

Quarterly Interim Statement for the First Quarter of 2021

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General Information and Business Activities

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.

The Group’s goal is to provide art collectors, galleries, publishers, auction houses, and art enthusiasts with an all-in-one platform to buy, sell, and research fine art. The Price Database contains more than 14 million auction records, allowing for in-depth art market research. Users can find artworks currently available for sale in the Gallery Network, Auction Houses, or on Artnet Auctions, an

online transaction platform. Artnet News, a 24-hour newswire, informs users about the events, trends, and people shaping the global art market.

Economic Development of the Group

The global economy continues to recover from a severe downturn due to the coronavirus outbreak and a widespread business lockdown in the first half of the past year. The International Monetary Fund projects global economic growth at 6.0 percent in 2021. Increased vaccination rates, particularly in the United States, raise the hope for an eventual end to the pandemic’s grip on the global economy. However, renewed infection waves, new variants of the virus and logistical problems with vaccine distribution in the first quarter contribute to lingering uncertainty. Sizable fiscal stimulus in the United States, the key market for Artnet, and the European Union and the United Kingdom should support the economic recovery in advanced economies.

Along with the economic upturn in industrialized nations and the robust performance of financial markets, the global market for art auctions recovered during the first quarter of 2021. When the pandemic hit in March 2020, many brick-and-mortar auctions, art fairs, and gallery exhibitions were canceled or postponed. According to the Price Database, total auction sales value for fine art in the first quarter of 2021 increased by 56% to 1.6 billion USD year-over-year, with 10% more lots offered globally. The average price of lots sold rose by 27% to around 26,400 USD.

As the leading online-only auction platform and information provider for the art market, Artnet continues to broaden its reach and influence. Artnet's total web traffic increased by 35% in the first quarter of 2021. Overall, the number of unique visitors hit an average of 6.2 million per month, up from 4.6 million in the first quarter of 2020.

Fee-based revenue at **Artnet Auctions** increased by 25% to 1.2 million USD in the first three months of 2021, continuing its strong growth trajectory and setting a new revenue record for a first quarter. In 2020, Artnet Auctions was one of only a few options on the market to buy and sell art in a cost-effective way and without the time constraints of traditional auctions. The online-only auction model is well on its way to becoming the industry standard for the digital age.

Top lots in the first quarter included works by the iconic Jean-Michel Basquiat. In January, the screenprints *Head; Per Capita; Ernok; Rinso (complete set of 4 works)* sold for 300,000 USD. In March, Basquiat's monumental work on paper *Untitled* (1981), a large-scale drawing of a car motif, achieved the same amount. Artnet Auctions launched two sales with a philanthropic component and started the webinar series *A Closer Look*, where specialists offer an in-depth assessment of major trends in the art market.

Price Database revenue increased slightly by 3% to 1.9 million USD in the first quarter. After the auction market's drastic downturn in 2020, the online archive's results benefited from the overall market recovery and an increase in monthly subscribers since the start of the year. An upturn in auction activity generally increases the demand for data as the

Price Database's highly reliable and transparent auction results remain an essential research tool for art market participants.

Gallery Network revenue increased by 4% to 1.3 million USD in the first quarter due to a higher number of memberships and a decline in cancellations. Despite the ongoing challenges galleries face in light of lockdowns and intense competition, a membership in the Gallery Network helps galleries boost their online presence and facilitate transactions. Galleries depend on the internet for sales and marketing more than ever. To help drive traffic to gallery members, the technology team created and introduced the popular Artist Alerts last year. Prospective buyers receive customized email updates about their favorite artists when their works become available at galleries, auction houses, or online sales. The number of subscribers to this service continues to increase, driving qualified traffic and inquiries to gallery members.

Advertising revenue declined by 23% to 849k USD in the first quarter. Luxury retailers and art businesses slashed their marketing budgets in 2020 to cut costs and had not re-started their campaigns in the first quarter of 2021. Artnet expects a strong recovery in the current second quarter. The strong growth in traffic to Artnet's websites, particularly to Artnet News, will further accelerate Advertising revenue growth over the course of the year. Artnet News has traditionally been a sought-after ad platform for luxury brands. In May 2021, Artnet has introduced *Artnet News Pro*, a paywall for selected articles to add another revenue stream alongside the revenue generated from advertising. The art market journalists at News help build out its world-class reporting, opinion, and analysis powered by Artnet's industry-leading Price Database.

Driven by the continued strong demand for online auctions and the robust trend for both Gallery Network memberships and Price Database subscriptions, Artnet's total revenue in the first quarter increased by 2% or 94,000 USD to 5.2 million USD year-over-year.

Gross profit for the first three months of 2021 decreased by 5% or 170k USD to 2.94 million USD despite higher revenue due to increased costs for network maintenance in connection with applications on the cloud platform.

Operating expenses increased by 9% or 320k USD to 3.7 million USD, mainly due to product development costs, which increased primarily due to higher engineering expenses that were not capitalized. In 2020 and the first quarter of 2021, the recently expanded product development team shifted its focus to projects that are not capitalizable. As a result of the slightly lower gross profit and higher product development costs, operating income fell to -771k USD (2020: -281k USD). Net profit for the first three months was -787k USD mainly due to the aforementioned product development costs.

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 three months increased by 9% to 1.1 million USD due to higher revenue and lower personnel expenses, product development costs, and legal fees.

The CM II for the Galleries segment fell by 13% to 649k USD year-over-year due to slightly higher personnel expenses and lower advertising revenue attributed to Galleries.

For Artnet News, the CM II remained negative at -509k USD due to lower advertising revenue and higher costs for personnel, sales and engineering.

At Artnet Auctions, the CM II was negative at -12k USD, primarily due to higher engineering and marketing costs.

Financial Position

The Group's operating cash flow in the first quarter of 2021 was -194k USD, due to continuous investments in product development.

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.

Outlook

General uncertainties resulting from the global pandemic persist despite the ongoing economic recovery. As lockdowns and social distancing restrictions remain in place or are tightened in various countries, the art world and the business of Artnet's advertising clients remain affected. The International Monetary Fund expects global growth to strengthen in the second half of 2021 as vaccines become widely available. However, uncertainty remains as this outlook depends on the path of the pandemic.

Artnet drives and accelerates the digital transformation of the art market. Product innovation and product development are a core focus of the Management. The strong revenue increase of Artnet Auctions as well as the turnaround of the Gallery Network and Price Database subscriptions reflect the market's path towards digitalization, which will accelerate further as the art market recovers. The outlook for the individual segments 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 for years to come.

Berlin, May 7, 2021



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CEO, Artnet AG

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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.

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