

Quarterly Interim Statement for the Third Quarter of 2021

Table of Contents

Business Activities	1
Economic Development of the Artnet Group.....	1
Development of Segments.....	3
Financial Position	3
Opportunities and Risks.....	3
General Information	3
Outlook	4
Artnet Authorities, Addresses, Investor Relations, Artnet Stock.....	5

Business Activities

Artnet is the leading online resource for the international art market – a global luxury marketplace to buy, sell and research fine art. It is the foremost mission critical data and analytics provider, with an unrivalled 15 million auction records powering decision making and price-setting in the industry. Artnet’s global online marketplace has more than 300,000 artworks for sale, through Artnet Auctions and through its long-term partnerships with a vast global network of leading international galleries and auction houses. Artnet News, the industry dominating content and media provider, informs the platform’s unrivalled 59 million unique annual users about the events, trends, and people shaping the global art market daily.

Economic Development of the Artnet Group

The global market for art auctions continued to recover during the first nine months of 2021. When the pandemic hit in March 2020, many brick-and-mortar auctions, art fairs, and gallery exhibitions were canceled or postponed. This led to a seismic

shift in the art market towards rapid digitization, which has continued in 2021.

Total auction sales value in the first nine months of 2021 increased by 87% to 9.2 billion USD year-over-year, with 28% more lots offered globally. The average price of lots sold rose by 34% to around 36,800 USD, almost twice the average result achieved in the third quarter (19,700 USD).

According to the Price Database, total auction sales value for fine art in the third quarter of 2021 decreased by 51% year-over-year. This is primarily due to a change in the global auctions calendar in 2020 at the major auctions houses due to COVID-19 related restrictions. There was a marginal 7% decline in the volume of lots offered globally.

The global economic recovery is continuing, even as the pandemic resurges in parts of the world. The International Monetary Fund projects the global economy to grow 5.9 percent in 2021 and 4.9 percent in 2022. Despite the strong

recovery, the obstacles caused by the COVID-19 pandemic are looking more persistent. Near-term problems are expected to leave imprints on medium-term performance.

As the leading global online marketplace and data provider, Artnet continues to broaden its reach, influence and readership – it has the largest audience in the industry. Artnet's total number of unique visitors increased by 19% in the third quarter of 2021. Overall, the number of unique visitors hit an average of 5.3 million per month, up from 4.3 million in the third quarter of 2020. In the first nine months, the number of unique visitors increased by 22% to 51 million, as compared to the previous year.

Fee-based revenue at Artnet Auctions increased by 14% to 3.9 million USD in the first nine months of 2021. In the third quarter, fee-based revenue was 1.0 million USD, a 95k USD or 9% reduction as compared to the third quarter of 2020. September saw an unprecedented increase in competition for buyers, with Armory and Art Basel, two of the most essential art fairs, happening in the same month for the first time ever, alongside the normally scheduled Frieze London, FIAC, and major London auctions. Despite the slightly lower revenue in the third quarter, Artnet Auctions is on track to achieving a record year.

Artnet Auctions solidifies its market position in the sub-1.0 million USD market segment, with strong increases in sales of artworks over 100,000 USD. Selected top lots in the third quarter included Andreas Gursky's *Pyongyang III (2007)* which sold for 400,000 USD, Marc Quinn's *Bubble Nebula (in the night garden) (2010)* which sold for 87,500 USD and Robert Indiana's *Love (1966–2000)* which sold for 288,000 USD. As compared to the first nine months 2020, the average lot price of sold artworks at Artnet Auctions increased by 16% to 16,100 USD.

Price Database revenue increased by 6% to 5.8 million USD in the first nine months of 2021. In the third quarter, revenue was 1.9 million USD, a 6% increase year over year. At the end of September, the Price Database surpassed 15 million auction results and remains the mission critical research tool for art market professionals, collectors, and financial institutions alike. This year, Artnet has been partnering with Humboldt University of Berlin and its blockchain center to gather data

on the non-fungible token (NFT) market and advance machine learning projects. This marks the beginning of Artnet's broadened data coverage to include NFT transaction data – and coincides and supplements the introduction of Artnet's NFT marketplace.

Galleries revenue increased by 8% to 3.9 million USD. In the third quarter, revenue was 1.2 million USD, a 4% increase year over year. Galleries turn to Artnet to boost their online presence and facilitate transactions. Artnet provides its leading international network of galleries access to the largest global qualified audience in the industry, making it an indispensable marketing and sales platform. Memberships as well as Artnet's Auction House Partnerships have a very low churn rate, providing the company with significant reliable annual recurring revenue. To drive traffic to gallery members, Artnet introduced the popular Artist Alerts in the previous year. Users receive targeted emails with saleable inventory updates on Artnet from galleries, auction houses, or online sales. The number of followers continues to increase, driving qualified traffic and inquiries to gallery members.

Advertising revenue in the first nine months increased significantly by 29% to 3.7 million USD. This is the strongest growth result for the Advertising segment ever achieved in a nine month period. In the third quarter, revenue increased by 34% to 1.3 million USD, as compared to last year. Advertising campaigns had returned forcefully in the second quarter already, as luxury retailers and art businesses have accelerated their campaigns as lockdown were relaxed and the economy recovered.

In May 2021, Artnet introduced Artnet News Pro, a partial paywall aimed at market professionals. Artnet News Pro adds a new, quickly growing, and consistent revenue stream for Artnet. Given the data quality provided by the Price Database, the art market reporting of Artnet News is influential for in depth market analysis and hence giving its News Pro subscribers valuable insights and advantages.

Following growth across all segments, Artnet's total revenue in the first nine months of 2021 increased by 14% or 2.1 million USD to 17.6 million USD year-over-year. In the third quarter, the revenue

increase by 12% to 5.6 million USD, as compared to last year. These are the highest sales to date for each of these periods.

Gross profit for the first nine months of 2021 increased by 6% or 599k USD to 10.0 million USD mainly due to higher revenues. The result was partially offset by increased costs for Network Maintenance in connection with applications on the cloud platform, as well as personnel cost in Artnet Auctions.

Operating expenses increased by 14% or 1.4 million USD to 11.0 million USD, mainly due to Product Development costs and Artnet News personnel costs. Product Development cost increased primarily due to higher engineering expenses that were not capitalized and increased personnel costs. Since the first half of last year, Artnet partly shifted its focus to non-FALCON projects to improve its services and add new features to the website.

As a result of higher Product Development costs and artnet News personnel cost, offsetting the higher gross profit, operating income fell to -1.0 million USD (2020: -244k USD). Net profit for the first nine months was -1.1 million USD mainly due to the aforementioned product development costs and Artnet News personnel cost.

Development of Segments

Management closely monitors the Contribution Margin II (revenue minus direct and indirect variable costs) for each segment as a measure of profitability.

The Contribution Margin II (CM II) for the Price Database in the first nine months increased by 11% to 3.4 million USD due to higher revenue and lower personnel expenses, marketing expense and legal fees.

The CM II for the Galleries segment increased by 2% to 2,062k USD year-over-year due to lower marketing expense and bad debt expense but was partially offset by lower advertising revenue attributed to Galleries.

For Artnet News, the CM II improved significantly to negative 259k USD, compared to negative 851k USD last year, mainly due to strong recovery of Advertising revenue which was an

increase of 42% YOY and also due the News subscriptions revenue of 234k USD, which was introduced in May, broadening our income source and adding subscriptions fees to our revenue stream.

At Artnet Auctions, the CM II fell by 63% to 203k USD, primarily due to higher personnel cost, sales expense and engineering costs.

Financial Position

The Group's operating cash flow in the first nine months of 2021 was 418k USD (2020: 2.574k USD), the decrease was partly due to continuous investments in Product Development and also due the increase in the Account Receivable, as some advertising receivables have a longer collection cycle. The main reason for the reduction was a loan granted by the U.S. Federal government's Paycheck Protection Program (PPP) in 2020. The program provides loans to help businesses keep their workforce employed during the Coronavirus crisis. The loan in the amount of 1,667k USD enabled Artnet to avoid layoffs and improved the Group's liquidity.

Opportunities and Risks

The opportunities and risks identified by the Management have not changed materially as compared to the 2020 reporting year. A detailed overview of all opportunities and risks can be found in the 2020 Annual Report.

General Information

Artnet AG is a publicly traded corporation headquartered in Berlin, Germany. Artnet AG was incorporated under the laws of Germany in 1998. The address of its registered office is Oranienstraße 164, 10969 Berlin, Germany.

Artnet AG holds 100% of the shares in Artnet Worldwide Corporation, which is located in New York, NY, USA. Artnet AG ("Artnet" or the "Company") and Artnet Worldwide Corporation ("Artnet Corp." collectively the "Artnet Group" or the "Group") operate under the trade name "Artnet."

Artnet Corp. has one wholly-owned subsidiary, Artnet UK Ltd.

Outlook

With the global economic recovery continuing and despite pandemic resurges, Artnet expects a strong fourth quarter. Nonetheless, the art world and the business of Artnet's advertising clients remain affected from the pandemic, and will be for many more months to come. Tackling negative effects of the pandemic, Artnet continuous to drive and accelerate the digital transformation of the art market.

The outlook for the 2021 fiscal year has not changed since the publication of the 2020 Annual Report on March 30, 2021. Management confirms the forecasts.

Artnet is in a unique position to further benefit from the irreversible digital remaking of its industry. The Management is confident that Artnet will lead this trend and capitalize on the systemic shift towards a digital art market. Given its broad product offering, strong brand recognition, and unrivalled global audience, Artnet has all the tools at its disposal to create a truly efficient and rewarding online art market.

Berlin, November 12, 2021

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

Jacob Pabst
CEO, Artnet AG

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

Addresses

Artnet AG

Oranienstraße 164
10969 Berlin
info@artnet.de
T: +49 (0)30 209 178-0
F: +49 (0)30 209 178-29

Artnet Worldwide Corporation

233 Broadway, 26th Floor
New York, NY 10279
USA
info@artnet.com
T: +1-212-497-9700
F: +1-212-497-9707

Artnet UK Ltd.

Morrell House
98 Curtain Road
London EC2A 3AF
United Kingdom
info@artnet.co.uk
T: +44 (0)20 7729 0824
F: +44 (0)20 7033 9077

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

WKN	A1K037
ISIN	DE000A1K0375
LEI	391200SHGPEDTRIC0X31

Concept and Production
Artnet Worldwide Corporation

©2021 Artnet AG, Berlin

