	7,195 EUR

Trade Date	December 8, 2020
Name	Hans Neuendorf
Function	Chairman of the Supervisory Board
Name of Financial Instrument	Shares
Nature of the Transaction	Acquisition
ISIN / WKN	DE000A1K0375 / A1K037
Price / Volume	7.30 EUR / 16,060 EUR
Total Volume	16,060 EUR

Trade Date	December 9, 2020
Name	Hans Neuendorf
Function	Chairman of the Supervisory Board
Name of Financial Instrument	Shares
Nature of the Transaction	Acquisition
ISIN / WKN	DE000A1K0375 / A1K037
Price / Volume	7.40 EUR / 4,400 EUR 7.45 EUR / 10,430 EUR
Total Volume	14,830 EUR

Trade Date	December 9, 2020
Name	Hans Neuendorf
Function	Chairman of the Supervisory Board
Name of Financial Instrument	Shares
Nature of the Transaction	Acquisition
ISIN / WKN	DE000A1K0375 / A1K037
Price / Volume	7.30 EUR / 2,870 EUR 7.35 EUR / 14.7 EUR 7.40 EUR / 19,277 EUR
Total Volume	22,162 EUR

4. Relationship with Shareholders

Artnet AG reports to its shareholders four times each financial year on business growth and the Group companies' financial position and the result of operations. The Annual General Meeting is held during the first eight months of each financial year, unless the company holds the Annual General Meeting later in the year under the Act to Mitigate the Consequences of the COVID-19 Pandemic under Civil, Insolvency and Criminal Procedure Law of March 27, 2020 (Federal Law Gazette I, p. 569). The general meeting resolves, among other things, issues including the appropriation of profits, the ratification of the Management and Supervisory Boards, and the auditor's election. Changes to the articles of incorporation and capitalization activities are resolved exclusively by the general meeting.

5. Declaration of Corporate Governance Pursuant to Section 289a and Section 315. Paragraph 5 of the German Commercial Code

Pursuant to Section 161 of the Aktiengesetz (AktG - German Public Limited Companies Act.), the Management Board and Supervisory Board of Artnet AG hereby announce that they have complied with the recommendations of the German Corporate Governance Code ("Code") since its last Declaration of Compliance, dated January 24, 2020. The Management Board and Supervisory Board of Artnet AG complied with the Code dated February 7, 2017 (published in the official section of the Federal Gazette on April 24, 2017) until the present day, except for the following:

1. **Number 3.8, paragraph 3: "In a D&O insurance policy for the Supervisory Board, a respective deductible shall be specified."**

   Artnet AG does not believe that the due care and diligence that the members of its Supervisory Board exercise in discharging their duties could be increased further by agreeing to a deductible. Therefore, the existing D&O insurance policies do not provide for such a deductible for Supervisory Board members.

2. **Number 4.2.1, sentence 1: "The Management Board shall**

be comprised of several people and have a chairman or spokesman."

Since its establishment, the Management Board of Artnet AG has been comprised of one person. In contrast, the management of the subsidiary Artnet Worldwide Corporation in New York, which is largely responsible for operations within the Group, consists of several people.

3. **Number 5.1.2, paragraph 2, sentence 3: "An age limit for members of the Management Board shall be specified."**

   Artnet AG does not consider such a regulation appropriate as blanket age limits would inappropriately restrict the Supervisory Board's decision-making powers when electing the Management Board members.

4. **Number 5.3.1., Number 5.3.2., and Number 5.3.3.: In these sections, the Code recommends that the Supervisory Board form committees, particularly an Audit Committee and a Nomination Committee.**

   As the Supervisory Board of Artnet AG consists of only three members, it does not make sense to form committees. The tasks intended for the Audit Committee and the Nomination Committee are performed jointly by the entire Supervisory Board.

5. **Number 5.4.1, paragraph 2, sentence 2: The Code recommends setting an age limit for the Supervisory Board members and a standard limit for Supervisory Board members' term of office.**

   Artnet AG does not consider an age limit appropriate as blanket age limits would inappropriately restrict shareholders' freedom of choice when electing Supervisory Board members. Artnet AG also does not consider a standard limit for the length of membership on the Supervisory Board appropriate so that the Supervisory Board can benefit from individual members' experience.

6. **Number 7.1.2, sentence 3: Publication of the consolidated financial statements within 90 days following the end of the financial year.**

   In 2020, the consolidated financial statements were not published within the 90 days recommended by the German Corporate Governance Code but were published within the statutory period. In the course of the COVID-19 pandemic, the Company had to thoroughly evaluate its impact on Artnet AG and the consolidated financial statements, which resulted in a postponement of the publication of the consolidated financial statements. In the future, Artnet AG intends to publish its consolidated financial statements again within the recommended time frames.

Artnet AG complies with the recommendations of the German Corporate Governance Code as amended on December 16, 2019 ("Code 2019"), as published in the official section of the Federal Gazette on March 20, 2020, except for the recommendations in B.5, C.2, D.2, D.3, D.4, D.5, and G.1 to G.16, and will continue to comply with the recommendations in the future with the exceptions mentioned above.

1. **Age limit for members of the Management Board (B.5 of the Code 2019)**

   Artnet AG does not consider such a regulation appropriate, as blanket age limits would inappropriately restrict the Supervisory Board's decision-making powers when electing the Management Board members.

2. **Age limit for members of the Supervisory Board (C.2 of the Code 2019)**

   Artnet AG does not consider an age limit appropriate as blanket age limits would inappropriately restrict shareholders' freedom of choice when electing Supervisory Board members.

3. **Formation of committees (D.2, D.3, D.4 and D.5 of the 2019 Code)**

   As the Supervisory Board of Artnet AG consists of only three members, it does not make sense to form committees. The tasks intended for the Audit Committee and the Nomination Committee are performed jointly by the entire Supervisory Board.

4. Recommendations on Management Board Compensation (G.1 to G.16 of the Code 2019)

The current system of Management Board compensation was devised before the Code was adopted in 2019. Naturally, the Code's new recommendations on the compensation system and Management Board compensation have not yet been considered. The Supervisory Board is reviewing the compensation system for the Management Board. It intends to adapt it to the Act Implementing the Second Shareholders' Rights Directive (ARUG II) requirements before finalizing a new Management Board contract. The revised compensation system will then be presented to the next Annual General Meeting of Artnet AG to approve future contracts. It is intended that the revision will also consider the new recommendations of the 2019 Code in their entirety, or at least to the greatest extent possible.

Berlin, March 22, 2021

Jacob Pabst	Dr. Pascal Decker
CEO, Artnet AG	Chairman of the Supervisory Board, Artnet AG

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, March 31, 2021

Jacob Pabst
CEO, Artnet AG

Group Management Report 2020

1. General Information and Business Activities

Business Model and Artnet Group Organization

Artnet AG 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 Corp. has a wholly-owned subsidiary, Artnet UK Ltd., based in London. The former subsidiary Jay Art GmbH, Berlin, was liquidated and deleted from the commercial register on May 14, 2020.

With a monthly average of 5.0 million visitors to its domains (2019: 3.6 million per month), artnet.com, artnet.com/auctions, artnet.de, artnet.fr, and news.artnet.com, Artnet offers a comprehensive art market overview. The provision of timely information about artists, galleries, price developments, exhibitions, news, and reviews enables art enthusiasts, collectors, and art professionals to navigate the art market better.

Artnet has four operating segments: the Artnet Price Database, Artnet Galleries, Artnet Auctions, and Artnet News.

Company Development

The Price Database is an online database of more than 14.3 million (2019: 13.7 million) color-illustrated auction results from more than 1,878 (2019: 1,850) leading international auction houses. Comprised of the Price Database Fine Art and Design and the Price Database Decorative Art, this product brings price transparency to an otherwise inaccessible market. Subscribers to the database receive access to upcoming auction information, recent auction results, and auction records dating back to 1985, as well as the up-to-date and impartial appraisal value of artworks. Subscribers include appraisers, dealers, auctioneers, financiers, and private and government institutions (including the IRS and the FBI).

Furthermore, it provides an illustrated "blue book" for private collectors to appraise the works they own and measure opportunities at upcoming auctions or on the dealer market. Dealers and auctioneers also use comparable sales from the Price Database to support the valuation and sale of important works of art.

Market Alerts, a part of the Artnet Price Database segment, informs subscribers by email when artworks by their favorite artists come up at auction (including Artnet Auctions), are featured in upcoming events, or are offered in the Gallery Network.

Artnet Analytics is also part of the Artnet Price Database segment. Reports created by Artnet Analytics analyze the market development of artists, art movements, art genres or a unique selection of artworks, all of which can be compared to indices.

The Gallery Network represents approximately 1,100 (2019: 1,100) of the world's most prestigious galleries from 61 countries. Members of the Gallery Network are indexed by specialty and location, with approximately 249,000 artworks by 23,000 artists featured on the platform in 2020 (2019: 217,000 artworks by 21,000 artists). In addition to Modern and contemporary fine art, the Gallery Network also offers decorative art and design objects from the 1st century BC to the present. Concurrently, 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 catalogue. All upcoming sales are listed on our Events page and rank high on both Artnet and external search engines, such as Google. Auction House partnerships are the ideal tool for auction houses to expand their auctions' international presence and direct a large number of potential buyers directly to their website.

With Artnet Auctions, Artnet has become a transaction platform in the competitive online auctions market. The main advantages for buyers and sellers are the accessible prices and fast execution time for transactions, which can be finalized in just a few weeks, compared to about six months to a year required by brick-and-mortar auctioneers. Through Artnet Auctions, artworks by sought-after modern, Post-war, and contemporary artists regularly sell in a five- to six-figure dollar range.

Artnet News is the world's dedicated 24-hour international online art market newswire (http://news.artnet.com). This platform informs, engages, and connects members of the art community to the events, trends, and people shaping the market and global art industry through timely articles and insightful opinion pieces. Given the art world's exclusivity, Artnet News attracts a niche audience that is a desirable target market for fashion and luxury brands running advertising campaigns and for art-related businesses.

Objectives and Strategies

We envision a world where buying, selling, and collecting art is simple, efficient, and highly rewarding for the modern collector. Our purpose is to empower art collectors to do what they love.

Artnet is a technological pioneer within the art market and is spearheading its digitalization. Artnet's primary objective has always been to overcome inefficiencies in the art market through technology and the unparalleled reach the internet offers. Utilizing cutting-edge technology and artificial intelligence, Artnet's dedicated team of specialists and experts continues to transform the art market. Every day, Artnet's online services provide market transparency, insights, fast transactions, and liquidity for thousands of clients and millions of users throughout the world. Artnet operates both as a business-to-consumer and business-to-business company, offering a wide range of products and services to a varied group of clients, thereby diversifying its revenue sources.

Financial stability and independence is a key objective for the group, which is ensured by a detailed budget and the close monitoring of all financial and performance indicators throughout the year. Generating profits to invest in product development and product improvements continues to be a priority. Artnet operates in a highly competitive market and is dealing with the effects of the coronavirus crisis on the market. Artnet intends to pay a dividend as soon as all segments are profitable.

Control System

A standardized controlling and reporting system has been put into place for the value-based management of the Group and the management of individual segments. For the individual segments, revenues and the Contribution Margins are determined and assessed as key financial indicators compared to the budget and prior-year figures. Earnings before interest and taxes (EBIT) are of major importance to the result of operations. Concerning the financial position, the Group focuses on the availability of liquid assets. Therefore, the financial performance indicators within the meaning of DRS 20 are revenue and operating results.

Furthermore, non-financial early indicators that may impact the business are continuously monitored and evaluated. For the Gallery Network, these indicators include the number of membership terminations and renewals and the addition of new memberships. The following leading indicators are essential for the Price Database: the number of subscribers; the number of auction houses whose auction results are added; the time it takes the team to add data before and after an auction; and the total number of added auction results. Relevant data for Artnet Auctions include the sell-through rate by volume and value, as well as the average price of lots sold. An essential aspect of the management control system is the ongoing monitoring of traffic to each site, in which essential patterns are evaluated and analyzed. Artnet evaluates site visits daily, weekly, and monthly to obtain information about each segment and product development. This analysis continues to grow in importance for billing advertising contracts based on traffic performance. Important indicators of Internet advertising analyzed by Artnet are the price for 1,000 impressions (cost per mille), actual impressions, and the ad's visibility on the site.

Also, the number of employees is one of the non-financial performance indicators. Since these performance indicators are more difficult to predict, they are not included in forecast reporting.

Research and Development

The Artnet site forms the foundation of the Group's products. It is of the utmost importance to keep pace with the latest developments in technology and develop new products that increase customers' benefits. In this regard, Artnet developers and engineers use software based on Microsoft technology, which gives the flexibility to adapt applications to customers' ever-changing needs.

In the 2020 fiscal year, Artnet reached a technological milestone with the migration of the applications and IT systems that run its website and offices to the Google Cloud. Cloud computing uses network servers hosted on the internet to store and use data instead of a company's internal servers.

As a result of the Cloud migration, Artnet's IT systems have become much more secure and resilient. Google uses the latest security standards and is continuously updating them, so Artnet no longer has to develop and maintain the software in-house. The Google Cloud migration was part of Artnet's ongoing technology revamp (project FALCON) to outsource non-essential business activities. The migration to the Cloud increased the IT-systems' resilience as Artnet can automatically add virtual servers in a matter of seconds to compensate for fluctuations in computing demand. By not running its own data centers anymore, Artnet is also able to operate much more cost-efficient.

FALCON

In 2018, Artnet began to completely rebuild its IT infrastructure with the project FALCON. It is the most significant undertaking since the founding of the company in 1989. Its ultimate objective: the complete automation of Artnet's production process—leading to reduced maintenance costs for existing products and improved Development Team performance.

FALCON is a revolutionary effort to ensure that Artnet has the right technology foundation to successfully compete and grow in a rapidly changing business environment. It will make Artnet faster, more flexible, more stable, and more efficient. Operational and personnel costs will be lower. Productivity will increase. New products will be developed and launched more quickly, and clients will benefit from better integration of Artnet's various services. FALCON will allow Artnet to redesign the website with features that enable bidding at online auctions, uploading images from a gallery's inventory, or searching for auction results in a database.

Artnet, like a lot of other established tech businesses, built proprietary software systems in the past. In the usual technology maturation process, this software is becoming outdated and needs to be replaced. Artnet is investing in creating a flexible system that will adapt to change in the future — not unlike a modern, highly efficient factory with assembly lines, just-in-time delivery, and a high degree of automation. By moving Artnet to a modern manufacturing process, FALCON secures the Group's competitive advantage for years to come. It is a long-term investment in Artnet's future.

The new process will increase consistency and lower the cost of training and maintenance. Reusable code components lower the risk of design flaws and defects, thereby ensuring quality. The streamlining and automating of product development increases productivity and reduces personnel costs as well. In a more automated world, smaller teams can outperform large groups of employees. Also, Artnet will be able to buy specialized software from external vendors much less expensively than developing it in-house.

Project FALCON has already yielded results: Quality control has become more automated, thereby cutting the time for testing before the publication of the recent Artnet Intelligence Reports.

In 2020, the so-called Front-End Content System was mostly completed after developing reusable internal tools and buttons that affect the visual front-end, the user interface of the site.

Software engineers also focused on the middle-tier of the project in 2020 — ensuring that the systems can handle more complex issues like authentication (the log-in process) or subscription and billing. The project's final part will focus on the back-end, data storage for the Price Database, or online auctions. The project should be completed by 2022.

Following the coronavirus outbreak in March with its severe and adverse consequences for the art market, Artnet software engineers pivoted to emergency projects to provide immediate customer support. For example, Artnet created and launched the Artist Alerts in May, a free and well-received email service to drive web traffic to gallery clients. Therefore, the FALCON schedule may be delayed.

2. Economic Report

2.1 Macroeconomic and Industry Conditions

Global Economic Situation

The COVID-19 pandemic caused a severe collapse of the global economy in the first half of 2020. Lockdowns of businesses and social distancing measures in response to the unprecedented health crisis resulted in falling consumer demand and economic output in the first half of the year. Skyrocketing unemployment shook consumer confidence, and companies cut back on investments in light of declining demand, supply-chain interruptions and an uncertain future. In its recent World Economic Outlook, the International Monetary Fund (IMF) called the pandemic a "transformational event unlike any seen since World War II".

Governments, corporations and individuals staged a massive response. Fiscal stimulus, accommodative monetary policy, the reopening of businesses, and the increased adoption of information technology – particularly in advanced economies – have contributed to a stronger than expected economic recovery in the second half of the year. Still, the IMF projects a 3.5% global GDP contraction for 2020. Surging infections in late 2020, renewed lockdowns and logistical issues with the distribution of recently approved vaccines, have dampened the hope for an even more robust recovery. According to the IMF, additional policy measures announced at the end of 2020, notably in the United States, are expected to support a further upturn.

Among the three largest markets for art auctions, China, traditionally the second-largest market, has recovered the most from its downturn in the first quarter. Economic growth in China, which was the first country hit by the coronavirus outbreak, is expected to reach 2.3% in 2020 — a result of effective containment measures, public investment and liquidity support by its central bank. For the United States, the formerly largest auction market, the IMF forecasts an economic downturn of 3.4% in 2020, a significantly less severe contraction than was expected only a few months prior.

The growing optimism was partially offset by the softening of economic activity in the United Kingdom toward the end of 2020 amid rising infections and renewed lockdowns. For the U.K., the third-largest art market globally, the IMF predicts a contraction of 10.0% compared to a downturn of 7.2% in the Eurozone. However, the agreement on the terms of the U.K.'s exit from the European Union, which was reached in December shortly before its deadline, has eliminated a critical economic downside risk.

Art Market Development

The typically volatile world market for fine art auctions plummeted in 2020 after a generally weak performance in the year before. Following the outbreak of the coronavirus pandemic, an ensuing global recession and the cancellation of many auctions, global auction sales value for fine art in 2020 decreased by 24% to 10.1 billion USD, as compared to the previous year. According to the Artnet Price Database, the double-digit decline in global sales value was pronounced in every price segment of the market — from works under 10k USD to pieces sold for more than 10 million USD.

The negative performance was heavily affected by a substantial decline in sales volume in both the United States and the United Kingdom, which account for almost half of the world's auction market. Despite being ground zero for the pandemic, China held steady and therefore overtook the U.S. as the largest auction market with a global market share of 34%.

The trends in the auction market are generally influenced by global economic trends, especially in developed countries. After the U.S.-China trade war and the uncertainty surrounding Brexit had caused a general economic slowdown in 2019, the pandemic-induced recession heavily affected the market in

2020. Collectors faced financial uncertainty, health risks, and travel restrictions.

On the list of the world's biggest auction markets for fine art, the U.S., Artnet's core market, in 2020, dropped to number two after China with a market share of only 32%. Sales value in the U.S. decreased by 35% to 3.2 billion USD year-over-year. The Chinese market recovered from a weak first half and remained almost unchanged at 3.4 billion USD. The U.K.'s sales value fell — as in the U.S. — by 35% to 1.4 billion USD. Among the five largest auction markets, only Germany reported a small increase in sales value — by 3% to 268 million USD. With a market share of 3%, Germany remained the smallest market among the Top 5 behind France. German auction schedules didn't change much in the spring and a lot of German auction houses had already started to sell art online. The businesses were, therefore, better prepared to adapt to the pandemic.

The United States, China, and the United Kingdom together still account for 80% of the global market share for art auctions. The number of works for fine art offered at auction dropped by 15% year-over-year. However, the sell-through rate for fine art rose by three percentage points to 68%. The number of lots sold in 2020 decreased by 11% year-over-year following a particularly strong 2019. Due to the overall drop in demand, the average price in 2020 fell by 14% to 35.7k USD.

Among art genres, the sales value for both Impressionist and Modern works and Post-War and Contemporary art fell by 29% and 24%, respectively. Only the sales value of Ultra-Contemporary works, a focus of Artnet, rose by almost 40% to the highest level in nearly a decade. These works by new and emerging artists have a smaller market share of 3%, however.

Collectors looking to sell were hesitant to offer high-priced artworks in light of the economic uncertainties. Buyers might have found the timing to invest inopportune.

Nevertheless, Francis Bacon's *Triptych Inspired by the Oresteia of Aeschylus* (1981) sold for 84.6 million USD in June, as Sotheby's online-only auction model proved a success. Among other Post-War and Contemporary art, Roy Lichtenstein and David Hockney's works led the sector in the second half of the year. Lichtenstein's *Nude with Joyous Painting* (1994) fetched 46.2 million USD at Christie's. Hockney's *Nichols Canyon* (1980) earned 41.1 million USD at Phillips, as all major houses adapted to hybrid sale formats — both in-person and online — to guarantee safety during the pandemic.

2.2 Result of Operations, Financial Position, and Net Assets

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. Therefore, the Group presents its results in US dollars.

The impact of the USD/EUR currency exchange will be described in a separate section.

Result of Operations

The Group's revenue in the 2020 fiscal year totaled 21,594k USD, only a slight decrease of 1% compared to 2019 despite the adverse effect of the coronavirus crisis on the art market. Revenue exceeded the Management Board's projection of 20,000k USD to 21,000k USD due to Artnet Auctions' exceptionally strong performance, which generated the highest revenue in the segment's history. Income from operations increased by 10% to 217k USD year-over-year (2019: 197k USD), mainly due to the reduced cost in Marketing and General Administrative expense, but was offset by increased cost in Product Development as Artnet shifted its focus to non-FALCON projects to immediately support clients during the pandemic and was also impacted by decrease in Advertising revenue as luxury retailers, and other advertising clients slashed their marketing budgets to cut costs in light of the economic downturn.

Revenue Growth

In 2020, Artnet's total revenue decreased by 1% or 284k USD to 21,594k USD compared to 2019 (21,878k USD). A significant drop in advertising revenue offset strong growth at Artnet Auctions due to increasing demand for online transactions. Luxury brands and art businesses cut their marketing budgets and postponed ad campaigns because of the COVID-19 pandemic. Auctions in 2020 became the second-largest revenue generator for Artnet behind the Price Database. Revenue in the segments Price Database and Galleries decreased slightly. Both segments, however, defied the decidedly more negative trend in the auctions market.

Price Database

The Price Database, Artnet's core segment, remained an essential and coveted research tool for art market participants. Revenue in 2020 decreased by 3% or 236k USD to 7,397k USD (2019: 7,633k USD), slightly lower than expected. In light of the global auction market's drastic downturn, these results were nevertheless robust and underscore both the art markets' trust in Artnet's brand as well as an unabated desire for price transparency. A slowdown in global auction activity led to a decrease in newly published lots and reduced the demand for data and research on the platform. Still, the number for auction results in 2020 exceeded 14 million for the first time.

The Price Database's unique quality was again highlighted with the publication of the bi-annual Artnet Intelligence Reports — published for the 2020 spring and fall auction seasons. The reports analyzed the disruptive effects of Artificial Intelligence on the art market, profiled market innovators and chronicled the effects of the coronavirus crisis. Price Database art historians create the comprehensive reports of current art market trends in collaboration with journalists from Artnet News, thereby leveraging the synergies of Artnet's broad product portfolio and expertise.

Gallery Network

Gallery Network revenue decreased by 3% or 159k USD to 4,839k USD, as compared to 2019 (4,998k USD) due to a lower number of galleries, as expected. The pandemic led to the temporary and permanent closure of galleries. These business interruptions hurt small and medium-sized galleries since they have struggled for some time with a challenging and competitive market environment and high operating costs. Auction House Partnerships declined as well since many traditional sales were canceled.

However, the Gallery Network added new members during the pandemic as galleries worldwide turned to Artnet to boost their online visibility and facilitate transactions. In light of closed showrooms, galleries relied almost entirely on the internet for sales and marketing. Higher-tier memberships offering more exposure on social media platforms proved particularly attractive. To help drive traffic to gallery members, the tech team quickly created and launched the new Artist Alerts in May. Prospective buyers and art enthusiasts receive customized email updates about their favorite artist when they become available at galleries, auction houses or online sales. By the end of 2020, more than 10k subscribers had signed on to the free service, resulting in a higher number of inquiries to galleries by potential buyers.

Advertising

Advertising revenue declined by 17% or 895k USD to 4,482k USD (2019: 5,377k USD) as anticipated, primarily driven by a sudden and pandemic-induced drop in demand and the postponement of campaigns. Both, luxury advertisers and art-related businesses cut their marketing business after the outbreak of COVID-19 to prepare for an economic downturn and uncertain business prospects. This affected Artnet News in particular, which contributes 80% to total advertising revenue.

Simultaneously, traffic at Artnet News markedly increased. The number of unique users on the Artnet News site jumped by 58% to an average of 3 million monthly. Market participants turned to the site for its in-depth coverage of the crisis, the recovery and the digital transformation of the art world. Artnet News also covered the racial reckoning in the art business in light of the Black Lives Matter movement, which, after COVID-19, was the year's second significant development with a significant disruptive effect on society and business. In total, Artnet News published almost 2,800 stories ranging from reports on the first hybrid sales of big auction houses in the social-distancing era to interviews with Black curators about racial bias in the art world. Artnet News also continued its successful Art Angle podcast.

Artnet News benefitted from its reputation as the leading source for exclusive information and commentary about the events, trends, and people shaping the art market. Major international publications repeatedly quote its stories which strengthens the Artnet brand overall. The editorial focus on quality and original reporting has boosted page views over the years and made Artnet News a sought-after advertising platform. The Fall Intelligence Report, a collaboration between Price Database analysts and editors at Artnet News was sponsored by a renowned wealth-management firm for the first time, suggesting new and additional sources for ad revenue in the future. As the economic recovery gains steam, advertising revenues will recover as well.

Artnet Auctions

Artnet Auctions' fee-based revenue increased by 26% or 1,006k USD to 4,875k USD compared to the previous year (2019: 3,869k USD), thereby exceeding its anticipated revenue target setting a yearly revenue record for the segment.

Artnet Auctions became one of the few remaining options to trade fine art via auctions on the internet after the outbreak of COVID-19 in March. It, therefore, defied the general downturn of the worldwide auctions business. Auctions also excelled in its core price segment for works between 10k USD and 1 million USD. Globally, sales values in this price bracket fell by roughly a fourth in 2020.

The pandemic caused the cancellation of brick-and-mortar sales right at the beginning of the traditional Spring sale season. Despite the initial panic and volatility in the art and financial markets in March, the Auctions team decided against postponing or canceling sales even in the first week after the first lockdown in the U.S. It sent a clear signal to the market that Artnet's online platform remains open and is one of the few options to buy and sell art effectively, even in a challenging environment. After an initial downturn in March, the auctions business recovered quickly and repeatedly set monthly sales records. A continued strategic focus on high-quality offerings with attractive pricing ensures high average prices and increased sell-through rates. The average price of lots sold in 2020 decreased slightly by 4% to 14,2k USD (2019: 14,8 USD). The sell-through rate rose by 2 percentage points. Prints & Multiples, as well as Photography, performed exceptionally well throughout the year. Highlights included Keith Haring's silkscreen *Retrospect* (1989) which sold for 150k USD in April and Andy Warhol's *Sunset* (1972) which achieved 78k USD in June. During the top-grossing *Post-War & Contemporary Art* sale in May, several lots in the six-figure range were sold, including Tom Wesselmann's painting *Blue* (1996) which sold for 288k USD.

Top lots in the third quarter included Andy Warhol's 1984 screenprint *The Scream (After Munch)*, which sold for 336k USD despite the typical slowdown of auction activity in the summer. Several contemporary artists achieved new global auction records. The Australian aboriginal painter Cowboy Pwerle's *Bush Turkey Dreaming* (2008) realized 50k USD. Graffiti artist Kool Koor's painting *Untitled* (1989) sold for 90k USD. In September, *20th Century Art* became the highest performing sale in Auctions' history with works by Pop Art icon Roy Lichtenstein and Modern master Pablo Picasso. In October, the *Important Photographs* sale became the highest performing photography sale in Artnet Auctions' history. Jasper Johns's screenprint *Target* (1974) became the second print in 2020 sold at Auctions for more than 200k USD. By the end of October, Auctions revenue had exceeded the total revenue for the entire year 2019. Auctions finished the year strong with six sales in December. The annual *Winter Editions* sale tripled its revenue from 2019 after Banksy's *Bomb Middle England*, for example, was sold for almost double its high estimate. In response to the growing digital demand, Artnet Auctions held 70 individual sales in 2020, an increase of 6% year-over-year.

Changes in Costs and Results

Gross profit in 2020 decreased by 5% or 712k USD to 13,372k USD, compared to the previous year (14,084k USD), due to a slight decrease in revenue and a 5% increase in the cost of sales. The increase in the cost of sales resulted primarily from an increase in personnel cost at Auctions and is also due to Network Administration.

Sales and marketing expenses decreased by 12% or 884k USD to 6,200k USD (2019: 7,084k USD), mainly due to hampered marketing efforts in light of the pandemic-related lockdown. In the previous year, marketing expenses were higher due to a focus on rebranding and events related to Artnet's 30th Anniversary.

Expenses for product development increased by 567k or 30% to 2,489k USD compared to 2019 (1,921k USD). In 2020, Artnet shifted its focus to non-FALCON projects which were not capitalizable. The product development costs, which were simultaneously capitalized as an intangible asset, amounted to 984k USD in 2020 (2019: 1,289k USD).

General and administrative expenses decreased by 8% to 4,467k USD compared to 2019 (4,881k USD). These costs primarily include the salaries of administrative staff and management compensation of 1,851k USD (2019: 1,830k USD), depreciation of the right-of-use asset and ancillary rental costs of 1,318k USD (2019: 1,520k USD), legal and consulting fees, as well as travel expenses.

Operating expenses decreased by 5% to 13,155kUSD (2019: 13,887k USD), primarily due to lower Marketing and Travel & Entertainment expenses.

As a result, operating income in 2020 increased by 10% to 217k USD, as compared to the previous year (2019: 197k USD), and also exceeded the forecast of an operating income of -0.5 million USD to -1.0 million USD in 2020.

Development of Segments

The Group reports on the operating segments the same way it reports this information internally to the Management and Supervisory Boards. For further reference, see the detailed presentation in section 23 of the notes to the consolidated financial statements.

The Contribution Margin II (CM II) for the segments Artnet Price Database and Galleries fell in 2020. For the Artnet Price Database, the CM II decreased by 3% to 4,242k USD due to a slight drop in revenue and increased personnel and Product Development cost. For Artnet Galleries, the CM II decreased by 8% to 2,784k USD, mainly due to declining revenue.

The CM II for Artnet News decreased to -716k USD. This decrease primarily resulted from lower Advertising revenue.

Artnet Auctions generated a CM II of 904k USD, a significant increase of 234% compared to the previous year (2019: 271k USD), mainly due to the substantial rise in Auctions revenue.

Group Profit or Loss

The operating income of 217k USD (2019: 197k USD) is reduced by interest expenses of 113k USD (2019: 122k USD), which are almost exclusively attributable to the interest on lease liabilities.

Other income/expenses include, in particular, a 1,667k USD loan granted by the U.S. Small Business Administration that is expected to be entirely forgivable, as well as foreign currency expenses of 147k USD (2019: 55k USD), including consolidation differences attributable to currency translations. The loan was part of the U.S. Federal government's Paycheck Protection Program (PPP), which provides loans to help businesses keep their workforce employed during the Coronavirus crisis. In addition, the provision for a lawsuit for 222k USD was reversed as a settlement was reached with the plaintiff and recognized as Other income.

In 2020, income from capitalization of deferred tax asset of 161k USD were additionally recognized.

As a result, Group's Net Profit rose significantly by 2,194k USD to 2,193k USD year-over-year mainly due to the increase in the Other Income.

The Group's result of 2,096k USD (2019: 23k USD) was also negatively influenced by foreign currency loss of -98k USD (2019: 23k USD).

Currency Conversion and Profit Situation in Euros

Currency conversion in the consolidated statement of comprehensive income is based on the average exchange rate from January 1 to December 31, 2020. Throughout 2020, the average exchange rate was 0.877 USD/EUR compared to 0.893 USD/EUR during the 2019 fiscal year. Currency conversion for the balance sheet is based on the exchange rate at the end of the financial year. As of December 31, 2020, the rate was 0.818 USD/EUR compared to 0.891 USD/EUR on December 31, 2019.

Artnet is subject to these exchange rate fluctuations since it invoices in euros, US dollars, and British pounds, but conducts most of its business in the United States. In 2020 and 2019, the Group generated approximately 14% of its revenue in euros and about 9% in British pounds.

In 2020, the Group's financial performance in the reporting currency of the euro was significantly influenced by exchange rate effects due to the appreciation of the euro against the US dollar. In euros, revenues decreased by 3% to 18,943k EUR (2019: 19,542k EUR). When reported in euros, the gross profit of sales decreased by 7% or 850k EUR to 11,731k EUR. When stated in US dollars, it decreased by 5% or 712k USD to 13,372k USD.

The currency trend in US dollars only has a moderate impact on general administrative expenses on a euro basis since a significant portion of the expenses (for example, all holding costs of Artnet AG) are already settled in euros. Thus, the Group generated a positive operating profit of 190k EUR compared to an operating profit of 176k EUR in the previous year. In 2020, Artnet had a net profit of 1,924k EUR while it incurred a loss of (641) EUR in the last year.

Financial Position

In 2020, operating cash flow increased by 71% to 3,107k USD. The increase is mainly due to the loan of 1,667k USD granted in May 2020 by the U.S Small Business Administration to support the business during the pandemic and was partially offset by a legal settlement in June.

Cash outflow from investing activities amounted to 1,014k USD in 2020, a decrease of 26% compared to the previous year (2019: 1,365k USD). The payments for intangible assets relate almost exclusively to FALCON, and the decline was mainly due to Artnet's focus shift to non-FALCON projects in 2020.

The 2020 cash outflow from financing activities increased to 738k USD compared to 891k USD in 2019. The cash outflow from financing activities includes repayment of two loans for a total of 466k USD including interest in July 2020 as the cash flow improved. The two loans in the total amount of 450k USD were taken out at the turn of the year 2019/2020 after unusually late payments by clients to prevent possible further delays and ensure financial stability. The cash inflow from financing activities resulted primarily from the execution of stock options by a former employee in December 2020, who executed 75,000 shares of Artnet AG stock options with an exercise price of 2.64 EUR per share, totaling 198k EUR or 240k USD, and was reduced by 23k cost directly related to the issuance of new shares.

Cash and cash equivalents increased by approximately 233% or 1,257k USD to 1,796k USD as of December 31, 2020 (December 31, 2019: 539k USD), mainly due to the loan of 1,667k USD granted by the U.S Small Business Administration as a measure to support businesses during the recession and also due to an improvement in collections. A legal settlement in June 2020 partially offset the increase.

In euros, the cash flow changes from operating, investing, and financing activities vary from US dollars. Because of the increase in the value of both the euro and British pound against the US dollar from December 31, 2019, to December 31, 2020, cash and cash equivalents decreased by 98k USD. In euros, the negative currency effect amounts to 242k EUR since the holdings in US dollars depreciated. Therefore, the liquidity portfolio of the Group increased by 206% to 1,469k EUR as of December 31, 2020 (December 31, 2019: 480k EUR).

The cash investment policy for the Group is conservative and is used solely for short-term investments, allowing all cash to be liquid and available. As of December 31, 2020, the liquidity per share totaled 0.32 USD (0.26 EUR) based on an average number of 5,627,986 outstanding shares compared to 0.10 USD (0.09 EUR) on December 31, 2019.

Financial Status

Consolidated total assets amounted to 13,302k USD on December 31, 2020, compared to 13,259k USD on December 31, 2019, representing a slight increase of 0.3%. The significant increase in cash and cash equivalent was offset by a decrease in Property, Plant and Equipment due to the scheduled depreciation of the right-of-use asset for the offices in New York City and Berlin.

Accounts receivable decreased by 602k USD to 1,905k USD mainly due to improvement in collections.

The Group's non-current assets are primarily held in US dollars. Fixed assets, which are comprised of intangible and tangible assets, decreased by 537k USD to 6,866k USD. This decrease was mainly due to the depreciation of the right-of-use asset. It was offset by the capitalization of development costs for intangible assets in the amount of 984k USD (2019: 1,289k USD) mostly relating to the technology infrastructure's upgrade and significant improvement with the project FALCON.

Total current liabilities and provisions decreased by 975k USD to 5,962k USD (2019: 6,937k USD). This decrease was mainly attributable to the payment and partial release of a legal provision after a settlement in June 2020.

Following a decrease in accounts receivable, deferred revenue slightly decreased from 2,150k USD as of December 31, 2019, to 2,090k USD as of December 31, 2020.

Long-term liabilities in the reporting year decreased to 1,444k USD as of December 31, 2020. This decrease was mainly due to repayment of the lease liabilities and the loans.

The Group's consolidated equity increased to 5,896k USD as of December 31, 2020 (December 31, 2019: 3,586k USD). This was primarily due to the increase of net profit and the issuance of 75,000 new shares by executing stock options, which had been granted to a former employee in 2014.

The Price Database is an intangible asset that has been developed over more than 30 years by the gathering of auction information. Although it cannot be recognized as an asset on the balance sheet due to accounting rules, it represents a crucial part of the business and is a secret reserve. If it could be recognized at fair value, the assets and thus, the equity would increase significantly.

Statement by the Management Board About Result of Operations, Financial Position, and Financial Status

The fiscal year 2020 was unlike any other since Artnet was founded more than three decades ago. The economy and the art market came to a near standstill after the first pandemic-induced lockdowns in March. The uncertainties were unparalleled in scope. At the same time, online transactions at Artnet Auctions and the market coverage of Artnet News were more in demand than ever, while the Price Database and Galleries segments achieved robust results despite the significant challenges at hand. 2020 marked an inflection point for digitalization, for online transactions and services, in many industries and Artnet is leading this development in the art market.

Total fine art sales fell by 24% to 10.1 billion USD globally in 2020. This was the second year in decline for the auction market, following a drop of 11% in 2019. Artnet cannot wholly escape such strong market currents since the Company provides products and services at the very core of the art market, products that are used and appreciated by amateur art lovers and professionals alike. Yet Artnet was able to tackle the coronavirus crisis from a position of strength. The art market craved innovative solutions to the lockdown and turned to the internet and e-commerce more than ever. As the online art market leader, Artnet was able to satisfy the surging demand.

Artnet Auctions achieved record results almost every month starting in May 2020, resulting in yearly revenue growth of 26% to 4,875k USD. Artnet's online-only auctions, its proven business model of fast transactions at low costs, became essential in keeping the art market afloat. Artnet Auctions never canceled a sale, never turned down clients during the pandemic, not on one day.

The Galleries segment was burdened by the challenges facing small and medium-sized galleries in particular. Management did anticipate high cancellation rates due to the pandemic and seized the opportunity to convince galleries globally to embrace the internet as a solution and increase online marketing. Cancellations because of clients' financial difficulties or the closing of galleries led to a lower number of gallery memberships on average in 2020, as compared to 2019. Management considers a revenue decrease of just 3% to 4,839k USD a positive result nonetheless. The same is true for the Price Database: a decrease in revenue of only 3% to 7,397k USD is remarkably stable, given the significant global decline in sales and market activity. It also proves the importance of reliable data in volatile markets.

The drop in advertising revenue was anticipated. The decline of 17% to 4,482k USD came after years of robust growth for Advertising boosted by the immense popularity of Artnet News, which was only launched in 2014. As the number of visitors on Artnet News grew by 58% to 35.6 million in 2020, the total number of visitors to Artnet increased by 38.4% to an average of 5 million a month. Management is confident that the strong increase of visitors to the site will lead to a quick recovery of Advertising revenue once the pandemic becomes less severe and the economy recovers.

Equity improved following the execution of stock options from the 2009 stock option program, while earnings were slightly better than anticipated following higher-than-anticipated collections throughout the year. Additionally, a higher capitalization rate for technology projects was realized. In 2020, Artnet partly shifted its focus to non-FALCON projects like the new Artist Alerts to immediately support and serve clients during the COVID-19 pandemic. While this caused a delay for FALCON project, it helped retain clients by supporting them when they depended on Artnet. Management is, therefore, satisfied with the current progress overall.

Liquidity strongly improved in 2020. Artnet was able to repay the loans in the total amount of 450k USD, following improved collections. The Group also received a loan from the U.S. Small Business Administration as part of the Paycheck Protection Program (PPP) in the amount of USD 1,667k USD. PPP loans are eligible for full forgiveness if certain conditions and requirements are met. Artnet's application for loan forgiveness is currently being reviewed by its lender. A repayment of the loan is not expected.

The pandemic of 2020 has accelerated the digitalization in many industries and markets. It was an inflection point for e-commerce. Artnet is leading this trend in the art market and is poised to benefit from the growing demand for online transactions and services.

Non-Financial Performance Indicators

Employees

As of December 31, 2020, the Group employed 120 full-time staff members (December 31, 2019: 122). Additionally, three part-time employees worked for the Group in 2020, as compared to two in 2019. In Sales and other departments, the Group employed five freelancers compared to four in the previous year.

Personnel expenses (including social insurance contributions) totaled 14,232k USD compared to 13,337k in 2019. While personnel costs increased in the areas of Cost of Sales and Product Development, they decreased in Selling and Marketing.

Other Non-Financial Performance Indicators

The quality of our services and the satisfaction of clients and visitors to the site are of the utmost importance to Artnet's business. In-depth analyses of the reasons for the popularity and success of certain products and services help optimize the website and package our services. Likewise, feedback for contract cancellations of Gallery Network memberships, Price Database subscriptions, and Auction House Partnerships are evaluated for quality assurance purposes through customer surveys and direct input from clients. This process allows Artnet to reduce risks while continuously improving products and services.

For the Artnet Galleries segment, monitored indicators include the number of inquiries received, as well as pageviews for each member site. These indicators are not published for competitive reasons. Membership cancellations and new memberships sold are monitored and recorded monthly. In 2020, cancellations increased by approximately 41%, representing 74 more cancellations as compared to 2019. Given the pandemic and an unparalleled economic downturn, which hit galleries particularly hard, Artnet anticipated an increase in cancellations, as galleries had to close their showrooms to the public and canceled exhibitions. Smaller and mid-size galleries, a critical customer base for Artnet, have struggled with high operational costs and a challenging market environment for some time. The pandemic added pressure to their challenges.

At the same time, the number of new contracts increased by 51% to 225 (2019: 149). Galleries are shifting their focus towards online exposure because of the lockdowns, achieving more visibility on the internet during the coronavirus crisis. As a result, the number of gallery memberships increased from 1,082 in the previous year to 1085 at the end of 2020.

For the Artnet Price Database segment, most indicators measured were adversely affected by the coronavirus pandemic. The number of subscribers, searches, and lots added is monitored every month. In 2020, the average number of monthly subscribers decreased by 2%, while the number of searches fell by 15% compared to 2019. Compared to the severe downturn of the global art auction market where sales values fell 24% to 10.1 billion USD (2019: 13.2 billion USD), the smaller reduction in the number of monthly subscribers and the number of searches proves the steady demand for reliable data also during recessions. In 2020, the number of auction houses whose lots were newly added decreased by 9%, mainly due to the much lower number of traditional "brick-and-mortar" sales resulting from lockdowns and social distancing measures.

The number of auction results added to the database increased by 7%. On average, auctions were added to the Price Database around ten days ahead of the sale, unchanged from the previous year. The length of time needed to update the database with new results after an auction went up by one day or 26%, to an average of four days. In 2020, the Price Database contained more than 14.3 million auction results.

At Artnet Auctions, following the strategic decision to focus on higher-value lots offered, the average transaction value in 2019 had increased to 14.8k USD. In 2020, along with a global reduction of transaction values and lot prices, the average lot transaction value on Artnet Auctions decreased by 4% to 14.2k USD, a marginal difference compared with the average price of works sold globally, which fell by 14% to 35.7 TUSD. Compared to the previous year, the number of transactions above 50k USD decreased by 11% and transactions above 75k USD decreased by 22%.

While ensuring high-quality criteria for all lots offered at Artnet Auctions, the number of lots offered on Artnet Auction increased by 15%, and the number of lots sold increased by 32% to 1,524 (2019: 1,155). The sell-through rate increased by two percentage points by volume and by six percentage points by value in the past year, confirming the quality of the lots offered and increased efficiency.

To measure the performance of advertising campaigns, indicators such as CPM (price for 1,000 impressions), impressions (the frequency with which an ad is fetched from its source), and visibility (the probability an ad is viewed) are evaluated but is not published for competitive reasons.

As an online-only business, site traffic is of the most significant importance to Artnet and is closely monitored, recorded, and evaluated daily. Product improvements and daily content updates to the site have attracted 38% more visitors to Artnet than in 2019. The number of visitors increased from an average of 3.6 million per month in 2019 to 5 million in 2020. In 2019, the number of visitors had increased by 20%.

3. Disclosure of Takeover Provisions

Composition of Capital Stock

Artnet AG's fully paid-in capital stock, as of December 31, 2020, totaled 5,706,067 EUR and comprised 5,706,067 no-par value-bearer shares based on a notional common stock of 1.00 EUR per share. This is an increase of 75,000 shares, as 75,000 stock options were executed from the 2009 stock option program in 2020 (Conditional Capital 2009/I). All shares are registered shares.

As of December 31, 2020, the Group held 78,081 treasury shares, which remains unchanged from the previous year. For further reference, see the notes to the consolidated financial statements.

Voting Limits or Assignment Limits

There are no restrictions on voting rights or transfer of these shares.

Direct or Indirect Shareholdings which Exceed 10% of Voting Rights

Direct or indirect shareholdings exceeding 10% of voting rights for Artnet AG are held by Galerie Neuendorf AG, Berlin, at 26.86%, and Rüdiger K. Weng 25.04%, as of December 31, 2020.

Preferred Shares

There are no preferred shares.

Voting Rights Monitoring in the Event of Employee Holdings

Any employee with holdings in Artnet AG is obliged to exercise his or her control rights directly.

Appointment and Dismissal of Members of the Executive Board, Amendments to the Articles of Incorporation

Members of the Supervisory Board are appointed and dismissed according to §§ 84, 85 of the German Stock Corporation Act (AktG). The amendments to the Articles of Incorporation were made in accordance with §§ 133, 179 AktG.

Authorization of the Executive Board to Issue and Repurchase Shares

Authorized Capital

Currently, Artnet has no Authorized Capital.

Conditional Capital

As per the resolution of the Shareholder's Meeting on July 15, 2009, the registered capital was increased by 560k EUR by the issuance of up to 560,000 new no-par value shares (conditional capital 2009/I) to the Company's directors and management team members of affiliated companies and employees of Artnet AG. The authorized conditional capital 2009/I expired in 2014. In 2020, 75,000 shares were issued from the stock option program (Conditional Capital 2009/I)

In 2009, 2010, and 2014, 398,907 stock options were granted to the Management and employees of the subsidiary Artnet Corp. from the 2009 stock option program.

In 2020, 130,000 stock options granted in 2010 expired, and 75,000 stock options were executed. Accordingly, there is no longer any conditional capital.

4. Information on Management Practices Applied (§ 289f HGB / § 315d HGB)

The current Corporate Governance Report (§ 289f HGB / § 315d HGB) can be accessed on the Company's site at artnet.com/investor-relations. In addition to the Declaration of Conformity with the German Corporate Governance Code pursuant to Section 161 of the Aktiengesetz (German Public Limited Companies Act), the report contains statements about corporate governance practices and a description of the operating principles of the Management Board and the Supervisory Board. Artnet AG thus aims to keep the account of its corporate governance clear and concise.

5. Remuneration Report

This remuneration report is based on the recommendations of the German Corporate Governance Code. It summarizes the principles that apply to defining the remuneration for Artnet AG's Management Board and explains the amount and structure of the Management Board's remuneration. In addition, it describes the principles behind, and the amount of, the remuneration of the Supervisory Board. Furthermore, the remuneration report includes information that also forms part of the notes to the consolidated financial statements according to § 314 of the German Commercial Code (HGB), or the Group Management according to § 315 of the German Commercial Code (HGB).

5.1 Remuneration of the Management Board

Granted Remuneration, CEO	**Jacob Pabst**			
EUR	**2019**	**2020**		
	Granted	**Granted**	**(Min)**	**(Max)**
Fixed Basic Remuneration	368,471	394,763	394,763	394,763
Remuneration in Kind	5,400	5,400	5,400	5,400
Total	**373,871**	**400,163**	**400,163**	**400,163**
Short-Term Remuneration	36,847	–	–	394,763
Benefits	–	–	–	–
Total Remuneration	**410,718**	**400,163**	**400,163**	**794,926**

Paid, CEO	Jacob Pabst	
EUR	2019	2020
Fixed Basic Remuneration	368,471	394,763
Remuneration in Kind	5,400	5,400
Total	**373,871**	**400,163**
Short-Term Remuneration	31,786	22,617
Benefits	–	–
Total Remuneration	**405,657**	**422,780**

The remuneration is paid in US dollars and is affected by exchange rate fluctuations.

The Supervisory Board is responsible for setting the remuneration of the Management Board. Setting remuneration for Artnet AG's Management Board is based on the Company's size and activities, its economic and financial position, and the amount and structure of remuneration for the Management Board at comparable companies.

Remuneration must be set such that it is competitive in the international market for highly qualified executives, and that it offers an incentive for successful work.

Jacob Pabst receives no remuneration from Artnet AG. The payment of his duties as a board member of Artnet AG is compensated with the remuneration for his role as CEO of Artnet Corp. The management contract with Artnet AG and the employment contract with Artnet Corp. were extended from November 26, 2020, until July 1, 2024. Besides the fixed basic remuneration, the terms of the contracts remain the same.

Remuneration for Jacob Pabst as a board member, comprised of a fixed basic remuneration and a yearly variable compensation component (short-term performance-related incentive (STI)), is described below:

Fixed basic remuneration: In the 2020 fiscal year, the fixed cash remuneration of the Management Board member, Jacob Pabst, totaled 395k EUR (450k USD). In the previous year, the fixed basic remuneration totaled 335k EUR (375k USD) until June 30, 2019. As of July 1, 2019, the fixed basic remuneration totals 450k USD.

Variable compensation component (STI): In addition to the fixed basic remuneration, the Management Board receives a variable compensation component. The amount of this component is at the discretion of the Supervisory Board. The basis for the calculation of this component is the year's consolidated financial statement, in which the variable compensation component is paid. The variable remuneration component may not exceed the fixed basic remuneration. The variable remuneration component is dependent on one-third of each of the following objectives:

- 1/3 of the achievement of the budgeted net income and cash flow
- 1/3 of the share price performance of Artnet AG
- 1/3 of the discretion of the Supervisory Board, based, in particular, on long-term goals, such as the introduction of new products or new business areas, expected profitability in the future, and significant transactions.

The variable remuneration component will be, as far as granted, paid in 10 equal monthly installments, starting in the month in which it was granted.

For 2019, the Supervisory Board has set a variable remuneration component of 37k EUR (41k USD). Mr. Pabst had decided to postpone the variable remuneration because of the coronavirus pandemic and the ensuing recession. In light of the economic recovery in the second half of 2020, Mr. Pabst in August 2020 began to receive the 2019 variable remuneration component paid in eight equal installments.

For benefits, Artnet Corp. continues to assume the costs for private health insurance of 450 EUR per month and the premium payment for the Company's group medical plan.

5.2 Remuneration of the Supervisory Board

The remuneration of the Supervisory Board is defined by the General Meeting based on a proposal by the Management Board and the Supervisory Board. It is regulated in the articles of incorporation.

Remuneration of the Supervisory Board is based on the Company's size, the tasks and responsibilities of the members of the Supervisory Board, and the Company's economic situation and performance.

The members of the Supervisory Board receive a fixed remuneration every year. Unchanged from the previous year, the chairman of the Supervisory Board receives 50k EUR, the deputy chairman receives 37.5k EUR, and the third member of the Supervisory Board receives 25k EUR.

To support the Company during the COVID-19 pandemic, the Supervisory Board offered a 20% reduction of its compensation from April 1, 2020, until August 15, 2020. As a result, the Company was able to save 8,438 EUR.

6. Risk and Opportunity Report

Artnet operates in a challenging niche market. To monitor and adapt to a continually changing landscape, Artnet permanently observes internal and external risks and opportunities outlined in the following Risk and Opportunity Report, if relevant.

6.1 Risk Report

Risk Management

The Group has a risk management system to identify and constantly monitor operating and financial risks. This system, which aims to alleviate the impact of any unforeseen events, is largely comprised of the following five components:

- Finance, which monitors the actual results of business activities, provides forecast versus actual comparisons as part of monthly reporting, and provides comparisons with the previous year
- Information technology infrastructure, which ensures and monitors the 24/7 availability and functionality of the website, products and services, and all office communication
- Compliance, which monitors internal and external legal risks, as well as legislation changes
- Project management, which monitors the development and progress of the technology projects
- Ongoing traffic monitoring, which evaluates and tracks the key areas of web traffic.

The risk management system ensures that critical information is passed on to the Group's Management Board directly and promptly.

Early Warning System ensures identification of potential risks

As a rule, in order to measure, monitor, and control its business growth and risks, the Group uses a management and control system that is mostly based on financial accounting data and key performance indicators for all products. The risk inventory lists the key existing threats and allocates levels of responsibility within the Group. Existing risk potential is observed on an ongoing basis; suitable activities to limit risks are put in place whenever possible. The risk management system includes regular internal reporting on business, current market developments, customer relationships, and a Group-wide budget process, which deals with operating risks and changes in the business climate. This process includes regular analysis of the market and competition.

Dealing with Major Potential Risks

Operative management is directly responsible for the early recognition, control, and communication of risks. As a result, the Group can react to potential risks in a comprehensive and targeted manner. Risk policy is geared to generate sustained growth and secure enterprise value over the long term and to avoid any imponderable risks.

Compliance Management System

Artnet encourages and requires open communication and trusting interaction with and among all employees, customers, and business partners. In addition to the direct exchange with supervisors, the Group employees can provide anonymous and protected information about possible legal violations and other misconduct at any time employing a whistleblower system to which Management can react promptly and appropriately.

Accounting-Related Internal Control System with Regard to the Group Accounting Process

The Management Board has set up an internal control system for the wide range of organizational, technical, and economical workflows in the Group.

A key competency is the principle of the segregation of duties, which aims to ensure that executive (e.g. sales), recording (e.g. accounting), and administrative (e.g. information technology administration) departments are not united in the same place. The principle of dual control ensures that no material workflows go uncontrolled.

Expectations of the Management Board are defined and documented by regular, targeted agreements.

The consolidated financial statement was prepared by the accounting department of Artnet Corp., which has many years of experience and special expertise in consolidation issues.

Risks

Risk Assessment

The Group monitors and analyzes various types of risks, categorizing them as operational, legal, compliance, financial, technology, and others. The internal risk monitoring system defines and evaluates both segment-related, as well as company-wide risks. The assessment of risks considers two main factors: the probability of occurrence and the potential maximum amount of damages. Potential damages could be revenue losses or costs, as in the case of legal risks. Where possible, the Group assesses the maximum amount of damages for each risk. In determining operational risks, the maximum amount of damages is weighted against probability and potential frequency of occurrence.

The Group has identified the following risks:

External Risks

Art Market Economic Trends

The Group is subject to fluctuations in the art market. Changing conditions in local and global economies affect the art market, but it is unclear to what extent these developments will shape the market in the future. The recovery of the art market, which had begun in 2017 and continued into 2018, came to an end in 2019. In 2020, the market contracted further due to the coronavirus pandemic. Globally, the total annual auction sales value for fine art was 10.1 billion USD, a decrease of 24% compared to 2019.

For fine art sales, the decline was particularly strong in the United States, traditionally the biggest art market, and the United Kingdom, the third-largest market. In 2020, the sales volume decreased by 35% in both countries. China held steady and Germany saw a 3% increase in sales compared to 2019.

Well-funded competitors have intensified competition in recent years and put pressure on the Group's market share. Despite the increasing interest in the art market, no competitor could adopt a business model as diversified and advanced as Artnet's.

Downside risks remain, including geopolitical tensions, fraught relations between the United States and its trading partners, and the uncertain long-term consequences of the global coronavirus pandemic. The outbreak of the coronavirus pandemic had a substantial and adverse effect on the global economy and the art market in 2020. Travel restrictions and health concerns caused the cancelation or postponement of major art events, such as auctions and gallery openings. The International Monetary Fund expects an economic recovery after the recent launch of vaccinations in several countries.

The United Kingdom has left the European Union on January 31, 2020, (Brexit) and after an 11-month transition period entered into a new free trade agreement. The U.K. is the third-largest art market in the world. Potentially negative consequences of Brexit, such as higher costs for cross-border transactions or currency fluctuations, could also affect the art market and hence Artnet. Potential risks from the transition and consequences resulting from Brexit are being monitored.

The art market generally reacts to major geopolitical and economic trends in industrialized countries, impacting financial markets. An economic slowdown or a recession, accompanied by high price volatility in financial markets could result in declining consumer demand—which could also weaken the interest in art. In the event of declining art sales, fewer Artnet price database subscriptions might be sold. Members of the Gallery Network, who already suffer from high operating costs, could face even more significant financial difficulties or risk going out of business. The ban on indoor meetings of larger groups and business closures caused by the coronavirus pandemic had a negative impact. Finally, global luxury brands and companies operating in the art world might stick to conservative advertising budgets in a longer-term recession, potentially leading to lower revenues for Artnet News.

Operating Risks

Technology System Infrastructure

Interruptions to the website's functions could reduce the Group's revenue and profit short-term and impact future revenue and earnings. Frequent or sustained service interruptions could cause users to consider the Group's systems unreliable, thus negatively impacting the Group's reputation and revenue. Any interruption increases the Technology Department's work, which leads to delays in the production of new products and services.

Project FALCON, the rebuilding of Artnet's technology infrastructure, increases the usage of third-party systems, allowing for higher flexibility which reduces in-house development and maintenance risks.

In the 2020 fiscal year, Artnet migrated the applications and systems that run its website and offices to the Google Cloud (Google Data Center). Google uses the latest security standards and is also continuously developing them, so Artnet does not have to develop them anymore in-house. The migration to the Google Cloud allowed Artnet to switch off its own data centers and save on costs. The technology system has become much more secure as a result. Even though Artnet is now depending on a third party, it is less likely to be subject to potential power outages or catastrophes, damages or disruption from flooding, fire, or interruptions to services due to terrorist attacks, computer viruses, and other rare and difficult to predict events.

Product Development

The Group's future success partly depends on adjusting to technological changes and new industry standards. Therefore, the Group observes and analyzes market trends.

Based on these analyses, the Management Board decided to improve the site's functionality and launch new products that benefit both existing and potential clients and open opportunities for additional revenue streams. This is supposed to curtail risks of falling behind market standards in areas like security and user experience. The most crucial step for this development is project FALCON, which will allow for faster development, adjustment to market trends, and the building of state-of-the-art technology ahead of the competition.

The ultimate goal of FALCON is the complete automation of Artnet's production process. Should the project's completion take longer than anticipated, it could slow down the launch of new products and tie up the capacities of the development team. This could also lead to increased costs and a loss of potential revenues.

The risk that market participants might not immediately accept product innovation, and further product development cannot be fully eliminated. As a result, the associated goals might not be met. If revenue is lower than anticipated, the Group's result of operations would be adversely impacted by increasing product development costs and higher ongoing costs.

There are also risks in product development from competing startups in the market, some of which are directly competing with one or more of Artnet's product segments.

Traffic to the Website

The number of visitors to Artnet sites is of key importance to the Group, and a downturn in these numbers could lead to reduced revenue for all products. The Group monitors traffic daily automatically as well as manually to ensure that traffic meets expectations. To further increase visibility to the site, the Group invests in search engine optimization (SEO), advertising, and marketing. The Group monitors visitor numbers and revenue generated through the site. It compares these numbers with the corresponding advertising and marketing expenses to assess the success of SEO, advertising, and marketing campaigns. Artnet monitors the number of visitors, conversion rates, and revenues generated through the website and compares these with the corresponding advertising and marketing expenses to evaluate the success of search engine optimization, as well as advertising and marketing campaigns.

Legal Risks

Trademark Laws

Artnet protects itself through the trademark of the Artnet name in the Group's main market areas of operation, in particular, the United States and the European Union. Trademark infringements are costly and are subject to review from national authorities, which can result in a negative outcome for the Group. The Group protects and defends itself against copyright and other legal claims, but negative consequences for the Group cannot be fully eliminated.

Copyright Laws

The Group uses a number of photographs of decorative art objects in the Price Database. Because of its global outreach and client base, the Group is exposed to varying jurisdictions concerning copyright protection. For this reason, Artnet agreed on a license contract with the Copyright Collective Bild-Kunst in Germany, which has several sister organizations internationally, and the Artist Rights Society in the United States. Given the vast number of images in the Price Database, these contracts do not cover all rights for all images available. To further protect Artnet, agreements with auction houses ensure the rights of use images from auction houses. In response to previous lawsuits, Artnet takes legal action and all necessary contractual steps to avoid future claims. Claims or lawsuits cannot be ruled out. This could impact the Group's net assets, financial position, and result of operations.

Protection of Customer Data

The Group stores customer data in compliance with all current laws and regulations. However, there are currently new legal initiatives around the world that could tighten regulations. If a third party were to succeed in bypassing the Group's security measures and obtain customer information, the Group could be liable for any damages incurred.

Should the Group violate its privacy policy, it could become the subject of investigation, data protection orders, and customer claims for damages, resulting in possible criminal or regulatory actions. In addition to financial charges from potential lawsuits and damage claims, the Group's reputation could suffer. The Group could potentially lose existing clients and registered users and face reputational risk.

The Group collaborates with privacy experts to legally protect itself and continually responds to data protection law changes. The Group participates in and has certified its compliance with the EU-US Privacy Shield Framework and the Swiss-US Privacy Shield Framework and is committed to subjecting all personal data received from European Union (EU) member countries to align with the General Data Protection Regulations (GDPR) took effect in May 2018, by implementing all necessary compliance and security measures to our operations.

Tax Risks

Due to its international positioning, Artnet operates in many tax jurisdictions (particularly the United States, the United Kingdom, and Germany), each with different requirements. A violation of tax laws (both income and transaction taxes) could negatively affect Artnet.

Also, Artnet is exposed to possible risks from changes in tax legislation for e-commerce. In 2018, the U.S. Supreme Court ruled in *South Dakota v. Wayfair* that U.S. states may levy sales tax on products even if the seller has no physical presence in the taxing state, as in the case of an order placed via the Internet. This regulation is continuously evolving as more states join, and new metrics for levying sales taxes are established. Artnet is in touch with external tax accountants who are conducting an exposure analysis.

Financial Risk

Foreign Currency Fluctuation, Default, and Liquidity Risks

Artnet conducts a portion of its business outside of the United States, thereby facing adverse fluctuations in currency exchange rates, particularly the euro and the British pound. As exchange rates are subject to fluctuation, revenue and operating expenses may in rare cases differ substantially from expectations. The Group usually does not engage in exchange rate hedging as the Group accepts payments from customers in euros and British pound and pays their suppliers in Europe in their respective currencies. The Group considers its exposure to exchange rate risk to be limited.

Foreign currency risks for the Artnet Group also arise from intra-Group euro receivables, which mainly result from the financing of the German-based parent company Artnet AG by the operating subsidiary Artnet Corp. located in the U.S. dollar zone, as well as from the bank balances in euros and British pounds sterling held by Artnet Corp.

Currency translation adjustments arising from the valuation of intercompany long-term loan receivables, which qualify as part of a net investment, are not reflected in the profit or loss of the Group. The Management Board desists from a hedge of this foreign currency risk due to reasons of efficiency.

Since Artnet reaches a wide range of customers and industries with its products and services , there is no significant concentration of default risk for financial assets in the Group. Nevertheless, a global economic downturn could negatively influence the liquidity of the Group's customers and even result in bankruptcy, leading to a prolongation of the average credit period or customer defaults. This would negatively affect the Group's earnings and its financial position. The Group attempts to counter such risks by insisting on upfront payments from its customers whenever possible and through a thorough collection process.

Liquidity risk is the risk that Artnet will not be able to meet its payment obligations when due. Artnet covers its current costs and investments from existing liquidity and operating cash flow and does not have any credit lines. As of December 31, 2020, cash and cash equivalents in US dollars increased by 233% to 1,796k USD compared to the previous year. In euros, cash and cash equivalents increased by 206% to 1,469k EUR.

Interest rate risks can be considered insignificant as the Group has interest-bearing debt almost exclusively in the form of leases, each of which has a fixed interest rate.

Other Risks

Key Employees

The labor market for qualified and motivated executives in the art world is very competitive. Given Artnet's relatively small size, the loss of key employees could have a temporary impact on day-to-day operations. As the Group has a highly qualified experienced middle management, only a minor efficiency loss is expected in such a case.

The above list cannot include all risks to which the Group could be exposed at some point. Risks that have not been recognized or unreported could arise and have a negative impact on business performance. The Group continues to monitor its environment and review the effectiveness of the risk management system. Despite continuous adjustments to the risk management system, it is impossible to fully quantify the probability of certain risks or their financial impact.

6.2 Opportunities

The online art market is increasingly dynamic, offering new opportunities for Artnet's online tools and services even 30 years after the company was founded. The short decision-making processes allow the Group to respond nimbly to changing environments and trends while weighing potential risks. Opportunities can arise from changes in the internal or external environment.

Art as an Asset Class

A growing number of high-net-worth individuals worldwide is expanding the Group's client base. These individuals consider art as a luxury object and as an asset class or a collectible for investment. If this trend continues, the art market and the number of the Company's potential clients could grow even further. Additionally, the technology-savvy millennial generation is breaking away from traditional ways of absorbing information and purchasing goods. With growing affluence, this generation tends to buy art and use online tools to do so.

Transaction Habits

E-commerce is also a growth market in the luxury segment. This includes the art market, where participants have embraced online-only auctions as a fast and economical method of buying and selling high-priced fine art. Artnet Auctions consistently achieves high prices with its clear focus on quality, indicating ongoing business opportunities in this dynamic segment. Many auction houses had to cancel sales in the wake of the coronavirus pandemic, whereas Artnet was able to conduct sales throughout the year.

Artnet is gaining market share. Artnet Auctions is particularly successful in the categories Prints & Multiples, Photography and Post-War & Contemporary art. It is on par with established brick-and-mortar auction houses for these categories. The number of first-time online buyers and sellers is increasing.

Transaction Speeds and Liquidity

Artnet Auctions' online-only model liberates art buyers and sellers from the constraints of traditional spring or fall auction seasons. This allows Artnet to bring artworks to market in a short time, thereby gaining a competitive edge. This makes art as more liquid and tradable as an asset class than ever before. Barriers to entry are falling, and the confidence in the investment is growing. Artnet Auctions can conduct online auctions despite the corona pandemic.

Galleries can showcase their artists and works online in the Artnet Gallery Network. Artnet thus offers these businesses essential alternatives to maintain their business throughout the year and reach a global audience. In this way, the company could attract new clients and users and convince them of the advantages of online transactions. Online marketing is increasingly important for galleries. Artnet's experience and excellent reputation make it a popular and attractive partner for collaborations and advertising.

Economic Trends

The international art market is traditionally closely linked to the economies of industrialized countries. Economic growth in the developed world, particularly in the US, the world's largest art market and Artnet's core market, could positively affect the Company's business.

Artnet has built new revenue streams by attracting advertisers beyond the immediate art industry, such as luxury brands and financial services companies. Companies in these industries run advertising campaigns on the Artnet website and engage in sponsorships. Economic growth and stability is an essential prerequisite for increased marketing spending by these clients.

Advertising on Artnet websites and social media channels

Artnet News has become the leading online platform for news covering the art world at large. The site attracts more readers than all of its direct competitors combined. The platform's quality journalism, exclusive stories and original reporting has increased page views and made News a sought-after advertising platform for luxury brands, financial services, and art-related businesses. Artnet's social media are also being used for advertising campaigns. This trend will continue as advertising budgets are increasingly reserved for online channels and social media and move away from traditional print media.

Asian Market

Artnet seizes opportunities in Asia, particularly in China. The Company's growing presence on WeChat, China's leading social media platform, has already led to new registrations for Artnet Auctions the number of which could rise even further. Given the growing Chinese middle-class and an increasing number of wealthy individuals, interest in European and American art is growing in China from which Artnet could benefit strategically.

Synergies Within the Company

The Company's different segments offer opportunities for synergies within the Group. Artnet News journalists have written profiles of Gallery Network members and collaborate with Price Database art historians in producing comprehensive studies of current trends in the art market. The biannual Intelligence Reports, written by Artnet News editors and Price Database analysts, exemplify the unique role Artnet plays in the art market with the creation of high-quality content and influential research.

There are further opportunities to leverage and highlight Artnet's broad product portfolio for new product development and explore additional revenue streams.

The FALCON project aims to increase the collaboration of the segments and facilitate more cross-selling.

Brand Opportunities

The cross-segment focus on high quality in all segments is strengthening Artnet's brand. This could lead to growing revenue from subscriptions, memberships, auction fees, and advertising. A strong brand also makes the Company more competitive in finding and retaining talent and clients.

Artnet plays a leading in the online art market and has stood for quality, reliability, and influence on the art market for more than three decades. Therefore, the Group is an attractive partner for brands and institutions both inside and outside the art industry, further increasing brand awareness and its customer base. Luxury brands, for example, run advertising campaigns on Artnet's website and in its newsletters. The Corona crisis highlights the benefits of Artnet's product suite for many market participants and could lead to a growing number of new customers.

Workplace mobility

Given its business model, Artnet is able to employ staff decentralized around the globe.

After successfully working remotely during the coronavirus pandemic, Artnet staff has expressed their preference for non-traditional, flexible work environments.

Artnet, therefore, will be able to reduce its required office space. Substantial rental cost savings would allow higher investments in marketing, technology, and research and development.

FALCON

Artnet is improving its site and rebuilding its technology infrastructure with project FALCON. FALCON is the most significant undertaking since the founding of the company in 1989. Its ultimate goal is the complete automation of Artnet's production and development processes—leading to reduced maintenance costs for existing products and improved performance of the development team. FALCON will ensure that Artnet has the right technology foundation to successfully compete and grow in a rapidly changing business environment. It will make Artnet faster, more flexible, and more efficient. Operational and personnel costs will be lower, productivity will increase, and new products will be developed and launched more quickly.

The Company's success depends, to a large extent, on its ability to provide clients with innovative solutions and improved products and services. Thus, the Company continues to increase the effectiveness of its products and to develop the platform further. Of course, if Artnet can progress faster than currently expected, it would implement product improvements more quickly, positively affecting revenue and earnings.

Statement from the Management Board Concerning Risks and Opportunities

Management monitors and reasonably evaluates all risks and opportunities with the greatest care. The scope of the recent and ongoing economic crisis has not increased any of the listed risks. Management, therefore, considers the established business model and its strategy to be solid. No new risk categories have been added as compared to the previous year.

The vital roles that the internet and e-commerce play during the current crisis led to fundamental changes in consumer behavior. As the market leader, Artnet will benefit from opportunities in the online art market segment. The online news service Artnet News plays an important role as an information source for the art industry. Artnet Auctions is the only provider of online-only auctions that enable transactions while conventional auctions have been canceled.

With the crisis over, additional opportunities may arise given the growing interest in art, a growing number of high net worth individuals, the increasing affluence of the Millennial generation, and the growing acceptance of online transactions.

The FALCON project will help to accelerate the pace of development, especially in supporting the Price Database and

Gallery Network, offering opportunities for faster growth at lower costs in the future.

Management thus concludes that opportunities outweigh risks and is optimistic for Artnet's future.

7. Subsequent Report

There were no material events from December 31, 2020, to March 31, 2021, that could have a significant impact on the Group's financial position or result of operations.

8. Outlook

The following report describes forecasts made by the Management Board regarding the future performance of Artnet's segments and general business. The actual business performance may differ positively or negatively from these estimates due to risks and opportunities, as described in the Risk and Opportunity Report.

After a severe economic collapse in 2020 due to the global spread of the coronavirus and the drastic lockdown measures taken to contain infections, the International Monetary Fund (IMF) projects a recovery of the global economy in 2021. Vaccine approvals have raised hopes for an end to the pandemic. Together with fiscal policy support as well as accommodative monetary policy, this could result in global economic growth of 5.5% in 2021 and 4.2% in 2022, according to the IMF. Uncertainty persists, however, as the IMF points to surging infections in late 2020, renewed lockdowns and possible logistical issues with the distribution of vaccines.

Lockdowns had also severely restricted the global art market in 2020. Major art fairs and auctions were canceled due to the public health threat. As the world market for fine art auctions is often driven by economic trends in developed markets, the auction market should recover along with a growing global economy.

In 2021, Artnet expects to extend its leading position in a highly competitive environment, due to the accelerating digitalization of the art market and the economic recovery. Competitive advantages regarding data, online transactions and web traffic continue to support Artnet.

Demand for reliable auction data should increase along with a recovery of the auctions market. Artnet Auctions' fee-based revenue should further increase as online auctions have become a compelling and sought-after alternative to traditional auctions during the pandemic. Furthermore the economic recovery is likely to trigger overall growth in advertising revenues as Artnet clients increase their marketing budgets

Based on the demand for art market data, online transactions and a recovery of advertising, Management expects moderate overall revenue growth in 2021 despite the ongoing economic uncertainties.

Price Database revenue decreased slightly in 2020 due to the decline of the auction market. Management expects slight revenue growth for the Price Database in 2021 as the auction market recovers and demand for data research picks up. The robust performance of the Price Database during the crisis of 2020 underscored that its offerings remain essential for the valuation of artworks.

Artnet Auctions became Artnet's second-largest revenue source in 2020, accounting for more than one-fifth of total revenue. The art market has adopted online-only auctions as a fast and cost-effective way to buy and sell fine art. Top lots at Artnet Auctions regularly sell for six-figure dollar amounts. Auctions will play an even more critical role in the art world when the auctioning of higher-priced works of art over the Internet becomes even more widespread. Artnet Auctions has placed a strategic focus on high-quality artworks at attractive prices to increase average lot prices, sell-through rates and customer satisfaction. Following the strong revenue increase in 2020, management anticipates that Auctions revenue in 2020 will grow significantly compared to the previous year.

In 2020, **Gallery Network** memberships were sought after more than in previous years, despite a higher cancellation rate as a result of the pandemic. Galleries were forced to turn to the Internet for marketing and sales and looking for ways to boost their presence on the web. Membership in the Artnet Gallery Network offers galleries additional opportunities to showcase their artists and artworks to a global online audience. Despite the online opportunities, a challenging market environment for clients will persist. Management expects membership numbers to grow in 2021, leading to a moderate increase of revenues for the Galleries segment.

Artnet News has become the leading online platform for news and commentary on the art market. The editorial focus on quality and original reporting resulted in increasing visitors and growing advertising revenue. The success and high brand recognition of Artnet News has a very positive effect on the Artnet brand. Management expects this positive trend to continue and forecasts a significant recovery and strong growth for Artnet News revenue in 2020, as advertisers' budgets will likely increase again due to the anticipated economic upturn. A new paywall for selected articles on the Artnet News site and sponsorships for the bi-annual Intelligence Reports are potential new revenue sources.

Artnet is also renewing its IT infrastructure with project FALCON. The project aims to fully automate the production process, which will reduce the maintenance cost for existing products and improve the performance of the development team. Visitors to the website will see changes and improvements in 2021.

Based on the expectations for the individual segments, Management predicts an increase in total revenues in 2021 to a range of 23.5 million USD to 24.5 million USD (21.4 million EUR to 22.3 million EUR at an estimated exchange rate of 1.10 EUR/USD). Management expects the income from operations between 0,1 million USD to -0.8 million USD (0,1 million EUR to -0.8 million EUR). The 2020 financial year has made clear how differently the individual segments react to the general economic market environment. Despite the strong development of online auctions and site visitor numbers, a much more positive revenue development is considered possible, but cannot be guaranteed for the time being. The income is influenced by investing heavily in order to take opportunities in the current market environment and to expand market share.

Cash and cash equivalents will decrease compared as compared to December 31, 2020, due to continuous investment in product development.

2020 marked an inflection point for digitalization, for online transactions and services. Management believes that Artnet will be leading this development in the art market for years to come.

Berlin, March 31, 2021

Jacob Pabst
CEO, Artnet AG

Consolidated Financial Statements as of December 31, 2020

artnet AG Consolidated Balance Sheet

As of December 31, 2020

	Notes No.	12/31/2020 USD	12/31/2019 USD	12/31/2020 EUR	12/31/2019 EUR
Assets					
Current Assets					
Cash and Cash Equivalents	3	1,796,307	539,319	1,469,020	480,371
Trade Receivables	4	1,904,630	2,506,307	1,557,606	2,232,368
Other Current Assets	5	732,490	970,604	599,030	864,517
Total Current Assets		**4,433,427**	**4,016,230**	**3,625,656**	**3,577,256**
Non-Current Assets					
Property, Plant, and Equipment	6	2,711,222	3,887,758	2,217,237	3,462,826
Intangible Assets	7	4,154,468	3,514,797	3,397,524	3,130,630
Other Non-Current Assets	5	424,544	423,116	347,192	376,869
Deferred Tax Assets	8	1,578,542	1,417,544	1,290,932	1,262,606
Total Non-Current Assets		**8,868,776**	**9,243,215**	**7,252,885**	**8,232,931**
Total Assets		**13,302,203**	**13,259,445**	**10,878,541**	**11,810,187**
Equity and Liabilities					
Current Liabilities					
Accounts Payable	9	730,054	1,034,505	597,038	921,434
Accrued Expenses and Other Liabilities	10	1,508,528	1,454,317	1,233,674	1,295,360
Provisions	11	–	1,117,054	–	994,960
Short-Term Liabilities from Finance Leases	12	1,633,221	1,180,467	1,335,648	1,051,442
Contract Liabilities	14	2,090,389	2,150,531	1,709,520	1,915,478
Total Current Liabilities		**5,962,192**	**6,936,874**	**4,875,880**	**6,178,674**
Long-Term Liabilities					
Office Rent Amortization	13	–	–	–	–
Long-Term Liabilities from Finance Leases	12	1,443,619	2,536,257	1,180,592	2,259,044
Loans	13	–	200,000	–	178,140
Total Long-Term Liabilities		**1,443,619**	**2,736,257**	**1,180,592**	**2,437,184**
Total Liabilities		**7,405,811**	**9,673,131**	**6,056,472**	**8,615,858**
Shareholders' Equity					
Common Stock	15	6,032,262	5,941,512	5,706,067	5,631,067
Treasury Stock	15	(269,241)	(269,241)	(264,425)	(264,425)
Additional Paid-In Capital		52,547,769	52,423,972	51,118,251	51,015,723
Accumulated Deficit		(55,145,288)	(55,144,569)	(53,736,962)	(53,736,321)
Current Net Profit		2,193,239	(719)	1,924,023	(641)
Foreign Currency Translation		537,651	635,359	75,115	548,926
Total Shareholders' Equity		**5,896,392**	**3,586,314**	**4,822,069**	**3,194,329**
Total Liabilities and Shareholders' Equity		**13,302,203**	**13,259,445**	**10,878,541**	**11,810,187**

artnet AG Consolidated Income Statement

For the Fiscal Year from January 1 to December 31, 2020

	Notes No.	2020 USD	2019 USD	2020 EUR	2019 EUR
Revenue					
Gallery Network		4,839,133	4,998,033	4,245,139	4,464,559
Price Database		7,397,139	7,633,065	6,489,154	6,818,337
Advertising		4,482,082	5,377,404	3,931,915	4,803,438
Artnet Auctions		4,875,413	3,869,127	4,276,965	3,456,149
Total Revenue	**24**	**21,593,767**	**21,877,629**	**18,943,173**	**19,542,483**
Cost of Sales		8,221,714	7,793,995	7,212,514	6,962,090
Gross Profit		**13,372,053**	**14,083,634**	**11,730,659**	**12,580,393**
Operating Expenses					
Selling and Marketing		6,200,002	7,084,317	5,438,964	6,328,160
General and Administrative		4,466,701	4,880,895	3,918,422	4,359,924
Product Development		2,488,546	1,921,371	2,183,082	1,716,290
Total Operating Expenses		**13,155,249**	**13,886,583**	**11,540,468**	**12,404,374**
Operating Income		**216,804**	**197,051**	**190,191**	**176,019**
Interest Expenses	22	113,043	121,703	99,167	108,713
Other Income/(Expenses)	22	1,945,015	(70,731)	1,706,268	(63,181)
Earnings Before Taxes		**2,048,776**	**4,617**	**1,797,292**	**4,125**
Income Taxes	8	(16,535)	(5,336)	(14,505)	(4,766)
Deferred Tax Benefit/(Expense)		160,998	–	141,236	–
Net Profit		**2,193,239**	**(719)**	**1,924,023**	**(641)**
Other Comprehensive Income					
OCI Recycled: Differences from Foreign Currency Translation		(97,708)	23,251	(473,811)	84,144
Total Comprehensive Income		**2,095,531**	**22,532**	**1,450,212**	**83,503**
Result per Share					
Basic and Diluted	21	0.39	0.00	0.35	0.00

artnet AG **Consolidated Statement of Changes in Shareholders Equity (USD)**
For the Fiscal Year from January 1 to December 31, 2020

	Common Stock						
	Issued Shares	Amount	Treasury Stock	Additional Paid-In Capital	Accumulated Deficit	Foreign Currency Translation	Total
Balance as of 12/31/2018	**5,631,067**	**5,941,512**	**(269,241)**	**52,423,972**	**(55,337,341)**	**612,108**	**3,371,010**
Net Income/(Loss)	–	–	–	–	(719)	23,251	22,532
Right-of-use Asset	–	–	–	–	192,772	–	192,772
Balance as of 12/31/2019	**5,631,067**	**5,941,512**	**(269,241)**	**52,423,972**	**(55,145,288)**	**635,359**	**3,586,314**
Exercise of Share Options	75,000	90,750	–	123,797	–	–	214,547
Net Income/(Loss)	–	–	–	–	2,193,239	(97,708)	2,095,531
Balance as of 12/31/2020	**5,706,067**	**6,032,262**	**(269,241)**	**52,547,769**	**(52,952,049)**	**537,651**	**5,896,392**

artnet AG **Consolidated Statement of Changes in Shareholders Equity (EUR)**
For the Fiscal Year from January 1 to December 31, 2020

	Common Stock						
	Issued Shares	Amount	Treasury Stock	Additional Paid-In Capital	Accumulated Deficit	Foreign Currency Translation	Total
Balance as of 12/31/2018	**5,631,067**	**5,631,067**	**(264,425)**	**51,015,723**	**(53,904,592)**	**464,782**	**2,942,555**
Net Income/(Loss)	–	–	–	–	(641)	84,144	83,503
Right-of-use Asset	–	–	–	–	168,271	–	168,271
Balance as of 12/31/2019	**5,631,067**	**5,631,067**	**(264,425)**	**51,015,723**	**(53,736,962)**	**548,926**	**3,194,329**
Exercise of Share Options	75,000	75,000	–	102,528	–	–	177,528
Net Income/(Loss)	–	–	–	–	1,924,023	(473,811)	1,450,212
Balance as of 12/31/2020	**5,706,067**	**5,706,067**	**(264,425)**	**51,118,251**	**(51,812,939)**	**75,115**	**4,822,069**

artnet AG **Consolidated Statement of Cash Flows**

For the Fiscal Year/Period from January 1 to December 31, 2020

	Notes No.	2020 USD	2019 USD	2020 EUR	2019 EUR
Cash Flow from Operating Activities					
Net Profit		**2,193,239**	**(719)**	**1,924,023**	**(641)**
Adjustments to Reconcile Net Profit to Net Cash Provided by Operating Activities					
Depreciation and Amortization	6,7,22	1,551,263	1,501,445	1,360,849	1,341,186
Impairments/Write-Offs for Receivables	4	398,860	561,678	326,188	500,287
Changes in Deferred Tax Assets	8	(160,998)	–	(141,236)	(25,232)
Other Non-Cash Transactions		(222,240)	35,537	(241,585)	50,928
Changes in Operating Assets and Liabilities					
Trade Receivables	4	202,817	(885,141)	165,864	(827,250)
Other Current Assets	5	238,114	(336,353)	194,730	(310,879)
Security Deposits	5	(1,428)	106,165	(1,168)	85,141
Accounts Payable	9	(304,451)	552,852	(248,980)	500,998
Provisions	11	(569,751)	–	(500,000)	–
Accrued Expenses and Tax Liabilities	10	(270,853)	28,983	(174,234)	51,186
Deferred Revenue	14	(60,142)	129,356	(49,184)	151,194
Interest Portion of Lease Liability		113,043	121,703	99,167	108,713
Total Adjustments		**914,234**	**1,816,225**	**790,410**	**1,626,272**
Cash Flow Provided by Operating Activities		**3,107,473**	**1,815,506**	**2,714,433**	**1,625,631**
Cash Flow from Investing Activities					
Purchase of Property and Equipment	6,12	(30,123)	(42,031)	(11,720)	(37,062)
Purchase and Development of Intangible Assets	7,12	(984,275)	(1,323,378)	(863,456)	(1,225,087)
Payment for Acquisition of Consolidated Companies		–	–	–	–
Cash Flow Used in Investing Activities		**(1,014,398)**	**(1,365,408)**	**(875,176)**	**(1,262,148)**
Cash Flow from Financing Activities					
Repayment of Finance Leases	12	(639,884)	(968,999)	(523,297)	(871,759)
Loan Repayment	13	(450,000)	–	(382,873)	–
Loans	13	250,000	200,000	219,313	178,140
Interest for Leases	22	(113,043)	(121,703)	(99,167)	(108,713)
Cash Flow Used in Financing Activities		**(738,380)**	**(890,702)**	**(608,496)**	**(802,332)**
Effects of Exchange Rate Changes on Cash		**(97,707)**	**23,251**	**(242,113)**	**84,144**
Changes in Cash and Cash Equivalents		**1,256,988**	**(417,335)**	**988,649**	**(354,705)**
Cash and Cash Equivalents—Start of Year	3	**539,318**	**956,670**	**480,371**	**835,076**
Cash and Cash Equivalents—End of Year	3	**1,796,307**	**539,318**	**1,469,020**	**480,371**
Supplemental Disclosures of Cash Flow					
Income Tax Receipts/(Payments)	8	266,319	(8,188)	233,629	(7,314)
Interest Payments	22	(113,043)	(123,703)	(99,167)	(108,713)
Interest Receipts	22	–	–	–	–

Notes to the Consolidated Financial Statements 2020

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1. Corporate Information and Statement of Compliance

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 Oranienstraße 164, 10969 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. holds 100% of the shares in London based Artnet UK Ltd. The former subsidiary Jay Art GmbH, Berlin, was liquidated and deleted from the commercial register on May 14, 2020. 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 an all-in-one 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.

Applying § 315e of the German Commercial Code (HGB), accompanying the consolidated financial statements as of December 31, 2020, financial statements for the parent and subsidiary companies were prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations of the International Accounting Standards Board (IASB) effective within the EU. The consolidated financial statements were authorized for issuance by the CEO on March 31, 2021.

2. Summary of Significant Accounting Policies

Basis of Accounting and Reporting Currency

Amounts included in the consolidated financial statements and notes to the consolidated financial statements are stated in euros (EUR) as required by German law, unless otherwise noted.

The reporting currency is the euro. Financial information presented in euros is rounded up to the next highest thousand (k EUR) unless stated otherwise. Due to rounding, amounts presented may not add up exactly.

The currency of the primary economic environment in which the Group operates is US dollars. For convenience, especially for our US-based investors, the consolidated statement of financial position, statement of comprehensive income, cash flow statement, and statement of changes in equity are also presented in US dollars.

The consolidated financial statements have been prepared on a historical cost basis.

The balance sheet date is December 31, 2020. The principal accounting policies adopted are set out below.

The consolidated financial statements as of December 31, 2020 have been prepared under the assumption that the Company will continue operations, as the Company assumes that the due payment obligations in 2021 can be fulfilled. The Group expects no significant risks resulting from the coronavirus crisis.

Basis of Consolidation and Consolidated Companies

The consolidated financial statements include the legal parent company, Artnet AG, its wholly owned subsidiary Artnet Corp., as well as its subsidiaries. A company determines whether it is a parent by assessing whether it controls one or more investees. Control over a company that leads to its inclusion in the consolidated financial statements is deemed to exist if Artnet is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. 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 contribution of the shares of Artnet Corp. made on February 23, 1999, was treated by Artnet AG in the consolidated financial statements in accordance with IFRS 3.B1 et seq. as a reverse acquisition by Artnet Corp. Therefore, the initial consolidation was carried out in such a way that Artnet AG—the legal acquirer of the subsidiary Artnet Corp.—was consolidated as a subsidiary since Artnet Corp. was technically considered the economic acquirer.

On November 1, 2007, Artnet Corp. established Artnet UK Ltd., which is a wholly owned subsidiary of Artnet Corp. Artnet UK Ltd. conducts sales and provides customer support for Artnet Corp. in the United Kingdom.

When preparing the consolidated financial statements, intragroup receivables, liabilities, and results were eliminated within the consolidation of debt, expense, and income items. The income and expenses resulting from intragroup transfers of assets are also eliminated. Accounting policies at subsidiaries are based on uniform group-wide standards.

Reporting Period

The consolidated financial statements were prepared for the reporting period from January 1, 2020 through December 31, 2020. The financial year for all Group companies coincides with the calendar year.

Accounting Principles of General Importance for Artnet

The explanations relevant to the accounting principles are given in the corresponding notes to the respective items in the financial statements. In the following section, only those accounting principles are presented that are of general importance for several balance sheet items.

Impairment

The Group reviews tangible and intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In addition, intangible assets with an indefinite useful life, as well as intangible assets not yet available for use, are subject to an annual impairment test. Recoverability of assets is measured by the comparison of the carrying amount of the asset to the recoverable amount. The recoverable amount is the higher amount of the asset's value in use and its fair value less costs of disposal. In the event that the asset does not generate cash flow independent of other assets, the impairment test is not performed at an individual asset level; instead, it is performed at the level of the cash-generating unit to which the asset belongs.

If the recoverable amount of the cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized as an expense as soon as it occurs. The asset's value in use, either at an independent level or at a cash-generating unit level, is basically measured by discounting the asset's estimated future cash flow. Alternatively, the value in use is also determined on the basis of expected lower cash outflow, which in turn is discounted.

If there is an indication that the reasons that caused the impairment loss no longer exist, the Group will assess the need to reverse all or a portion of the impairment, as long as it does not exceed the original carrying amount. In 2020 and 2019, no impairment or attribution of tangible or intangible assets has been recorded.

Foreign Currency Translation and Business Transactions

The currency of the primary economic environment in which the Group operates is US dollars, which is the operating currency for the subsidiary Artnet Corp. Transactions in currencies other than US dollars are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are 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 also translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. The accumulated gains and losses resulting from translation are recorded as a separate component of the Group's equity.

If the conditions of IAS 21.15 are met, intercompany loan receivables are classified as part of a net investment. Accordingly, exchange differences on the loan amount in euros will be recognized in the foreign currency adjustment item in equity at closing dates (including interim reports). The amount recognized in the foreign currency adjustments is reflected in the profit or loss of the Group, if and when the ownership interest is dissolved in full or partly.

Currency exchange rates significant to the Group, are the translation of US dollars to euros, and of US dollars to British pounds (GBP). The following exchange rates have been used for the currency translation in the years presented:

	USD to EUR		USD to GBP	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Current Rate Year End	0.8178	0.8907	0.7319	0.7537
Average Rate for the Year	0.8773	0.8933	0.7799	0.7837

New and Amended Standards and Interpretations for the Fiscal Year

The following new or amended standards and interpretations, for which the application was mandatory in the 2020 fiscal year, did not have any material impact on the Company's consolidated financial statements.

New Features and Changes in Accounting

New Standards or Interpretations	Coming into Effect	Date of EU Endorsement
IFRS 16: Leases	1/1/2019	10/31/2017
IFRIC 23: Uncertainty over Income Tax Treatments	1/1/2019	10/23/2018
Amendments of Standards	**Coming into Effect**	**Date of EU Endorsement**
Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform	1/1/2020	1/15/2020
Amendments to IAS 1 and IAS 8: Definition of Material	1/1/2020	11/29/2019
Amendments to References to Conceptual Framework in IFRS Standards	1/1/2020	11/29/2019
Amendment to IFRS 3: Definition of a Business	1/1/2020	4/21/2020

Not Yet Applied New or Revised Standards and Interpretations

Future Features and Changes in Accounting

New Standards or Interpretations	Coming into Effect	Date of EU Endorsement (Anticipated)
IFRS 17: Insurance Contracts	1/1/2023	Open
Amendments of Standards	**Coming into Effect**	**Date of EU Endorsement (Anticipated)**
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform - Phase 2	1/1/2021	1/13/2021
Amendments of IFRS 4: Applying IFRS 9 with IFRS 4	1/1/2021	12/15/2020
Amendment to IFRS 16: COVID-19-Related Rent Concessions	6/1/2020	10/9/2020
Amendments to IFRS 3, IAS 16 and IAS 37 as well as Annual Improvements 2018-2020	1/1/2022	H2 2021
Amendments to IAS 1: Classification of Liabilities as Current or Non-current	1/1/2023	Open
Amendments to IAS 1 and IFRS Practice Statement: Disclosure of Accounting policies	1/1/2023	Open
Amendments to IAS 8: Definition of Accounting Estimates	1/1/2023	Open

The new and amended rules to be applied in the future are assumed to have no or only minor relevance to the accounting and reporting of the Group.

3. Cash and Cash Equivalents and Explanation of Consolidated Statement of Cash Flow

Cash and cash equivalents are comprised of cash and bank balances. Cash and bank balances are stated at fair value. The Company considers all highly liquid investments with less than three-month maturity from the date of acquisition to be cash equivalents.

Based on cash transactions, the Group's cash flow statement represents the change in liquid assets in the reporting period. According to IAS 7, cash flow is reported separately by the origin and use of operating activities, investing, and financing activities.

Cash flow from operating activities is derived indirectly, based on the Group's net income. In contrast, cash flow from investing and financing activities is calculated directly from inflows and outflows.

Acquisition of tangible and intangible assets or right-of-use assets under leases is eliminated from the cash flow statement, as these investments are non-cash expenses. Subsequent repayments or interest payments of lease liabilities are represented as cash flow from financing activities.

The change in cash and cash equivalents in the Group results from the development of the individual cash flow after taking exchange rate related effects into account. Cash and cash equivalents as presented in the cash flow statement include all cash and cash equivalents recognized in the balance sheet.

4. Accounts Receivable

Accounts receivable are non-derivative financial assets with fixed or determinable payments that are not listed in an active market. Accounts receivable, with possible discounts, are recorded at the invoiced amount and do not bear interest. They include credit card transactions which have already been settled, but for which no payment has been received. All accounts receivables are in conjunction with the service provided. The accounts receivable balance is presented net of allowance for doubtful accounts.

Accounts receivable consist of the following:

	12/31/2020 k EUR	12/31/2019 k EUR
Gross Accounts Receivable	1,758	2,189
Gross Contract Assets	417	760
Subtotal	2,176	2,949
Less: Allowance for Value Adjustment Accounts Receivable	(619)	(717)
Receivables After Impairment	**1,558**	**2,232**

Allowance for value adjustment were exclusively recorded as of December 31, 2020, and December 31, 2019, respectively, for accounts receivable, as well as contract assets. Accordingly, only the simplified approach for accounts receivable is presented below. Default in accordance with IFRS 9 occurs when accounts receivable is more than 30 days past due. For other financial assets, in particular for cash and cash equivalents, it was not necessary to recognize loss allowances.

The credit risk is managed at a portfolio level. Artnet attempts to reduce the credit risk by requesting and receiving payments in conjunction of performing a service. In the case of major new customers, creditworthiness is first analyzed on an individual basis before business relationships are entered. In addition, the loss of receivables is to be minimized through continuous contact between the Client Service, Sales Department and the customers.

There is no concentration of credit risk with respect to accounts receivable, as the Group has a diversified and international customer base. The accounts receivable balance consists of various receivables from customers located globally. The carrying amount of accounts receivable is equal to their fair value.

Receivables by maturity and expect credit loss:

	Loss Rate	Nominal Value k EUR	Valuation Allowance k EUR	12/31/2020 k EUR	12/31/2019 k EUR
Overdue But Not Impaired Receivables					
Between 0 and 60 Days	0%	1,161	0	1,161	1,795
Carrying Amounts of Impaired Receivables					
Overdue Between 61 and 90 Days	10%	199	39	159	84
Overdue Between 91 and 180 Days	25%	114	26	88	224
Overdue More than 90 Days	90%	702	553	149	129
Total Overdue and Impaired Receivables		1,015	619	396	437
Receivables After Impairment		**2,176**	**619**	**1,558**	**2,232**

The allowance for doubtful accounts involves significant Management judgment, and the review of individual receivables based on individual customer credit worthiness, current economic trends, and the analysis of historical bad debts on a portfolio basis. Actual results could differ from those estimates.

Artnet uses a provision matrix to determine expected credit losses. The loss rates were derived from migration probabilities, for which historical data was used. The migration probabilities give the probabilities with which a receivable progresses through successive stages in the payment delay. This analysis is performed annually and the value adjustment matrix will be adjusted if deemed necessary. Future-related data are taken into account, in particular, in the form of the general economic outlook in the countries from which most customers originate. On the other hand, additional value adjustments are made on receivables in the Auctions segment, which are derived from historical data.

The allowance for doubtful accounts is the Group's best estimate of the amount of expected credit losses in the Group's existing accounts receivable. Accounts receivable and contract assets that are less than 60 days overdue are not counted in the allowance of bad debt calculations. Accounts receivable that are more than 60 days overdue are grouped into 3 groups, based on the age of the individual receivable, with allowances between 10% and 90% of the nominal value. The Group does not hold any collateral for accounts receivable balances.

Allowance for doubtful accounts developed as follows:

	12/31/2020 k EUR	12/31/2019 k EUR
Balance at the Beginning of the Fiscal Year	717	455
Bad Debt Expenses for the Year	469	627
Write-Off of Bad Debts	(477)	(373)
Currency Exchange Differences	(90)	7
Balance at the End of the Fiscal Year	**619**	**717**

5. Other Assets

Other Current Assets

Other current assets include both financial and non-financial assets and are measured at amortized cost. They are composed as follows:

	12/31/2020 k EUR	12/31/2019 k EUR
Deposits and Prepayments	327	342
US Income Tax receivables	4	259
Restricted cash balances	205	225
Tax claims in Germany and the United Kingdom	55	24
Other	**8**	**15**
Total	**599**	**865**

The claim for reimbursement of alternative minimum tax ("AMT") in the amount of 252k EUR from the previous year was recognized in the income statement. The restricted cash balances are mainly related to defined contribution retirement plans and health plans.

Other Non-Current Assets

Other non-current assets include deposit claims in connection with credit card statements and rental agreements of 347k EUR (2019: 377k EUR).

6. Tangible Assets

Tangible assets are recorded at historical cost minus accumulated depreciation. The Group depreciates its assets over their estimated useful life using the straight-line method. Computer equipment, furniture, fixtures, and office equipment are depreciated over an estimated useful life of three to seven years. Leasehold improvements are amortized over the lesser of the term of the related lease or its estimated useful life, which is up to 10 years.

Rights of use assets under leases are initially measured at cost, which is equivalent to the initial measurement of the lease liability, adjusted for payments made on or before the start of the lease term, plus any initial direct costs. The right-of-use assets is then depreciated on a straight-line basis from the date of commencement to the end of the lease term unless ownership of the underlying asset is transferred to Artnet at the end of the lease term or the cost of the right of use assets reflect the fact that Artnet will exercise a purchase option. In the balance sheet, the Group presents rights of use assets under tangible assets.

Maintenance expenses that neither enhance the value of an asset nor prolong the useful life are expensed as incurred.

Tangible assets in the 2020 and 2019 fiscal years developed as follows:

	Office Space (Right-of-use Asset) k EUR	Computer and Hardware k EUR	Operating and Office Equipment k EUR	Leasehold Improvement k EUR	Total k EUR
Acquisition Costs					
As of 12/31/2018	**–**	**512**	**499**	**376**	**1,387**
Exchange Differences	76	10	10	8	103
First-Time Adoption IFRS 16	3,713	–	–	–	3,713
Disposals	–	–	–	–	–
Additions	249	56	5	–	310
As of 12/31/2019	**4,038**	**578**	**513**	**383**	**5,513**
Exchange Differences	(310)	(45)	(41)	(31)	(427)
Disposals	–	–	–	–	–
Additions	–	12	–	–	12
As of 12/31/2020	**3,728**	**544**	**472**	**352**	**5,097**

	Office Space (Right-of-use Asset) k EUR	Computer and Hardware k EUR	Operating and Office Equipment k EUR	Leasehold Improvement k EUR	Total k EUR
Depreciation					
As of 12/31/2018	**–**	**301**	**463**	**251**	**1,015**
Exchange Differences	(2)	5	9	5	17
Disposals	–	–	–	–	–
Deprecation for the Period	865	86	29	38	1,019
As of 12/31/2019	**863**	**393**	**501**	**294**	**2,050**
Exchange Differences	(126)	(36)	(40)	(27)	(229)
Disposals	–	–	–	–	–
Deprecation for the Period	935	83	3	38	1,059
As of 12/31/2020	**1,672**	**440**	**463**	**305**	**2,879**
Carrying Amount					
As of 12/31/2019	**3,176**	**185**	**13**	**89**	**3,463**
Includes: Finance Leases	3,176	85	–	–	3,261
As of 12/31/2019	**2,057**	**103**	**9**	**47**	**2,217**
Includes: Finance Leases	2,057	54	–	–	2,111

The depreciation expense of tangible assets is included in the cost of sales. As far as the rights to use offices are concerned, the depreciation is included in the General Administrative expenses.

As of December 31, 2020, the Group had no significant contractual obligations for the acquisition of intangible assets.

7. Intangible Assets

Intangible assets comprise acquired and internally developed software and website development costs. Intangible assets are recorded at historical costs and amortized on a straight-line basis over their estimated useful life of three to 10 years. All intangible assets have a limited useful life.

Expenses incurred during the research, planning, and post-processing phases of website development and ongoing maintenance are expensed immediately. Costs incurred in the development phase are capitalized if:

- The product or process is technically and commercially feasible
- There is a market for the outcome of the development
- The attributable expenditure can be reliably measured
- The Group has sufficient resources to complete development

The criterion of marketability for website development costs is specified by capitalizing only expenses for the development of new products and for significant enhancements and improvements to the website that are expected to lead directly to future revenue. Capitalized software development costs generate future economic benefits also in the form of cost savings.

In 2020, 863k EUR (2019: 1,148k EUR) of the total development was capitalized. The main development project includes the process of upgrading the technology infrastructure and internal tools. The process of upgrading our technology infrastructure, the project FALCON, will improve quality assurance and efficiency for the whole company.

Artnet began to completely rebuild its IT-infrastructure with FALCON in 2018. Artnet strives for the complete automation of its production process to reduce maintenance costs for existing products and improve the performance of the Development Team.

FALCON has already yielded results: Quality control has become more automated, thereby cutting the time for testing and leading to increased product quality.

The Front-End Content System, which is part of FALCON, has been mostly completed in 2020. Another milestone was the migration of applications and IT-systems that run the Artnet website and the offices to the Google Cloud. As a result, the systems have become more secure, resilient and stable as Artnet can now automatically add virtual server capacity as needed to compensate for fluctuations in computing demand.

In 2020, Artnet developers also focused on the middle tier of the FALCON project – building the IT-infrastructure for more complex issues like authentication (the log-in process), subscriptions and billings. The final part of the project will focus on the so-called back-end, which includes data storage for Price Database and Auctions. Management expects the project FALCON to be mostly completed in 2022, with the exception of smaller projects.

With FALCON, Artnet wants to ensure that it has the right technology foundation to successfully compete and grow in a rapidly changing business environment. Artnet, like a lot of other older tech businesses, build proprietary software systems. In the course of the usual technology maturation process this software is becoming outdated and needs to be replaced.

Artnet is also moving to a modern manufacturing process with FALCON, becoming a software factory, as it were. This will allow Artnet to produce products similar to the way cars are built in a factory. There are many benefits to a factory approach. Increased consistency will lower the cost of training and maintenance. Reusable code components lower the risk of design flaws and defects, thereby ensuring quality. The streamlining and automating of product development increases productivity and reduces personnel costs as well. Also, Artnet will be able to buy specialized software from external vendors much less expensively than developing it in-house.

The recoverable amount of the development costs is subjected to an impairment test at least once a year, provided that the asset has not been used yet or if there are any indications of impairment over the year. With regard to FALCON, the first criterion was relevant. Therefore, although this is not mandatory, Artnet performs an annual impairment test on the entire carrying amount of FALCON.

The asset's value in use at an independent level is measured by discounting the asset's expected cost savings, following the excess profit method calculation. As the recoverable amount calculated is significantly higher than the book value, no impairment loss was recognized on intangible assets.

The amortization expenses for intangible assets are included in the cost of sales. Research costs and ongoing maintenance in the amount of 2,183k EUR (2019: 1,716k EUR) were recorded as a development expense in the period in which they were granted.

Intangible assets in the 2020 and 2019 fiscal years developed as follows:

	Development Costs k EUR	Software k EUR	Total k EUR
Acquisition Costs			
As of 12/31/2018	**4,645**	**200**	**4,845**
Exchange Differences	95	4	98
Disposals	–	–	–
Additions	1,148	31	1,179
As of 12/31/2019	**5,888**	**235**	**6,123**
Exchange Differences	(540)	(19)	(560)
Disposals	–	–	–
Additions	863	–	863
As of 12/31/2020	**6,211**	**216**	**6,427**
Amortization			
As of 12/31/2018	**2,445**	**172**	**2,617**
Exchange Differences	49	3	52
Disposals	–	–	–
Additions	305	17	322
As of 12/31/2019	**2,800**	**193**	**2,993**
Exchange Differences	(248)	(17)	(265)
Disposals	–	–	–
Additions	281	21	302
As of 12/31/2020	**2,832**	**197**	**3,029**
Carrying Amount			
As of 12/31/2019	**3,088**	**43**	**3,131**
Includes: Finance Leases	–	23	23
As of 12/31/2020	**3,379**	**19**	**3,398**
Includes: Finance Leases	–	13	13

As of December 31, 2020, the Group did not have any material contractual obligations for the acquisition of intangible assets.

8. Taxes and Deferred Taxes

The current tax expense is determined on the basis of the taxable income of each of the Group's companies for the fiscal year. The taxable income is adjusted for items that are non-taxable or tax deductible. The current tax expense is calculated based on the applicable tax rates on the balance sheet date.

Income tax expense/benefit consists of the following:

	2020 k EUR	2019 k EUR
Current Income Taxes		
Income Tax Payments in France and Great Britain	(5)	–
US Corporate Tax (Federal, State) and Income Tax Expenses of Other Consolidated Companies	(10)	(5)
Tax Returns from Previous Years	–	–
Total Current Income Taxes	(15)	(5)
Deferred Tax		
Change in Deferred Tax Assets Based on Loss Carryforwards	(218)	(368)
Temporary Differences	247	393
Exchange Rate Differences	112	(25)
Total Deferred Taxes	141	–
Total Income Taxes	**126**	**(5)**

Tax refunds from the previous year relate to the right to reimbursement of the AMT paid in previous years. For further details, see section "5. Other Assets."

Deferred Tax Asset

Deferred taxes are recognized under the asset and liability method in respect to deductible temporary differences between the financial statement carrying amounts of assets and liabilities, and their respective tax bases, as long as they can be used in the future. Deferred tax liabilities are recognized for all taxable temporary differences.

Deferred tax assets and liabilities are measured using enacted or substantially enacted statutory tax rates for the time in which the differences are expected to reverse.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities, and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority, on either the same taxable business or different taxable businesses where there is an intention to offset the balances on a net basis.

As of the 2020 balance sheet date, Artnet Corp. has a total of 1.0 million EUR (1.2 million USD) in federal carried-forward tax losses and 19.4 million EUR (23.7 million USD) in carried-forward state tax losses from the state of New York available to offset future profits. As of December 31, 2019, the carry forward tax losses for Federal tax was 5.0 million EUR (5.6 million USD) and 23.1 million EUR (25.9 million USD) for the State of New York which are applicable towards future profits. In the 2020 fiscal year, the carried-forward tax losses were utilized by achieving a taxable profit in the amount of 4.4 million USD and 2.2 million USD, respectively (2019: 7.7 million USD and 2.4 million USD, respectively). For the actual carried-forward tax losses and the deductible temporary differences of Artnet Corp., deferred tax assets of 1,291K EUR (2019: 1,263k EUR) were recognized in the consolidated balance sheet. In 2020, the increase in deferred tax assets by 161k USD was mainly due to the additional deductible temporary differences that will lead to higher tax amortization in the future. Tax accounting was adjusted since 2017 - in particular, higher capitalization of costs for the development projects - in order to be able to fully use the existing loss carryforwards before they expire. This accounting change has led to new deductible temporary differences. On a EUR basis, deferred tax assets have increased only by 28k EUR due exchange rates differences.

Following the adjustment of the apportionment to measure deferred taxes, the tax rate has been increased from 23.0% to 27.76%, which is the average corporate tax rate for Artnet Corp. The recognition of deferred tax assets on carried-forward tax losses and on temporarily difference from tax capitalization and amortization is based on a three-year plan. The federal carried-forward tax losses of Artnet Corp. can be used over a period of 20 years and expire in 2021 in the amount of 52k EUR (63k USD), and in 2022 in the amount of 158k EUR (193k USD). The State of New York carried-forward tax losses expire only from the year 2035.

Artnet AG has additional carried-forward tax losses available to offset corporation and commercial tax in the amount of 38.2 million EUR (2019: 37.6 million EUR). In the current organizational structure of the Group, these tax loss carryforwards cannot be used under the German tax law.

In total, current active and passive deferred taxes relate to temporary differences of the following balance sheet items and carried-forward tax losses of Artnet Corp.:

	Deferred Tax Assets 12/31/2020 k EUR	Deferred Tax Assets 12/31/2019 k EUR
Deferred Tax Assets	278	496
Fixed Assets	370	495
Accounts Receivable	643	271
Total	**1,291**	**1,263**

Tax Rate Reconciliation

The following table reconciles the expected income tax expense and/or benefit to the actual income tax expense presented in the financial statements.

The tax rate of 27.76% (2019: 23%) is the average income tax rate of Artnet Corp., because Artnet Corp. is the main operating entity that generates the taxable income of the Group.

	2020 k EUR	2019 k EUR
Earnings Before Tax from Continued Operations	1,797	4
Expected Income Tax Expense/(Benefit)–Tax Rate 23%	499	1
Non-Taxable Income	407	–
Non-Deductible Expenses and Other Effects	(41)	(90)
Effect of Tax Rate Adjustments in the US	257	(74)
Reduction in Current Tax Expense Due to the Use of Tax Loss Carryforwards in the US	180	333
Non-Recognition of Deferred Tax Assets on Temporary Differences and Tax Loss Carryforwards in Germany and the US	(178)	(172)
Income Tax Expense / Tax Income as Per Statement of Comprehensive Income	127	(5)

9. Accounts Payable

Accounts payable are non-derivative financial liabilities with fixed or determinable payments that are not quoted in an active market and are measured at amortized cost. Trade accounts payable generally comprise outstanding trade payable and current costs. The average payment term for liabilities is 30 days. The carrying amount of trade accounts payable corresponds to their fair value.

10. Accruals and Other Liabilities

Accrued liabilities and other liabilities developed as follows in the financial years presented:

	12/31/2020 k EUR	12/31/2019 k EUR
Outstanding Invoices	695	478
Bonus Payments	176	449
401(k) Payments (Retirement Provisions in the US)	125	135
Remaining Vacation Days	43	24
Taxes and Social Security	130	122
Other	65	87
Total	**1,234**	**1,295**

11. Provisions

Provisions are recognized when the Group has a present obligation from a past event, when it is probable that the fulfillment of this obligation is accompanied by the outflow of resources, and when a reliable estimate of the amount can be made.

12. Liabilities from Finance Leases

Liabilities from leasing comprise all obligations from leasing agreements in accordance with IFRS 16. In addition to leasing agreements for operating and office equipment, rental agreements for office space are shown in particular.

Lease liabilities are measured at the present value of the lease payments not yet made at the date of commencement of the lease term, discounted at the Group's incremental borrowing rate (currently estimated to be at 3%). The lease payments included in the valuation of the lease liabilities comprise the fixed payments. The term of the leases corresponds to the non-cancellable minimum terms.

The Group made use of the relief of short-term leases (term of less than 12 months) and low value assets and recognized the lease payments as expenses over the term of the respective lease agreement.

Lease liabilities are measured at amortized cost using the effective interest method. It was not necessary to revalue the leasing liabilities due to index or interest rate changes or changes in estimates. The contracts do not contain any purchase or extension options.

The lease liabilities developed in 2020 and 2019 as follows:

	2020 k EUR	2019 k EUR
Opening Balance	3,310	110
Effect of first-time adoption of IFRS 16 (only in 2019)	–	3,714
Additions	–	272
Payments	(660)	(872)
Interest	85	109
Exchange rate differences	(219)	(22)
Total	**2,516**	**3,310**

In the 2020 financial year, expenses amounting to 27k EUR for short-term leases were recognized directly as general and administrative expenses.

The reconciliation from minimum lease payments to present value is as follows:

12/31/2020	Total k EUR	< 1 year k EUR	> 1–3 years k EUR
Present Value of Minimum Lease Payments	2,516	1,336	1,181
Interest Portion	77	52	26
Minimum Lease Payments	**2,593**	**1,387**	**1,206**

12/31/2019	Total k EUR	< 1 year k EUR	> 1–3 years k EUR
Present Value of Minimum Lease Payments	3,310	1,051	2,259
Interest Portion	170	86	84
Minimum Lease Payments	**3,480**	**1,137**	**2,343**

13. Other Liabilities — Long Term

On December 16, 2019, the Company was granted a loan in the amount of 200k USD. Another loan of 250k USD was taken on January 6, 2020 as a result of unusually late payments by clients to prevent possible further delays and to ensure financial stability. The full amount of the two loans (450k USD) was repaid ahead of schedule in July as cash flow improved significantly. Currently, Artnet has no long-term liabilities at the balance sheet date.

14. Contract Liabilities and Revenue Recognition

In accordance with IFRS 15 revenue is recognized when Artnet transfers control of a good or a service.

With the exception of the Galleries segment, all contracts include mostly one performance obligation. The allocation of the transaction price is based on these performance obligations.

For Gallery Network memberships and Auction House Partnerships, revenue is recognized when the Group meets its performance obligation and the respective member site is created, and thus is available on the Group's website. Revenue is recognized at the beginning of each performance or billing period and will be deferred on a monthly basis. Revenue from Price Database subscriptions are recorded by the same methodology. Revenue is realized in the period when the customer account is created. Revenue recognition of advertising contracts is based on the billing terms mentioned in the contract, with a distinction made between a fixed price and a performance-based model. Revenue from advertising contracts with a fixed price are recorded similarly to the revenue from gallery memberships and subscriptions to the Price Database: for the period in which banners appear on the website or in newsletters. Revenue recognition for performance-based advertising contracts will be recognized after the agreed performance indicators were evaluated and coordinated with the relevant customer. For Artnet Auctions, buyer and seller commissions are realized at the moment when the Group has arranged the corresponding business successfully.

Therefore, revenue from gallery memberships, Price Database, advertising, and Auction House Partnerships is mainly recognized when transferred over time, whereas revenue from online auctions is recognized at a point in time. Artnet acts as an agent for online auctions, and therefore, only recognizes the commission income. In contrast, the sale price of on artwork is not realized.

Revenue is measured at the fair value of the received, or to be received, minus any discounts, VAT, and other sales tax. The transaction price is allocated to the identified performance obligations for which the duration of the underlying contracts is mainly less than one year. As the transaction price is allocated based on the underlying contract, no further judgments are necessary.

As all contracts have a duration of one year or less, no performance obligations included in the financial statement of 2020 were satisfied in previous periods.

The outstanding performance obligations relate to the Price Database (1,333k EUR; 2019: 1,443k EUR), Galleries (300k EUR; 2019: 370k EUR), and Advertising (76k EUR; 2019: 102k EUR).

Customers make advanced payments for certain service contracts with the Group. These prepaid amounts are realized as revenue only when the Group provides the agreed service. The Group records these amounts as contract liabilities as of December 31, 2020, amounting to 1,709k EUR, as compared to 1,915k EUR in the previous year. The contracted liabilities as of December 31, 2019, were completely recognized as revenue in 2020. The recognized contract liabilities are not subject to any accounting estimates as they are based on the outstanding performance obligation.

The contract assets included under the accounts receivable amount to 417k EUR (2019: 760k EUR).

15. Equity

	2020	2019
Authorized No-Par Value Shares (accounting par value 1.00 EUR per share)	5,706,067	5,631,067
Issued and Fully-Paid No-Par Value Shares (accounting par value 1.00 EUR per share)	5,627,986	5,552,986
Treasury No-Par Value Shares	78,081	78,081

All Artnet AG shares are registered shares.

Authorized Capital

Currently, Artnet has no Authorized Capital.

Conditional Capital

As per resolution of the Shareholder's Meeting on July 15, 2009, the common stock was conditionally increased by 560k EUR by issuing up to 560,000 new no-par value shares (Conditional Capital 2009/I) to the Company's Executive Board, members of the management of affiliated companies, as well as to employees of Artnet AG or its subsidiaries. The Conditional Capital 2009/I expired in 2014. In 2020, 75,000 shares were issued from the stock option program (Conditional Capital 2009/I).

In 2009, 2010, and 2014, 398,907 stock options were granted to the Management and employees of the subsidiary Artnet Corp. from the 2009 stock option program. With the exception of the 75,000 stock options granted in 2014. 193,907 shares options granted in 2009 could not be executed until the date of expiration in 2019 and expired. In 2020, 130,000 stock options granted in 2010 expired, and 75,000 stock options were executed. There are no remaining stock options.

Treasury Shares

As of December 31, 2020, Artnet AG held 78,081 of its own shares, as in the previous year, representing 1.4% of common stock. The Group's equity will be reduced by the acquisition costs of Artnet AG's treasury stock.

Foreign Currency Adjustment Items

On consolidation, the Group's assets and liabilities are translated at the closing rate. Income and expense items are translated at the average exchange rate for the financial year. Since the initial consolidation, exchange differences arising from translating assets and liabilities at the closing rate of the financial year and translating income and expense items at the average exchange rate of the financial year are recognized directly in equity as the separate item "Foreign Currency Translation."

The foreign currency translation adjustment item also includes the translation difference resulting from exchange rate changes on intercompany loan receivables that qualify as part of a net investment. For an explanation of these exchange rate differences, please refer to Note 17 of the notes to the consolidated financial statements under foreign currency risk.

16. Capital Management

The capital structure for the Group consists primarily of current liabilities from current business transactions, lease liabilities and equity. Equity is attributable to the shareholders of the parent company and consists mainly of common stock, additional paid-in capital, and the accumulated results of the

Group. The leasing liabilities arise in particular from the office rental agreements in New York and Berlin with terms until 2023 and 2022, respectively. Additionally, a loan of 1,667k USD was granted by the U.S Small Business Administration as part of the Paycheck Protection Program (PPP) in 2020. PPP loans are eligible for full forgiveness if certain conditions and requirements are met. Artnet's application for loan forgiveness is currently being reviewed by its lender. The Group believes that the conditions and requirements have been met.

Currently, almost all business activities are financed out of bank deposits and operating cash flow.

17. Financial Instruments and Risks Arising from Financial Instruments

Financial Risk Management

The financial risk management system comprises all organizational regulations and activities for the systematic, regular, and Group-wide implementation of those processes that are necessary for risk management. A person responsible is appointed for each type of risk. The Management Board is regularly informed about the overall risk situation of the Group, which in turn reports to the Supervisory Board. The financial risk system is part of the risk management system, which is documented in a risk manual.

Significant risks monitored and controlled by the Group's financial risk management system include credit risk, liquidity risk, currency risk, and interest rate risk.

Categories of Financial Instruments

The Group's financial assets are cash and cash equivalents, accounts receivable, and rent security deposits. These financial assets are classified under the category "Financial Assets measured at cost".

The Group's financial liabilities comprise accounts payable, lease liabilities, loan liabilities, and other liabilities. Financial liabilities are measured at amortized cost using the effective interest method.

Both the carrying amounts of financial assets and the carrying amounts of financial liabilities are a reasonable approximation of their fair value. No financial assets or financial liabilities were designated at fair value.

In the 2020 and 2019 fiscal years, the Group did not use any derivative financial instruments.

Net Results from Financial Assets and Liabilities

The following chart shows the net results arising from financial assets and liabilities:

	Net Results 2020 k EUR	Net Results 2019 k EUR
Loans and Receivables	(353)	(666)
Financial Liabilities	(105)	(115)
Total	**(458)**	**(781)**

The components of net results are gains or losses from exchange rate differences, bad debt expenses for doubtful accounts, write-offs and interest expense. Net income from financial liabilities includes interest expenses of 99k EUR (2019: 109k EUR).

Credit Risk

Credit risk refers to the risk that a counterparty defaults on its contractual obligations, resulting in a financial loss. The book value of the financial assets represents the Group's maximum exposure to credit risk.

The Group's credit risk is primarily attributable to its accounts receivables. Please refer to Note 4 for further information.

The Group has no significant concentration of default risk since the exposure is distributed over a large number of customers, including individuals and entities dealing within the fine art market. Nevertheless, the global economic downturn could negatively influence the solvency of the Group's customers, leading to an increase in the average credit period, or, at worst, leading to an increase in customer default. This would negatively affect the Group's earnings, as well as its financial position. The Group tries to counteract such risks by requiring upfront payments from customers whenever possible.

Liquidity and Interest Risk

Liquidity risk arises in the event that the Group could not meet financial obligations on their due date. Therefore, the aim is to provide sufficient liquidity to meet liabilities on time. To this end, the Group is reliant on generating a positive cash flow from operating activities. Liquidity risk is constantly revalued on a daily basis, using a deviation analysis of current and monthly cash equivalents as reported in the liquidity planning, which ensures a quick response to changes in the risk potential. Management expects a positive operating cash flow for the 2021 fiscal year. If revenue does not increase as expected, planned investments and project developments may be rescheduled, or their implementation may be extended.

There are no material interest rate risks in the Artnet Group. Other current liabilities and accrued expenses have a remaining term of less than one year.

The gross cash flow arising from financial liabilities, including anticipated interest payments, is shown in the following chart:

12/31/2020	Carrying Amount k EUR	Gross Cash Flow k EUR	Gross Cash Flow k EUR	Gross Cash Flow k EUR
		Total	< 1 Year	> 1 Year
Liabilities at Amortized Costs	1,292	1,292	1,292	–
Liabilities from Finance Leases	2,516	2,593	1,387	1,206

12/31/2019	Carrying Amount k EUR	Gross Cash Flow k EUR	Gross Cash Flow k EUR	Gross Cash Flow k EUR
		Total	< 1 Year	> 1 Year
Liabilities at Amortized Costs	1,408	1,408	1,408	–
Loan	178	199	11	188
Liabilities from Finance Leases	3,310	3,480	1,137	2,343

Provisions and accrued liabilities are not financial instruments and are therefore not mentioned in the above calculation of liquidity risk under IFRS 7.

Market and Foreign Currency Risks

Market risks are mainly relevant in the form of foreign currency exchange risks for the Group's companies, as most of the revenues are generated in US dollars, but a certain amount of costs must be paid in euros.

The Group controls these currency exchange risks by invoicing its European customers in euros and using these payments to fulfill its obligations in the foreign currency. This helps to reduce the exchange rate risk. Besides the US-dollar-to-euro exchange rate risk, the Group is also exposed to the US-dollar-to-British-pound exchange rate risk, but on a smaller scale. In addition, foreign currency risks exist for the Group from intercompany euro claims coming from financing the parent company of Artnet AG, which is located in a euro currency area, and the operating subsidiary Artnet Corp., which is located in the US-dollar-currency-area, and for euro bank stocks for Artnet Corp.

The carrying amounts of the Group's monetary assets and monetary liabilities, denominated in currencies other than the US dollar at the reporting date, are as follows:

Foreign Currency	Financial Assets		Financial Liabilities	
	12/31/2020 k EUR	12/31/2019 k EUR	12/31/2020 k EUR	12/31/2019 k EUR
EUR	758	385	32	106
GBP	705	294	2	35

Additionally, the intragroup receivables validating in euros from Artnet Corp. against Artnet AG amounted to 1,520k EUR as of December 31, 2020 (2019: 1,666k EUR). This bears a theoretical currency risk for Artnet Corp., which will not be realized. To minimize this currency risk, Artnet Corp. converted existing current intercompany receivables against Artnet AG in the amount of 1,500k EUR into a long-term intercompany loan. A settlement for this loan is neither planned nor likely to occur in the foreseeable future. Therefore, the intercompany loan qualifies as a net investment according to IAS 21.15. Accordingly, exchange differences from the loan denominated in euros will be recognized directly in equity, and will thus be accumulated in a separate component of equity until full or partial disposal of Artnet AG ownership interest in Artnet Corp.

In 2020, currency exchange effects in the amount of 132k EUR were recognized as a net investment directly in "Foreign Currency Translation," which increased the equity (2019: (31k) EUR). In total, the amounts recorded directly in equity are 43k EUR as of December 31, 2020 (December 31, 2019: (180k) EUR).

The following table details the Group's sensitivity to a 10% increase and decrease of the US dollar against the euro and the British pound. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the balance sheet date in accordance with a 10% change in foreign currency rates. Included in the chart is also the exchange rate risk, as mentioned above from the intragroup receivables.

A positive number below indicates an increase in profit and other equity.

Against USD	EUR 12/31/2020 k EUR	EUR 12/31/2019 k EUR	GBP 12/31/2020 k EUR	GBP 12/31/2019 k EUR
+10%				
Result	(68)	(41)	(46)	(12)
Equity	76	36	(12)	0
-10%				
Result	83	50	57	15
Equity	(93)	(44)	15	0

The value of the US dollar against the euro decreased by 8% from 0.8907 EUR on December 31, 2019 to 0.8178 EUR on December 31, 2020.

Interest Rate Risk

As of December 31, 2020, and 2019, there are no liabilities with a floating interest rate. Therefore, the Group is not exposed to an interest rate risk.

18. Share-Based Remuneration

Stock Option Plan

Artnet AG provided equity-settled share-based payments to Management and to certain employees of Artnet Corp. in 2009, 2010, and 2014. The equity-settled share-based payments were measured at fair value at the date of the grant. The fair value determined at the grant date, minus the fair value of any consideration received at the grant date, were expensed over the vesting period based on the estimated amount of shares that will eventually vest. The fair value of the equity-settled share-based payments was measured using the binomial model.

Conditional Capital 2009/I served as the basis for the stock option plan (Stock Option Plan 2009)—also resolved by the Shareholders' Meeting on July 15, 2009—and comprised of 560,000 shares of common stock with a nominal value of 1.00 EUR each.

In 2009, 2010, and 2014, stock options were granted to the Management and employees of the subsidiary Artnet Corp. from the 2009 stock option programs. In 2020, 130,000 stock options granted in 2010 expired, and 75,000 stock options were executed. As of December 31, 2020, no stock options were outstanding.

19. Personnel Expenses

The consolidated statement of comprehensive income includes personnel expenses for the fiscal years stated in the following expense categories:

Personnel Expenses by Expense Category	2020 k EUR	2019 k EUR
Cost of Sales	4,420	4,300
Sales and Marketing	4,789	4,977
General and Administrative Expenses	1,623	1,635
Product Development	1,653	1,001
Total Personnel Expenses	**12,485**	**11,913**

The total personnel costs in the 2020 and 2019 fiscal years include social security expenses of 1,451k EUR and 1,432k EUR, respectively, and 401(k) expenses of 161k EUR and 133k EUR, respectively.

On average, the Group employed 115 full-time employees in 2020, as compared to 125 in the previous year. Additionally, the Group employed two part-time employees in 2020, the same as in the previous year. In Sales and other departments, the Group had four freelancers, as compared to three in the previous year.

Taken into account part-time and freelance employees, Artnet employed a monthly average of 121 and 130, respectively, in 2020 and 2019. The employees are allocated to the following expense categories:

	2020	2019
Cost of Sales	53	60
Sales and Marketing	42	44
General and Administrative Expenses	11	12
Product Development	15	14
Total	**121**	**130**

20. Defined Contribution Plans

The subsidiary Artnet Corp. offers a retirement plan to all qualifying employees, which qualifies under the 401(k) section of the Internal Revenue Code of the United States. The assets of this plan are held separately from those of Artnet Corp. and are managed by a trustee. Participating employees may contribute up to 100% of their annual salary, but not more than statutory limits. Artnet Corp. has a discretionary matching contribution each year. In 2020 and 2019, the matching contributions were 124k EUR and 133k EUR, respectively.

21. Earnings per Share

Basic earnings per share are calculated by dividing net income by the weighted average number of outstanding common shares during the year.

Diluted earnings per share are calculated in the same manner as basic earnings per share, with the exception that the average number of outstanding shares increased with the addition of the potential number of shares from stock option conversions.

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

	2020 EUR	2019 EUR
Numerator (Earnings): Net income for the fiscal year	1,924	(641)
Denominator (Number of Shares): Weighted average number of ordinary shares used to calculate basic earnings per share (issued and fully paid ordinary shares)	5,559,338	5,552,986
Effect of potential dilutive shares from stock options	–	20,753
Weighted average number of ordinary shares used to calculate dilutive earnings per share	5,559,338	5,573,739

22. Other Disclosures on the Consolidated Statement of Comprehensive Income

Net Operating Income

The net operating income stated results after the deduction of the following operating expenses:

	2020 k EUR	2019 k EUR
Scheduled Amortization/Depreciation	1,361	1,341
Personnel Expenses	12,485	11,913

Scheduled depreciation and amortization are presented in the consolidated statement of comprehensive income as part of the cost of sales and related to the offices as part of General Administrative expenses. The breakdown of the amortization of intangible assets and tangible assets is listed in sections 6 and 7 of the consolidated notes.

Financial Results

The financial result includes mainly interest expenses for liabilities from leases in the amount of 85k EUR (2019: 109k EUR).

Other Income and Expenses

In 2020, the realized and unrealized currency exchange rate gains amounted to 129k EUR (2019: currency exchange rate gain of 50k EUR). Additionally, a loan of 1,462k EURO was included in the other income. The loan was granted by the U.S Small Business Administration as part of the Paycheck Protection Program (PPP) in 2020. PPP loans are eligible for full forgiveness if certain conditions and requirements are met. Artnet's application for loan forgiveness is currently being reviewed by its lender. In addition, a legal provision settled in June also increased the Other Income by 195k EUR.

23. Segment Reporting

The Group reports on the operating segments in the same way it reports this information internally to the Management and Supervisory boards.

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

- The Artnet Galleries segment, which presents artworks from member galleries and partner auction houses online
- The Artnet Price Database segment, comprising all database-related products, including the Price Database Fine Art and Design and the Price Database Decorative Art, as well as the products based thereupon, Market Alerts and Analytics Reports
- The Artnet Auctions segment, which provides a platform to buy and sell artworks online
- The Artnet News segment, which provides a 24-hour art

market newswire, informing users about the events, trends, and people shaping the global art market

The segment reporting is shown in multilevel Contribution Margin calculations. In the first stage, the difference of the generated revenues and the direct attributable variable costs is 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 the CM II (revenue minus direct and indirect variable costs), which is therefore presented below as the segment result. Indirect attributable expenses are allocated to the segments using the ratio of headcounts and revenue for each segment. The segment reporting is presented, similarly to the internal communication, in US dollars.

At the beginning of 2018, Management made a decision to change the allocation of direct sales costs.

An allocation of assets or liabilities for each segment is not provided to Management. Therefore, segment-related assets and liabilities are not presented in this report.

2020	Revenue k USD	Contribution Margin II k USD
Artnet Galleries	5,515	2,784
Artnet Price Database	7,597	4,242
Artnet Auctions	4,895	904
Artnet News	3,587	(716)
Total	**21,594**	**7,214**

2019	Revenue k USD	Contribution Margin II k USD
Artnet Galleries	5,926	3,038
Artnet Price Database	7,891	4,378
Artnet Auctions	3,916	271
Artnet News	4,145	(549)
Total	**21,878**	**7,138**

The reconciliation of the CM II to the operating income of the Group is presented in the following table:

Reconciliation of Segments Contribution Margin II to the Operating Income	2020 k USD	2019 k USD
Contribution Margin II	7,214	7,138
Fix Costs included in Sales Expenses Including Depreciation 486k USD (Previous Year: 533k USD)	2,577	2,474
Fix Costs included in General and Administrative Expenses including Depreciation 1,066k USD (2019: 968k USD)	3,867	3,909
Fix Costs included in Product Development Expenses	552	558
Operating Income	**217**	**197**

Advertising revenue will be allocated to the segments where banners have been placed. The following table reconciles the advertising revenue in the consolidated statement of comprehensive income to the revenue reported in the segment income statement:

2020	Revenue in Consolidated Income Statement k USD	Allocated Advertising Revenue k USD	Revenue by Segment k USD
Segments			
Artnet Galleries	4,839	676	5,515
Artnet Price Database	7,397	200	7,597
Artnet Auctions	4,875	20	4,895
Artnet News	–	3,587	3,587
Allocated Advertising Revenue	4,482	(4,482)	–
Total	**21,594**	**–**	**21,594**

2019	Revenue in Consolidated Income Statement k USD	Allocated Advertising Revenue k USD	Revenue by Segment k USD
Segments			
Artnet Galleries	4,998	928	5,926
Artnet Price Database	7,633	258	7,891
Artnet Auctions	3,869	47	3,916
Artnet News	–	4,145	4,145
Allocated Advertising Revenue	5,378	(5,378)	–
Total	**21,878**	**–**	**21,878**

While the allowances for doubtful receivables presented below affect the individual segment results as non-cash expenses, the allocation of scheduled depreciation and amortization to the individual segments is reported regularly to the Management Board:

2020 k USD	Scheduled Depreciation/ Amortization	Allowance for Bad Debts
Artnet Galleries	379	133
Artnet Price Database	413	109
Artnet Auctions	367	292
Artnet News	393	0
Total	**1,552**	**535**

2019 k USD	Scheduled Depreciation/ Amortization	Allowance for Bad Debts
Artnet Galleries	366	267
Artnet Price Database	396	235
Artnet Auctions	390	182
Artnet News	349	17
Total	**1,501**	**701**

24. Information by Geographic Region

The Group's operations are primarily located in the United States, represented by the subsidiary, Artnet Corp.

The following table provides an analysis of the Group's revenue by geographic market:

Revenue	2020 k EUR	2019 k EUR
US	11,030	11,465
Europe (excluding Germany)	4,367	4,804
Germany	1,370	1,355
Other	2,177	1,918
Total	**18,943**	**19,542**

Almost all of the Group's assets, including both tangible and intangible assets, are located in the United States. An exception is the right to use the office in Berlin.

As in the previous year, the Group's scheduled depreciation and amortization amounting to 1,403k EUR, is mainly allocated to assets in the United States (2019: 1,341k EUR).

25. Auditor's Fees

Auditor's fees for the audit of the statutory financial statements of the Company and the consolidated financial statements, amounted to 126k EUR in 2020, of which 42k EUR resulted from the previous year, In addition, the company recorded 14k EUR in 2020 and 9k EUR in 2019, for other services. All fee are recognized as expense in 2020 and 2019, respectively.

26. Related-Party Transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Management Board

Jacob Pabst is the CEO of Artnet AG and Artnet Corp.

In the 2020 and 2019 fiscal years, Jacob Pabst received the following remuneration from the Group:

	2020 k EUR	2019 k EUR
Fixed Salary	394	368
Value of Additional Payments (Health Insurance)	5	5
Fixed Remuneration Components	400	374
Bonus (Variable Compensation)	–	37
Total	**400**	**411**

Supervisory Board

In the 2020 fiscal year, the following people were Supervisory Board members:

- Dr. Pascal Decker, Berlin, Germany, Chairman, re-elected as member at shareholder meeting on December 15, 2020

  Chairman of the Supervisory Board of Aktiengesellschaft TOKUGAWA i.L.

- Hans Neuendorf, Berlin, Germany, Deputy Chairman, re-elected as a member at shareholder meeting on December 15, 2020
- Bettina Böhm, Berlin, Germany, re-elected as a member at shareholder meeting on May 15, 2019. Member until August 15, 2020 (resigned).
- Prof. Dr. Michaela Diener, Berlin, Germany, appointed by District Court Charlottenburg to replace Bettina Böhm on August 26, 2020. Elected as a member at shareholder meeting on December 15, 2020.

Remunerations in the following amounts were paid to the members of the Supervisory Board in the 2020 and 2019 fiscal years:

	2020 k EUR	2019 k EUR
Hans Neuendorf	45.1	50.0
Dr. Pascal Decker	35.3	37.5
Bettina Böhm	13.8	25.0
Prof. Dr. Michaela Diener	9.3	–
Total	**103.4**	**112.5**

To support the Company during the COVID-19 pandemic, the Supervisory Board had offered a reduction in fees of 20% between April 1, 2020, until August 15, 2020. The Company was able to save 8k EUR therefore.

The remuneration report outlines the principles used for determining the compensation of the Supervisory Board of Artnet AG. In addition, the report describes the policies and levels of compensation paid to Supervisory Board members.

Other Transactions with Related Parties

During the fiscal year, Galerie Neuendorf AG sold five items on the online auctions platform, Artnet Auctions. In accordance with the terms and conditions at the time of the auctions, no commission was charged for the sales, as the value of the artworks exceeded 15k USD. In 2019, Galerie Neuendorf AG sold one item on the online auction platform, Artnet Auctions. In accordance with the terms and conditions in 2019, no commission was charged for this sale, as the value of the artwork exceeded 15k USD.

For related parties of Mr. Neuendorf and related parties of Mr. Pabst (CEO), work or consulting services at standard market conditions totaling 294k EUR in 2020 and 321k EUR in 2019, respectively, were recognized as expenses.

In August 2019, a consulting agreement with Galerie Neuendorf AG was extended until August 31, 2021. In December 2020, this agreement was extended for two years until December 31, 2022. Mr. Neuendorf is the CEO of Galerie Neuendorf, and based on this agreement, Mr. Neuendorf shall provide ongoing strategic advice concerning further development and expansion of the Group. In 2020 and 2019, Mr. Neuendorf invoiced 314k EUR and 336k EUR, respectively.

27. Accounting Estimates and Judgments

The preparation of the Group's consolidated financial statements requires Management estimates and assumptions that affect reported amounts and related disclosures. All estimates and assumptions are made to the best of Management's knowledge in order to fairly present the Group's financial position and results of operations. Actual results and developments may deviate from current assumptions.

The following accounting policies are significantly impacted by Management's estimates and judgments:

Deferred Tax Assets

At each balance sheet date, the Group assesses whether the realization of future tax benefits is sufficiently probable to recognize deferred tax assets. This assessment requires the exercise of judgment on the part of Management with respect to benefits that could be realized from available tax strategies and future taxable income, as well as other positive and negative factors. The amount of deferred tax assets could be reduced if projected future taxable profits are lowered.

Capitalized Costs of Website Development

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 Management's best estimates, but actual results may differ from these projections.

Provisions

Based on reasonable estimates, provisions for possible legal issues will be recorded. Opinions from external experts such as lawyers or tax advisors will be considered for such evaluations. Any differences between the original estimate and the actual outcome in the respective period can have an impact on the net assets, financial position, and results of operations of the Group.

For current provisions, a cash outflow is anticipated for the 2020 fiscal year.

28. Significant Events After the Balance Sheet Date

There were no reportable events of significance after the balance sheet, as of December 31, 2020 to March 31, 2021, that could have a material impact on the Group's financial position or results of operations.

29. Notifications According to the Wertpapierhandelsgesetz (WpHG — German Securities Trading Act)

According to § 21 WpHG, shareholders are required to report when the level of their shareholdings exceed or fall below certain thresholds. The thresholds are 3%, 5%, 10%, 15%, 20%, 25%, 30%, 50%, and 75%. The voting right notifications received by the Company during the year under review, are available on Artnet's website at artnet.com/investor-relations/voting-rights-notifications.

Announcement Date:	**Person or entity subject to the notification obligation:** (Complete chain of subsidiaries starting with the top-ranking controlling person or the top-ranking controlling company):	+ = exceeding – = reduction	Threshold %	Date on which threshold was crossed or reached	Voting rights in % (Absolut)	Comments
2/19/2021	**Rüdiger K. Weng**	+	25	2/16/2021	25.80% (1,470,000)	
	Rüdiger K. Weng A+A GmbH				*5.26%*	
	Weng Fine Art AG				*20.33%*	
12/23/2020	**Andrew E. Wolff**	-	5	12/23/2020	4.66% (265,657)	
12/23/2020	**Andrea S. Schaeffer**	+	3, 5	12/23/2020	5.34% (304,922)	
	SSP Immobilien GmbH & Co. AG				*5.34%*	
9/30/2020	**Robert de Rothschild**	-	3	9/25/2020	1.78% (100,000)	
12/8/2020	**Oliver Flaskämper**	-	3	12/3/2020	0.00%	

Berlin, March 31, 2021

Jacob Pabst
CEO, Artnet AG

This is a translation of the original auditor's report in German. Solely the original text in German language is authoritative.

Independent Auditor's Report

To Artnet AG, Berlin

Report on the Audit of the Consolidated Financial Statements and of the Group Management Report

Audit Opinions

We have audited the consolidated financial statements of Artnet AG and its subsidiaries (the Group or Artnet), which comprise the consolidated statement of financial position as of December 31, 2020, and the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the financial year from January 1, 2020, to December 31, 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of Artnet AG for the financial year from January 1, 2020, to December 31, 2020. In accordance with the German legal requirements, we have not audited the content of the declaration on corporate governance posted on the Group's website and referenced in the group management report in the section "4: Declaration of Corporate Governance Pursuant to § 289f and § 315d of the German Commercial Code."

In our opinion, on the basis of the knowledge obtained in the audit:

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of the German commercial law pursuant to § 315e Abs. 1 HGB (Handelsgesetzbuch: German Commercial Code) and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as of December 31, 2020, and of its financial performance for the financial year from January 1, 2020, to December 31, 2020, and;
- the accompanying group management report for the year 2020 as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with the German legal requirements, and appropriately presents future development opportunities and risks. Our audit opinion on the group management report does not cover the group management report's above-mentioned unaudited content.

Pursuant to § 322 Abs. 3 Satz 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and the group management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with the German Generally Accepted Standards for Financial Statement Audits promulgated by the Institute of Public Auditors in Germany [Institut der Wirtschaftsprüfer] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the Group's entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. Also, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide as a basis for our audit opinions on the consolidated financial statements and the group management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from January 1, 2020, to December 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon, we do not provide a separate audit opinion on these matters.

In the following, we present key audit matters:

1) Revenue recognition and deferred revenue
2) Capitalization of development costs

Re 1) Revenue Recognition and Deferred Revenue

a) Financial Statement Risk

For the financial year from January 1, 2020, to December 31, 2020, the Group reports revenue of 21,594k USD (18,943k EUR). Also, as of December 31, 2020, payments of 2,090k USD (1,710k EUR) are recorded as contract liabilities. In particular, the Group offers contracts for art market related IT services with different term periods, for which customers make regular advanced payments (contract liabilities). The Group also generates revenue from brokering contracts for the purchase of artworks and from the publication of advertising on its website.

The information provided by the Company regarding revenue recognition and deferred revenue is presented in section ”14. Deferred Revenue and Revenue Recognition” of the notes to the consolidated financial statements and in the sections “Result of Operations” and “Revenue Growth” of the economic report of the group management report.

Revenues are recognized at the time the contractual obligations are fulfilled. In the case of service contracts, the Group recognizes revenue on a linear basis over the term of the respective contracts by reversing the corresponding contract liabilities. For the calculation of the reversal amounts, both commercially available ERP systems, as well as proprietary applications are used.

The risk for the financial statement consists of an inappropriate presentation of revenue recognition and, thus, in particular, of an understatement of contract liabilities. In our view, revenue recognition was of particular importance for our audit due to the required deferral, the high number of transactions, and its crucial importance for capital markets communication.

b) Review Procedure and Conclusions

Based on a comprehensive system survey, we have assessed the adequacy of the accounting process for revenue recognition and its implemented controls. Among other things, we assessed the adequacy of the established processes and controls from the formation of contract and invoicing up to the recognition of revenue and deferred revenue. Building on this, we have, in the course of our audit, randomly tested what we consider to be material controls with regard to their continued effectiveness and assessed, with the involvement of specialists, the relevant IT systems supporting the recognition of revenue and deferred revenue. Also, based on data analysis, we examined the complete and accurate transfer of accounting-related information between the different IT systems and its correct financial reporting. We also tracked and assessed individual transactions in random samples.

We have determined that the systems, processes, and controls for the recognition of revenue and deferred revenue are suitable in guaranteeing the appropriate presentation of revenue recognition. In our review of the effectiveness of controls, no objections arose regarding the implementation of the controls.

Re 2) Capitalization of Development Costs

a) Financial Statement Risk

In the consolidated financial statements of Artnet AG as of December 31, 2020, intangible assets in the amount of 4,154k USD (3,515k EUR) are reported. In the 2020 financial year, development costs of 984k USD (863k EUR) were capitalized. These are exclusively attributable to project FALCON.

The Company statements regarding capitalized development costs are included in the section “2. Summary of Significant Accounting Policies” and “7. Intangible Assets” in the notes to the consolidated financial statements and in the sections “Changes in Costs and Results” and Financial Status” of the economic report, as well as in the sections “Research and Development”, “Risk Report”, and “Opportunities” of the group management report.

Initially, Artnet AG identifies development projects that fulfill the requirements for capitalization in accordance with IAS 38 in conjunction with SIC 32. Based on specific milestones, these projects are then divided into a research phase and development phase (the development stages of a website). Afterwards, to determine the amount to be capitalized, the personnel expenses for in-house programmers and the expenses for external consultants incurred during the development phase are allocated to the identified projects.

In our view, the capitalized development costs were of particular importance as the approach to, and the valuation of this significant item was to a great extent based on assessments and assumptions by the executive director.

b) Review Procedure and Conclusions

For all development projects viewed as capitalizable by the Management Board, we have reviewed those decisions by examining individual cases to confirm whether criteria have been met. The review of individual cases was based on discussions with the head, as well as the staff of the Engineering Department. Also, we have acknowledged the decision to capitalize with the support of in-house presentations, which outline the goal and purpose of the respective development projects and their benefits for the Group.

We have assessed the adequacy of the accounting process for determining capitalized expenses based on a comprehensive system survey and the acknowledgement of implemented controls. In individual cases, we matched capitalized personnel expenses to payroll accounting and external costs to invoices.

We are convinced that the assumptions and assessments made by the executive director regarding the fulfillment of criteria for capitalized development projects are sufficiently documented and justified. The valuation of the capitalized development projects was made on a transparent basis.

Other Information

The executive director, respectively the Supervisory Board, is responsible for the other information. The other information comprises:

- the declaration on corporate governance posted on the Group's website and referenced in the group management report in the section "4. Declaration of Corporate Governance Pursuant to § 289f and § 315d of the German Commercial Code",
- the report of the Supervisory Board
- the corporate governance report pursuant to No. 3.10 of the German Corporate Governance Code,
- the remaining parts of the Annual Report, but not the consolidated financial statements, not the Group management report information included in the content audit and our associated audit opinion, and
- the confirmation pursuant to § 297 Abs. 2 Satz 4 HGB regarding the consolidated financial statements and the confirmation pursuant to § 315 Abs. 1 Satz 5 HGB regarding the group management report.

The Supervisory Board is responsible for the Supervisory Board report. The executive director and the Supervisory Board are responsible for the declaration pursuant to Section 161 of the Aktiengesetz (AktG - German Public Limited Companies Act) on the German Corporate Governance Code, which is part of the declaration on corporate governance posted on the Group's website and referenced in the group management report in the section "4: Declaration of Corporate Governance Pursuant to § 289f and § 315d of the German Commercial Code". Otherwise, the executive director is also responsible for the other information.

Our audit opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently, we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information, and in doing so, to consider whether the other information:

- is materially inconsistent with the consolidated financial statements, the Group management report information included in the content audit, or our knowledge obtained in the audit, or,

- otherwise appears to be materially misstated.

If based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The executive director is responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRS's as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the executive director is responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive director is responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive director is responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive director is responsible for such arrangements and measures (systems) they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and whether the group management report, as a whole, provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements, and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion. The risk that material misstatements are not detected is higher in the case of non-compliance than in the case of inaccuracy, as non-compliance may involve fraud, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report to design audit procedures that are appropriate in the circum- stances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.

- Evaluate the appropriateness of accounting policies used by the executive director and the reasonableness of estimates made by the executive director and related disclosures.

- Conclude on the appropriateness of the executive director use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express [audit] opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.

- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.

- Perform audit procedures on the prospective information presented by the executive director in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive director as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance a statement that we have complied with the relevant independence requirements and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are, therefore, the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other Legal and Regulatory Requirements

Report on the Assurance in Accordance with § 317 Abs. 3b HGB on the Electronic Reproduction of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes

Reasonable Assurance Opinion

We have performed assurance work in accordance with § 317 Abs. 3b HGB to obtain reasonable assurance about whether the reproduction of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the attached electronic file [name of the file containing the ESEF documents that have been subject to assurance] and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance only extends to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained in this reproduction nor to any other information contained in the above-mentioned electronic file. In accordance with those standards, our audit also does not extend to the disclosures made voluntarily by the Company in the individual notes to the consolidated financial statements, the group management report and additional disclosures in the consolidated statement of comprehensive income that are not required by law.

In our opinion, the reproduction of the consolidated financial statements and the group management report contained in the above-mentioned attached electronic file and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format. We do not express any opinion on the information contained in this reproduction nor on any other information contained in the above-mentioned file beyond this reasonable assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the financial year from January 1, 2020, to December 31, 2020, contained in the "Auditor's Report on the Consolidated Financial Statements and on the Group Management Report" above. We also do not express an opinion on the Company's voluntary disclosures in the notes to the consolidated financial statements, the group management report and additional disclosures in the consolidated statement of comprehensive income that are not required by law.

Basis for the Reasonable Assurance Opinion

We conducted our assurance work on the reproduction of the consolidated financial statements and the group management report contained in the above-mentioned attached electronic file in accordance with § 317 Abs. 3b HGB and the Exposure Draft of IDW Assurance Standard: Assurance in Accordance with § 317 Abs. 3b HGB on the Electronic Reproduction of Financial Statements and Management Reports Prepared for Publication Purposes (ED IDW AsS 410) [if considered to be beneficial for the understanding of the separate report on ESEF compliance in an international context: and the International Standard on Assurance Engagements 3000 (Revised)]. Accordingly, our responsibilities are further described below in the "Group Auditor's Responsibilities for the Assurance Work on the ESEF Documents" section. Our audit firm has applied the IDW Standard on Quality Management 1: Requirements for Quality Management in the Audit Firm (IDW QS 1).

Responsibilities of the Executive Director and the Supervisory Board for the ESEF Documents

The executive director of the Company is responsible for the preparation of the ESEF documents, including the electronic reproduction of the consolidated financial statements and the group management report in accordance with § 328 Abs. 1 Satz 4 Nr. 1 HGB and for the tagging of the consolidated financial statements in accordance with § 328 Abs. 1 Satz 4 Nr. 2 HGB.

In addition, the executive director of the Company is responsible for such internal controls as they have considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of § 328 Abs. 1 HGB for the electronic reporting format.

The executive director of the Company is also responsible for the submission of the ESEF documents together with the auditor's report and the attached audited consolidated financial statements and audited group management report as well as other documents to be published to the operator of the Federal Gazette.

The supervisory board is responsible for overseeing the preparation of the ESEF documents as part of the financial reporting process.

Group Auditor's Responsibilities for the Assurance Work on the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of § 328 Abs. 1 HGB. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also:

- Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of § 328 Abs. 1 HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815 on the technical specification for this electronic file.
- Evaluate whether the ESEF documents enable an XHTML reproduction with content equivalent to the audited consolidated financial statements and to the audited group management report.
- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the Annual General Meeting on December 15, 2020. We were engaged by the Supervisory Board on March 11, 2021.

We have been the group auditor of Artnet AG. Berlin, without interruption since the 2002 financial year.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

German Public Auditor Responsible for the Engagement

The German Public Auditor responsible for the engagement is Till Kohlschmitt.

Hamburg, March 31, 2021

Ebner Stolz GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft

Florian Riedl	Till Kohlschmitt
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Any publication or dissemination of the consolidated financial statements and/or the group management report in a form deviating from the audited version (including the translation into other languages), requires a new statement by us if our report is cited or our audit is referenced; reference is made to § 328 HGB.

Artnet AG
Supervisory Board
Dr. Pascal Decker, Chairman
Prof. Dr. Michaela Diener, Deputy Chairwoman
Hans Neuendorf
Management Board
Jacob Pabst, CEO

Artnet Worldwide Corporation
Jacob Pabst, CEO

Artnet UK Ltd.
Jacob Pabst, CEO

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Investor Relations

You can find information for investors and the annual financial statements at artnet.com/investor-relations.

If you have further queries, please send an email to ir@artnet.com, or send your inquiry by mail to one of our offices.

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.

Wertpapierkennnummer

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ISIN	DE000A1K0375
LEI	391200SHGPEDTRIC0X31

Concept and Production
Artnet Worldwide Corporation