

artnet



Artnet AG
Six Month Report 2023

Table of Contents

Core Statement and Vision	3
Message from the Chief Executive Officer	5
Half Year Business Highlights	7
Business Model and Artnet Group Organization	8
Economic Development of the Artnet Group	10
Segments: Media, Marketplace, Data	14
Message from the Editor in Chief	21
ESG Report	22
Risks and Opportunities	22
Result of Operations, Financial Status, and Net Assets	24
Subsequent Report	25
Outlook	26
Responsibility Statement	29
Consolidated Financial Statements as of June 30, 2023	30
Artnet AG Consolidated Balance Sheet	31
Artnet AG Consolidated Income Statement	31
Artnet AG Consolidated Statement of Cash Flows	32
Artnet AG Consolidated Statement of Changes in Shareholder Equity (USD and EURO)	33
Notes to the Consolidated Financial Statements 2023	35
Useful information for Shareholders	41

Core Statement and Vision

We envision a world where buying, selling, and researching art is accessible, efficient, and highly rewarding for the modern collector.

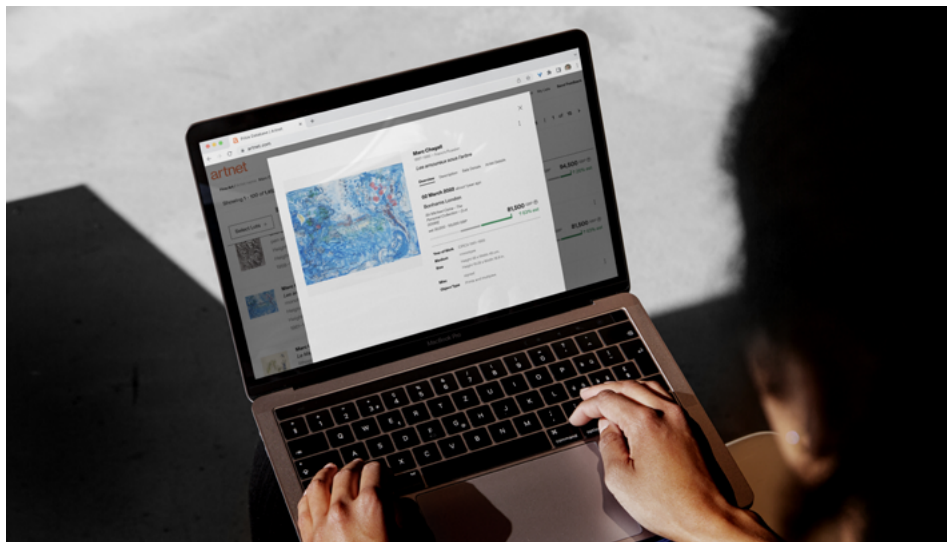
Founded in 1989, Artnet has revolutionized the way collectors, professionals, and art enthusiasts discover, research, and collect art today. Artnet has an unparalleled 60 million unique users annually, making it the largest global platform for fine art. Our market data is a mission-critical resource for the art industry, encompassing more than 16 million auction results and AI-driven analytics providing transparency and insight into the art market.

Marketplace: Artnet's Marketplace connects leading galleries and auction houses with our global audience, offering a curated selection of over 284,000 (2022: 280,000) artworks for sale worldwide. A core element of the Marketplace, Artnet Auctions, the pioneering online-only auction platform, offers unprecedented reach, liquidity, and efficiency.

Media: Artnet News covers the events, trends, and people shaping the global art market with up-to-the-minute analysis and expert commentary. It is the single most-read news publication in the fine art industry, with a rapidly growing, and dedicated audience.

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

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



Artnet's reimagined Price Database

Supervisory Board



Dr. Pascal Decker
Chairman of the
Supervisory Board



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



Hans Neuendorf
Founder, Artnet
Supervisory Board
Member

Leadership Team



Jacob Pabst
Chief Executive Officer



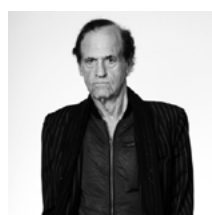
Albert Neuendorf
Chief Strategy Officer



Quentin Rider
Chief Technology Officer



Rob Baker
Chief Marketing Officer



Bill Fine
President

Message from the Chief Executive Officer



CEO Jacob Pabst

Dear Shareholders,

Artnet is respected globally as a business built on integrity and transparency. We are the trusted resource that our industry relies on for unbiased information. With a steadfast view to realizing our vision for a transparent, efficient, and accessible global art market, we have built momentum in our technological development in the first six months of the year. Additionally, key operational changes with a focus on driving margins and the synergies between segments are starting to bear fruit.

The first half of 2023 has unfortunately been mired by an as yet uncertain economic outlook. Protracted inflation, and global supply shortages, contributed to continued tight monetary policies in our key markets. Global output contracted in several major economies in the second quarter, following strong downward pressure in the US, EU, and China. Although headline inflation has decreased marginally, core inflation remains.

Artnet was able to record 1% revenue growth through the second quarter of the year. This follows a solid overall first quarter, and the continued strong upwards momentum of the Media segment. However, Artnet's transactional businesses have underperformed relative to expectations in the second quarter as the industry adjusts to the new macroeconomic realities. Inflationary pressure impacted the global art market already in Q4 2022 and through the first half of 2023, resulting in lower than expected global art market performance.

Our Media segment achieved 10% revenue growth through June, led by forceful demand from Artnet's luxury advertisers. High audience engagement and strong brand positioning allow Artnet to maintain deep client loyalty. Artnet News

achieved a 33% increase in new users YoY in the first half of 2023, showcasing the continued scalability of the platform's readership.

Artnet's Data segment has remained largely steady through the second quarter, recording a slight decline of 1.8%. That said, the rest of the year looks positive. Our technology team has completely rebuilt the Price Database, with a fully modernized mobile-first user experience. This includes a restructured data architecture, allowing Artnet to offer enterprise data services and bespoke functionalities for its art world and financial industry clients alike.

The Marketplace segment has suffered a 5% decline through June, as the art industry faces strong headwinds due to global macro economic pressures. However, sales of unique artworks have performed well, increasing 8% in comparison to the same period last year. This follows a strategic revamp of sales cadence and a focus on core artist markets that consistently produce strong sell through rates.

While there may be a challenging economic environment through the end of the year and into 2024, Artnet benefits from a robust business model predicated upon a diverse, highly synergistic product range. The enormous potential held within each of Artnet's core business lines remains clear, and our leading position as the digital platform for the global art market has never been stronger. I am proud to say we have a world class team of talented leaders, and together with them I am excited to take Artnet to its promising future.

I would like to thank our shareholders for their continued support in allowing artnet to uphold its purpose and independence, as this is fundamental to its value and continued relevance in our industry.

Sincerely,

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

Jacob Pabst
Chief Executive Officer
Berlin, August 15, 2023

Half Year Business Highlights

55 Million visitors within the first half of the year
42% increase YoY

Revenue breakdown per segment:

36%

Marketplace

29%

Data

36%

Media

+10%

Revenue within the
Media Segment

33%

growth in Artnet News *Pro*
subscriptions

New clients include **Patek
Philippe, Louis Vuitton, and
Rimowa**

1,758

Articles published on Artnet News

225,000 USD

Auction record for a Mel Ramos painting

In Q2, a Damian Hirst auction in the Marketplace segment achieved a **100%** sell through rate by volume.

Business Model and Artnet Group Organization

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

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

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

Data:

Artnet's market data is a mission-critical resource for the art industry, encompassing more than 16 million auction results and AI-driven analytics providing transparency and insight into the art market. Artnet's independence as an objective information provider is key to the trusted reputation it has built.

Marketplace:

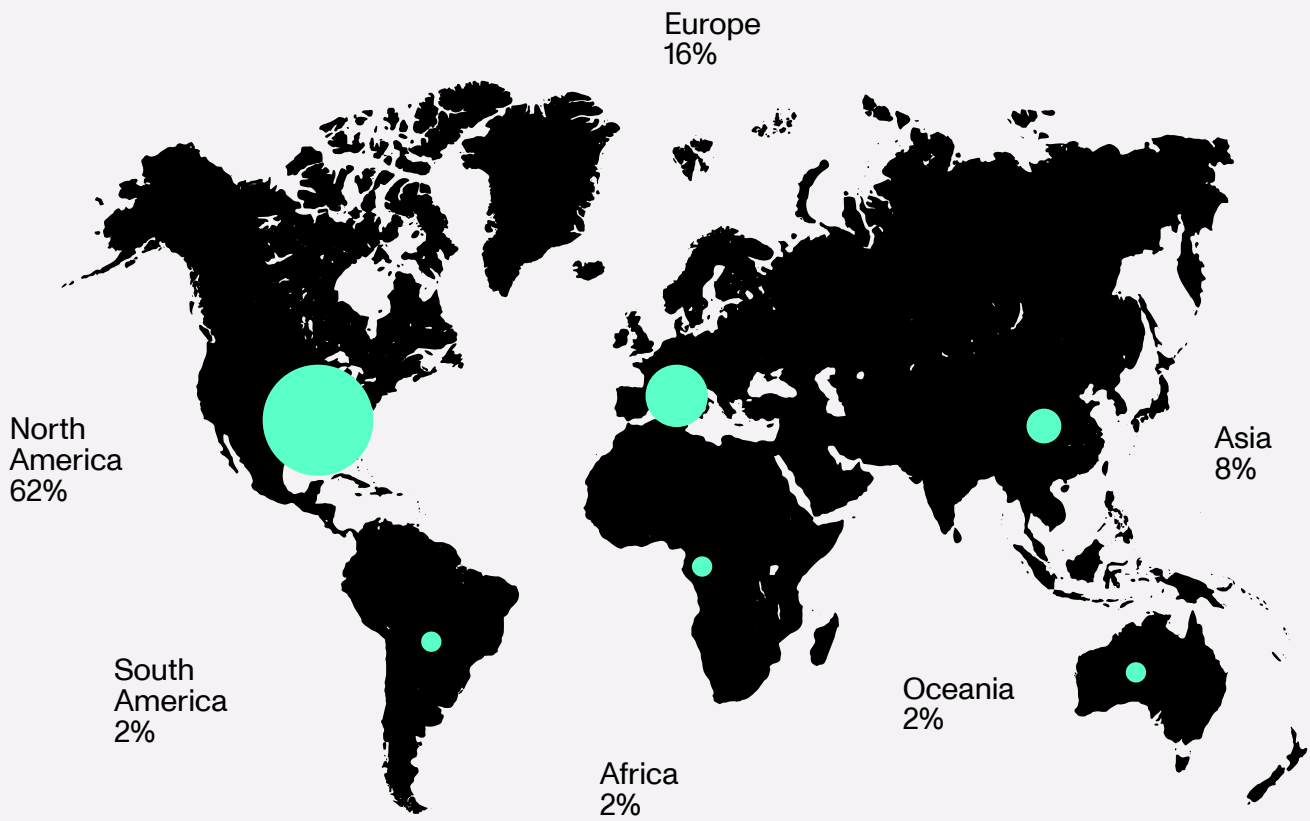
Artnet's marketplace connects leading galleries and auction houses with a global audience, offering a curated selection of over 284,000 artworks for sale worldwide. A core element of the Marketplace, Artnet Auctions, a pioneering online-only auction platform, offers unprecedented reach, liquidity, and efficiency for buyers and sellers.

Media:

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

Web Traffic Sources

North America 62%
Europe 16%
Asia 8%*
South America 2%
Oceania 2%
Africa 2%



* Our top three traffic sources for Asia are the Philippines, India and China

Economic Development

Global Economic Development

At the start of the current financial year, stubborn inflation damaged consumer spending power and confidence in some areas. Several economies have experienced increased recessionary pressures. However, in July, the International Monetary Fund raised its 2023 global growth estimates slightly given resilient economic activity in the first quarter, but warned that persistent challenges were dampening the medium-term outlook. The world economy is showing signs of resilience at the end of the second quarter, despite lingering inflation and a sluggish recovery in China, raising the odds that a global recession could be avoided barring unexpected crises. The I.M.F. raised its forecast for global growth this year to 3%, from 2.8% in its April projection. It predicted that global inflation would ease from 8.7% in 2022 to 6.8% this year and 5.2% in 2024, as the effects of higher interest rates filter throughout the world. The I.M.F. expected growth in the United States to slow from 2.1% last year to 1.8% in 2023 and 1% in 2024. It expects consumption, which has remained strong, to begin to wane in the coming months as Americans draw down their savings and interest rates increase further.

Growth in the euro area is projected to be just 0.9% this year, dragged down by a contraction in Germany, the region's largest economy, before picking up to 1.5% in 2024.

At the time of publishing, inflationary pressure has eased slightly in several economies. However, Core Inflation, which excludes energy and food, was 5.4% up from 5.3% in May.

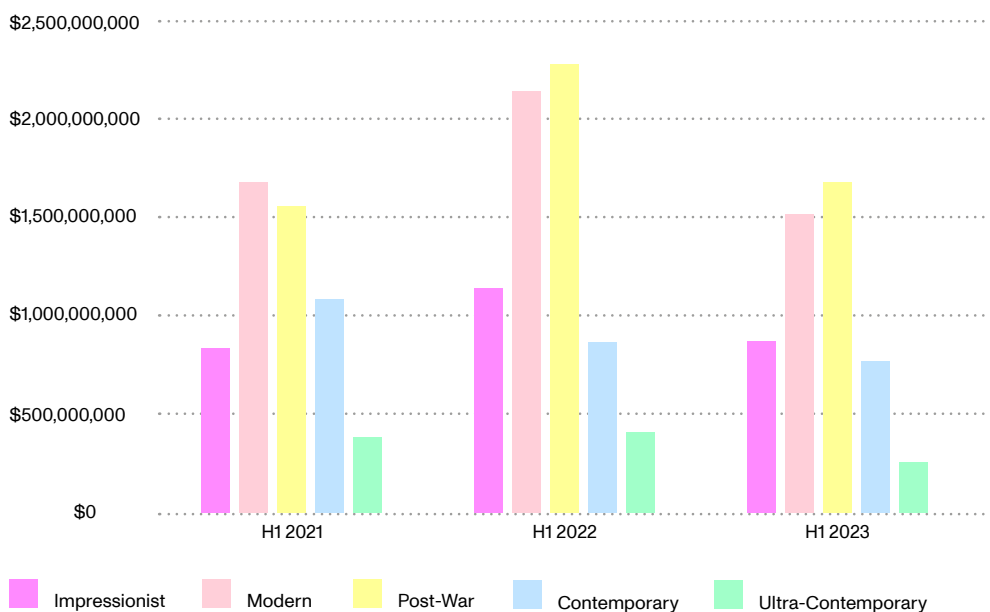
In terms of country performance, inflation fell in 18 of the 20 Eurozone countries during the first half of the year, rising only in Germany and Croatia. In comparison, US inflation fell more rapidly, where it was 4% in May (Source: Financial Times). This was a setback for the European Central Bank, which has said it will keep raising interest rates until underlying price pressures are clearly falling towards its 2 per cent target.

In June, Eurozone inflation fell more than expected to 5.5%, its lowest rate since the start of last year, but any relief for policymakers was tempered by a slight rebound in core consumer price growth. The Eurostat figures contrast with the UK's annual inflation rate, which remained elevated at 8.7% – the highest level in the G7.

Various contributing factors to the macroeconomic climate have led to market volatility as analysts struggle to determine mid-term trends. The fluctuations underscore the importance of being able to adapt working methods and strategies.

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

Total Fine-Art Sales by Genre



Major categories are showing a decline during the first half of the year (Source: Artnet Analytics)

Art Market Development

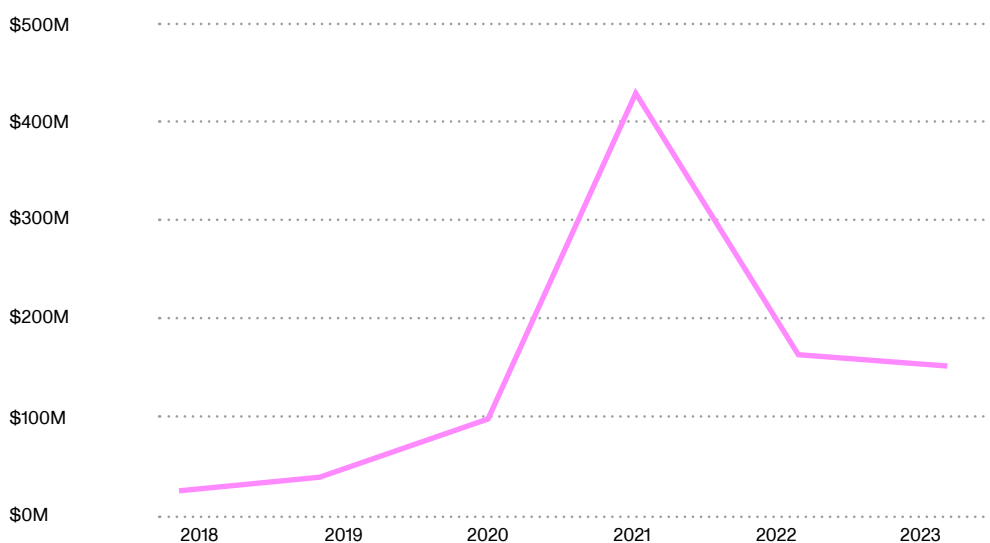
The art market, like many other industries, has gone through a challenging and transformative period since early 2020, as the COVID-19 pandemic created new and unexpected demands for galleries and auction houses. Along with the difficulties it presented, the crisis also created a huge opportunity for restructuring and innovation in the sector, with a systemic shift to online transactions - of which Artnet is poised to benefit greatly as the largest online platform in the industry. That said, difficult economic conditions in 2022 prompted consumers to allocate their money more conservatively, negatively affecting art market sales. Despite current socio economic uncertainty and soft auction sales, most HNW collectors (78%) are optimistic about the global art market's performance in 2023 (Source: UBS Art Market Report). In terms of fine art allocation as an asset, during the 2022 financial year, 66% of collectors reported an allocation of over 10%, while 32% allocated over 30% of their wealth portfolios to art (stable versus 2021) (Source: UBS Art Market Report).

With the growth of online transactions, digital art purchases have enticed new buyer segments, with younger, tech-savvy collectors, often unknown to established galleries and fairs, entering the market and driving demand. During H1 2023, The demographic within our Marketplace segment supports this assessment.

A total of \$155.8 million worth of fine art was sold in online-only sales at Sotheby's, Christie's, Phillips, Bonhams, and Artnet Auctions in the first five months of the year. That's down 5 percent from the equivalent period in 2022 and down 64 percent from 2021, when many high-profile sales had not yet returned to being held in person. The 2023 total remains more than 300 percent higher

than 2019, when online sales generated just \$35.5 million in the year's first five months. That's indicative that the market's approach to virtual sales has changed for good.

Total Online-Only Sales (USD) at Sotheby's, Christie's, Phillips, Bonhams and Artnet Auctions

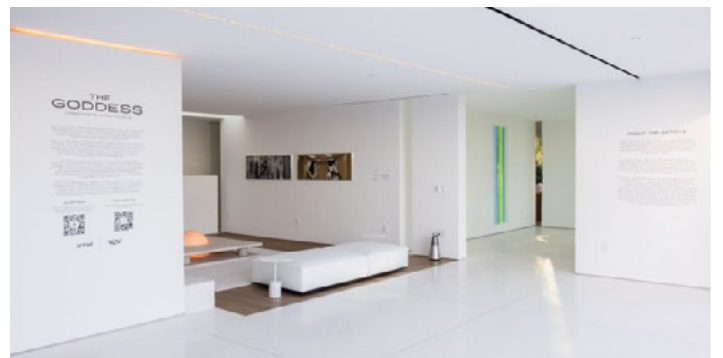


Source: Artnet Analytics

However, the worsening global macroeconomic outlook is still showing signs of a negative impact on art market activity. Already in 2022 and now during the first half of 2023 so far, the data is painting a subdued picture, with average transaction prices down slightly across the major auction houses (Source: Artnet Price Database). There has been a 14% decrease in fine art sales during H1 2023 in comparison to the equivalent period last year. Additionally, the market for Modern, Postwar, and Contemporary Art is showing a decline in volumes sold at auction despite stability in some other subsectors of the market. While China was third in terms of global sales during the 2022 financial year, it outperformed the UK during the first six months of 2023, regaining its position as the second most important market behind the United States. (Source: Artnet Analytics). The German market increased 9% in comparison to H1 2022, with total sales at 178 Million USD.

Overall, the industry's continued demand for data, information, and online transactions is predicted to ensure the Company is only moderately impacted by the worsened economic outlook.

Highlight: Cadillac Art Talk + Exhibition Party



Artnet x Cadillac event in Los Angeles, showing three photographers.

Media

Artnet News is the world's dedicated 24-hour international online art world newswire. It informs, engages, and connects members of the art community to the events, trends, and people shaping the market and global art industry through timely articles and insightful opinion pieces. Artnet News has a larger audience than the next four art focused content publishers combined.

With the launch of *Artnet News Pro*, Artnet News offers subscribers market-critical, data-driven editorial. Harnessing Artnet's Data, our journalists give our readers an unparalleled level of insight into the art market.

Media revenue increased 10% YoY to 4,649k USD during the first six months of 2023 (2022: 4,215kUSD). Artnet has been able to establish deep, stable relationships with its luxury advertising partners built on high performance and trust, with Chanel, Hermès, and Cartier among the Group's many returning clients. Traffic to the Artnet News site increased 31% with over 33% new customers.

Artnet is also successfully leveraging its brand to build creative partnerships while maintaining its impartial and transparent journalistic standards. Published in July, the recent Artnet Intelligence Report, created in conjunction with the Artnet Data Science team, was sponsored by Morgan Stanley. During the financial year, Artnet News will release exciting updates, vastly improving its user experience.

Central to its strategy of creating an efficient, community based global marketplace driven by contextual content and data, Artnet News Pro has continued to grow Artnet's core audience and drive engagement with the platform.



The Artnet x TEFAF panel and event in New York, Spring 2023

Marketplace

Artnet's Marketplace segment includes Artnet Galleries, Artnet Auctions, as well as the ArtNFT platform. Offering B2B as well as B2C transactions, the Marketplace is a global transactional platform for fine art and design. Several key milestones were achieved in the first half of the year despite a YoY decline in revenues.

The STR (Sell Through Rate) during the first half of the year increased 29% to 61% in comparison to the previous year. The ATR (Average Transaction Value) increased 19% to 15,200 USD in comparison to the previous year. The data shows a strong performance especially in light of the soft art market performance as a whole during the first half of the year. Top lots during the first half of 2023 include Pop artist Mel Ramos' *Hav-A-Havana*, which realized 225,000 USD; Manolo Valdes' *Damas de Barajas*, which hammered down at 199,900 USD including premium; as well as Andy Warhol's iconic *Grace Kelly*, which realized 175,000 USD including premium.



Andy Warhol, *San Francisco Silverspot* (from *Endangered Species*)
sold for 162,000 USD in Q2

Artnet Auctions, launched in 2008, provides unique value to buyers and sellers in the art market. Through an online-only model, transaction costs are lower than at incumbent brick-and-mortar competitors. Agile operations and sale calendars permit significantly higher degrees of liquidity and pay-out for sellers. The innovative model also permits the reduction of operational overheads, logistics costs, and warehouse risks are also significantly reduced. Buyers and sellers value the leaner commission structure, fast end-to-end execution time for transactions, and intuitive user experience. Artnet Auctions focuses on the Modern, Post-war and Contemporary, and Ultra Contemporary art categories, which represent over 70% of the total art market and have a strong growth trajectory. Within those segments, Artnet Auctions is focussed on the mid-market, which carries the largest proportion of transaction volumes. The platform has continued to pursue a strategy of increasing average transaction values to drive operating margins, and now regularly sells works between 250,000 - 500,000 USD.

Artnet Galleries represents the world's most prestigious galleries from 61 countries. Galleries members are indexed by specialty and location, with currently approximately 284,000 artworks featured on the platform. Artnet provides unique informational depth with content-rich pages to help buyers from around the world discover artworks from leading galleries. A strong SEO profile and a focused content-to-commerce strategy drive qualified traffic and engagement to partner inventory, offering galleries introductions to buyer pools they would otherwise not have access to.

Similarly, Artnet 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, with the option of linking every lot on Artnet back to the same lot in their online catalog. All upcoming sales are listed on our Events page and rank high on both Artnet and external search engines. Auction House partnerships are the ideal tool for auction houses to expand their international presence and direct a large number of potential buyers to their website.

Artnet Galleries added many new members as gallerists worldwide turned to Artnet to boost their online visibility and facilitate transactions. Higher-tier memberships, which provide access to Artnet's Data and Media products, proved particularly attractive. The Galleries product underwent a strategic review in Q3 2022, with new membership packages launched in Q4 that are expected to have a positive impact on new member volume, particularly amongst higher tier memberships.

Revenue from the Marketplace segment overall decreased 5% YoY to USD 4,670k within the first half of the year (2022: USD 4,915k). Expectedly soft market conditions, especially in the low and mid market, contributed to the revenue decrease for the first half year.



Andy Warhol, *Grace Kelly*, 1984, sold for 175,000 USD on Artnet Auctions in Q2

In line with Artnet's ESG initiatives, Artnet Auctions hosted one sale with philanthropic components during the first half of the year:

EARTHDAY: Land, Sea and Sky (April 2023) offered a selection of works by leading photographers such as Hiroshi Sugimoto, Ansel Adams, Carleton Watkins, and David Yarrow, who place the natural world at the forefront of their focus. A portion of the proceeds from the auction benefitted EARTHDAY. ORG's The Canopy Project, which has planted tens of millions of trees, working worldwide to strengthen communities. This was the second iteration of the Earth Day benefit sale on our platform.

Data

Enterprise Data Services

Data and Analytics from the **Artnet Price Database** via API Connectivity. Unlocking critical insights and driving decision making with the industry's leading data set.

Analytics Reports

Customized market analyses including Art Movement Trends, Auctions House Performance, Price Indices, and Competitive outlooks.

Automated Valuations

Services providing significant overhead cost reductions for market participants globally

Data Driven Online Experiences

API ready online widgets to empower online experiences across the industry

Artist Ranking

Insights to drive sales

Indices

Artnet Indices track market activity, opening up the opportunity for exchange traded art market derivatives

Predictive Analytics

AI driven predictive algorithms that drive decision making and form the basis of an investment thesis

Raw Data Delivery

Unlocking value for tech forward market participants

The Price Database is an online database of more than 16 million color-illustrated auction results from all of the world's leading international auction houses. Composed of the *Price Database Fine Art and Design* and the *Price Database Decorative Art*, this product introduced price transparency to a historically opaque market. The Price Database is a B2B and B2C subscription product with a diverse client base, including appraisers, dealers, auctioneers, wealth managers, banks, family offices, and private and government institutions such as the IRS and the FBI. Subscribers to the database receive access to upcoming auction information, recent auction results, and auction records dating back to 1983, as well as the up-to-date and impartial assistance with the appraisal value of artworks.

At the time of publication, the renewed Price Database has already been released for all customers. Artnet has invested in its core product, and is excited for the new era of transparency that the new Price Database will bring as it strives towards its vision of creating an efficient, global art market. The renewed Price Database is built on a new API-first architecture, introducing the opportunity for transformational new data delivery formats. A mobile optimized

design will ease access to our global user base and drive search volume, and the implementation of elastic search introduces vast new search possibilities. Artnet's Data Science team has produced intelligent, reactive analytics that generate deep insight and understanding of the art market.

The Price Database provides a vital tool for private collectors to appraise the works they own and evaluate opportunities at upcoming auctions or on the dealer market. Dealers and auctioneers rely upon comparable sales from the Price Database to support the valuation and sale of important works of art. Partnerships with *Artfacts* for Primary Market Data as well as Berlin's renowned *Humboldt University* for NFT-related data, provide additional data sources that drive value and create unique data depth and breadth.

Market Alerts inform subscribers by email when artworks by their favorite artists come up at auction (including Artnet Auctions), are featured in upcoming events, or are offered through Artnet Galleries.

Artnet Analytics is also part of the *Data* segment. Reports created by the Data Science team analyze the market development of artists, art movements, art genres or a selection of artworks, and include comparisons to more traditional investments including equities, government debt, and commodities.

Finalized at the end of the third quarter 2022, Artnet piloted its entry into Financial Services. Fine Art Lending refers to the practice of taking out loans against Fine Art & Collectibles. This provides borrowers with additional liquidity to expand their collections or fund new alternate investments, without selling items from their collections or disrupting their investment strategy. The overall market size of outstanding loans against art reached over 25 billion USD in 2021, a 10% growth rate YoY, and grew to \$31.3 billion in 2022 (Source: Deloitte Art & Finance Report). Core to the Artnet Group's vision is providing a holistic ecosystem for the global art market. As the industry's primary data provider, Artnet is a natural home for Fine Art Lending activities. By partnering with some of the world's leading Asset Backed Lending Providers, Artnet is pleased to offer its customers a valuable additional amenity in the renewed Price Database. Artnet is proud to launch the program with The Fine Art Group and Luxury Asset Capital as the primary loan providers.

The Price Database's unique quality was again highlighted with the publication of the bi-annual Artnet **Intelligence Reports** — published for the spring and fall auction seasons, sponsored by Morgan Stanley. The data science team helps create these mission-critical reports of current art market trends in collaboration with the news team.

Leveraging insights gained from the Price Database, Artnet's data science team creates custom reports for auction houses, banks, insurance companies, wealth managers, and others. Valued between 500 USD and 5,000 USD per report, Analytics Reports offer valuable insight into the art market with revenue increasing more than 73% in the first half of 2023 as market participants increasingly turn to data to drive decision making.

The Intelligence Report

Mid-Year Review 2023



The Market Has Taken a Hit. Welcome to Bargain City?

Marketplace

Find out how much the business contracted in 2023

Data Dive

Which sector stayed stable amid turbulence?

The New Auction

Landscape Brought to you by **Morgan Stanley**

The most recent issue of the bi-annual Intelligence Report, sponsored by Morgan Stanley.

During the first half of 2023, revenue from the Data segment declined 1.8% YoY to USD 3,716k (2022: USD 3,785k). Revenue is expected to increase during the third and fourth quarters. A focus on retail users, driven by the mobile first design, is set to drive usage and engagement.

Message from the Chief Technology Officer Quentin Rider



“The fusion of technology and art has unlocked boundless possibilities, and our journey as an industry is filled with promise and potential.”
Quentin Rider

At Artnet, we firmly believe that our work goes beyond just a business venture; it holds profound meaning and significance in the world. We are not merely a platform, but proud custodians, purveyors, and experts entrusted with some of the most extraordinary artifacts the world has to offer. This sense of honor resonates across all teams, driving us to excel in our daily endeavors.

In line with our core values, this year, we remain steadfast in our commitment to democratizing the art world. Our product strategy reflects this dedication, seeking to make art accessible to all and to foster inclusivity within the industry. Our emphasis on Artificial Intelligence and Generative AI demonstrates our dedication to innovation. We see vast potential in leveraging these technologies to augment our data and uncover novel insights that can be of immense benefit to the entire art community.

As a technologist, I cannot help but feel an overwhelming sense of excitement for the direction we are headed. The fusion of technology and art has unlocked boundless possibilities, and our journey as an industry is filled with promise and potential. Artnet’s pursuit of excellence will undoubtedly shape the future of the art world as it once did when the first version of the price database was released.

Responsibility: ESG Report

Artnet published its voluntary, audited ESG report in conjunction with the Annual Report 2022.

Artnet values its role in assisting clients in engaging with fine art and collectibles. Whether Artnet's clients are researching, evaluating, buying, or selling art, they count on the Company to understand both the cultural and commercial value of art —and to ensure the responsible sale of their fine and decorative art in a transparent, efficient, and sustainable way.

The report was prepared in accordance with globally accepted reporting standards and provides information on Artnet's objectives and measures relating to different stakeholders, which include our clients, employees, suppliers, shareholders, and society and the environment in general.

Artnet is proud to be a member of the Deutsche Boerse ESG Hub, which counts Lufthansa AG and Siemens Energy AG as members. The Artnet ESG report can be found on Artnet's Investor Relations page.

Risks and Opportunities

Artnet operates in a competitive unique niche market. To monitor and adapt to a changing landscape, Artnet continuously observes internal and external risks and opportunities. There have been material changes in the risk profile of the Company as compared to the 2022 reporting year.

Firstly, global socioeconomic unrest may put downward pressure on the art industry. Management is closely watching industry performance in order to rapidly adapt to changing conditions. Management is predicting the worsening global economic outlook to have a moderate impact on performance.

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

Changes in Costs and Results

Gross profit from sales in the first six months of 2023 increased by 4.7% to 7,626k USD due to higher revenue and lower cost of sales as compared to 2022. The increased revenue is primarily due to strong results from the Media segment.

Operating expenses in the first six months of 2023 increased by 3.9% to 8,805k USD as compared to 8,470k USD in 2022, mainly due to increase in selling and marketing expenses.

General and administrative expenses totaled 2,446k USD, a decrease of 8% from 2,668k USD during H1 last year.

Product development expenses decreased 24% to 1,195k USD as compared to last year (2022: 1,575k USD). The company has completed its Project FALCON, making it much more cost-efficient, agile, and faster. The project was the most significant undertaking in the Company's history. By investing in state-of-the-art infrastructure, Artnet will quickly adapt to technological changes, build economies of scale, and launch new products much more efficiently.

As a result of lower cost of sales, Operating Income increased to (1,178k) USD as compared to 2022 (1,187k) USD.

Consolidated earnings before income taxes in the first six months of 2023 and 2022 totaled (1,177k) USD and (1,268k) USD, respectively.

Result of Operations, Financial Status, and Net Assets

Result of Operations

The Group's revenue during the first half of the 2023 fiscal year increased 1% to 13,036 USD (2022:12,916k USD), showing slower growth than expected. This is primarily due to lower than expected performance in the Marketplace segment.

Operating Income increased to -1,178k USD as compared to 2022 -1,187k USD. This was primarily due to a decrease in Administrative Costs and Product Development, as well as a strong Media Segment.

Financial Position

The Group's cash flow from operating activities in the first six months of 2023 totaled USD 883k USD (2022: USD 2,094k).

The Group's cash flow from investing activities in the first six months of 2023 was USD -1,410 (2022: USD -741k), respectively. This is primarily due to product development associated with the Data segment and general improvements to the website.

The Group's cash flow from financing activities in the first six months of 2023 was USD 29k (2022: -1,001k USD). The cash inflow resulted from the sale of treasury stock but was offset by repaying the loan.

As of June 30, 2023, cash and cash equivalents amounted to 627k USD compared to USD 1,094k on June 30, 2022. The decrease is mainly due to the repayment of a loan and reducing Accounts Payable liabilities.

The cash investment policy for the Group is conservative and based on short-term investments. This policy allows all cash to be liquid and available.

As of June 30, 2023, the liquidity per share totaled 0.11 USD (0.10 EUR) based on an weighted average of 5,680,040 shares in circulation compared to 0.19 USD (0.19 EUR) on June 30, 2022.

Financial Status

Consolidated total assets on June 30, 2023, totaled 12,727k USD which is lower compared with the balance sheet total of 15,505k USD on December 31, 2022. Trade accounts receivables amounted to 2,398k USD, as compared to 3,159k USD on December 31,2022.

Intangible assets increased to 7,094k USD at the end of the second quarter, as compared to 6,183k USD on December 31, 2022. This increase was mainly due to the capitalization of investments into technological infrastructure (Falon), partly offset by amortization of 323k USD.

Current liabilities have decreased by 21% to 7,921k USD since December 31, 2022, mainly due to decrease in the Accounts Payables and accrued liabilities.

As of June 30, 2023, the Group's consolidated equity decreased by 8% to 4,703k USD, due to the decrease in current Net Profit.

The Price Database constitutes an internally developed intangible asset that has been developed by gathering auction information, with results dating back to 1983. This valuable asset has not been attributed to full earnings recognition on

Currency Conversion

Currency conversion in the consolidated statement of comprehensive income is based on the average exchange rate for the period between January 1 to June 30, 2023.

For the period before June 30, 2023, the average exchange rate was 0.925 USD/EUR, as compared to 0.915 USD/EUR in the same period in 2022. Currency conversion for the balance sheet is based on the exchange rate at the end of the period. As of June 30, 2023, the rate was 0.916 USD/EUR, compared to 0.932 USD/EUR on December 31, 2022. Artnet is subject to exchange rate fluctuations because it invoices in euros, U.S. dollars, and British pounds but conducts most of its business in the United States. The Group works to reduce its exposure to differences in the exchange rates by billing European customers in euros and British customers in pounds and by paying vendors in the same currency with these cash funds. Currency translation adjustments arising from the valuation of intercompany loan receivables, which qualify as part of a net investment, are not reflected in the profit or loss of the Group but are recognized in the foreign currency adjustment item. The currency translation adjustment will be reclassified from equity to profit or loss when the net investment is returned fully or in part.

Subsequent Report

Between the end of the second quarter of 2023 and the date of this report, no significant events occurred that affected the Company's financial performance and fiscal situation that are in addition to the Risk and Opportunity Report and the Subsequent Report of the 2022 Annual Report.

Outlook



Jacob Pabst, CEO, Artnet AG

Management is forecasting continued growth for the remainder of the financial year, in line with the Annual Report outlook for 2023. Artnet's diversified business model has proven robust through downturns, and important strategic, operational, and technology updates are expected to have a positive impact on revenues in the second half of 2023. The renewed Price Database, a Unified Navigation, modernized Homepage, and optimized Artnet News site will significantly increase not only the usability of the Artnet platform, but also begin to realize the synergies between the Media, Marketplace, and Data segments.

Despite a challenging macroeconomic environment and a slightly tighter art market, Artnet has strong tailwinds. With over 130 million pageviews in the first half of 2023, and a 41% YoY increase in website users, our digital reach is unmatched and growing also due to the continued digitization of the industry. Online transactional formats have been broadly adopted as a core way of doing business, and this trend is expected to continue. Artnet remains a market leader and is uniquely positioned to deliver a holistic online environment for the modern art market. Additionally, due to its history as a pioneer of data and transparency, and a reputation for independent, quality journalism, Artnet is recognized globally as a trusted brand.

The release of the renewed Price Database in Q1 2023 increased search volumes by 7% due to an improved, mobile optimized user experience. The API first data-architecture of the renewed price database also opens up new revenue potential through Analytics and bespoke direct data partnerships.

Management expects a considerable increase in this area already in 2023. It has already contributed to an increase of API revenue by 250% before the official launch.

Solidifying its position, Artnet Auctions continues to be among the top 5 international auction houses for online-only transactions, as trust, efficiency, and transparency strengthen its market position versus brick-and-mortar auction houses. After executing on a revised sale strategy, management anticipates that the auctions department will achieve healthy results in 2023. Part of this is the launch of a private sales department, which will focus exclusively on executing high-value sales with Artnet's top clientele, many of which are avid users of the Price Database, or loyal readers of Artnet News. Unlike other online platforms which attract primarily a younger, lower-value collector base, Artnet's informational products garner engagement from many of the market's top collectors, making this a significant growth opportunity for the Company.

Through 2023, revenue from advertising and sponsorships is expected to achieve strong growth, although slightly less than in 2021 and 2022 due to an anticipated slowdown in the luxury goods advertising market. Planned improvements to Artnet News Pro as it transitions to a unified retail subscription product are planned to drive growth for that product.

Management will continue to invest in technology and product development in 2023 in line with its strategic goal of creating a unified platform that drives growth through the realization of the clear and formidable synergies between its segments. An improved user experience in 2023 will drive traffic, user engagement, and conversion. Investments in Sales and Marketing will also improve conversion and brand recognition in 2023, while the tight curation of Artnet's marketplace will continue to generate trust from buyers and sellers alike.

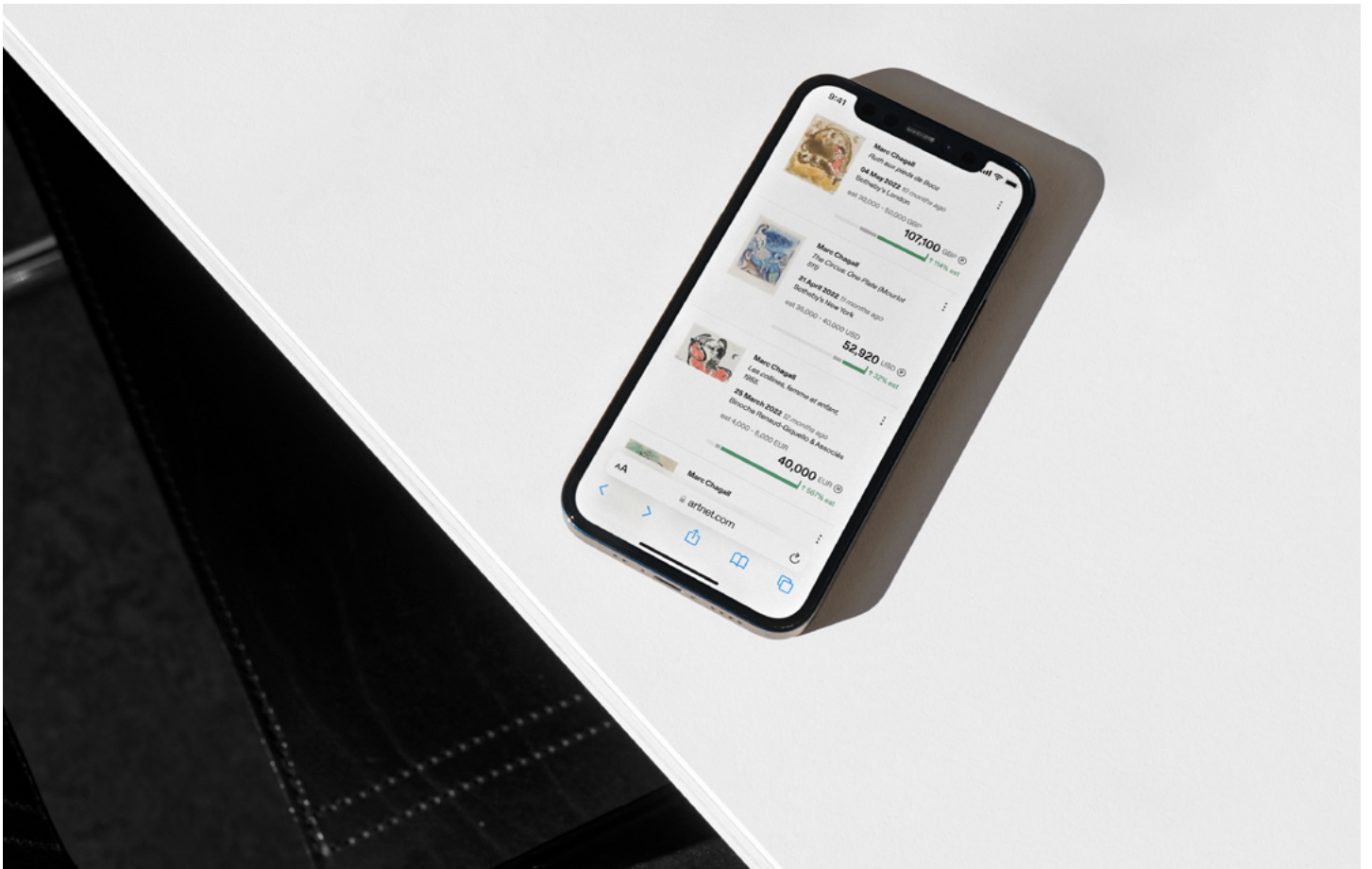
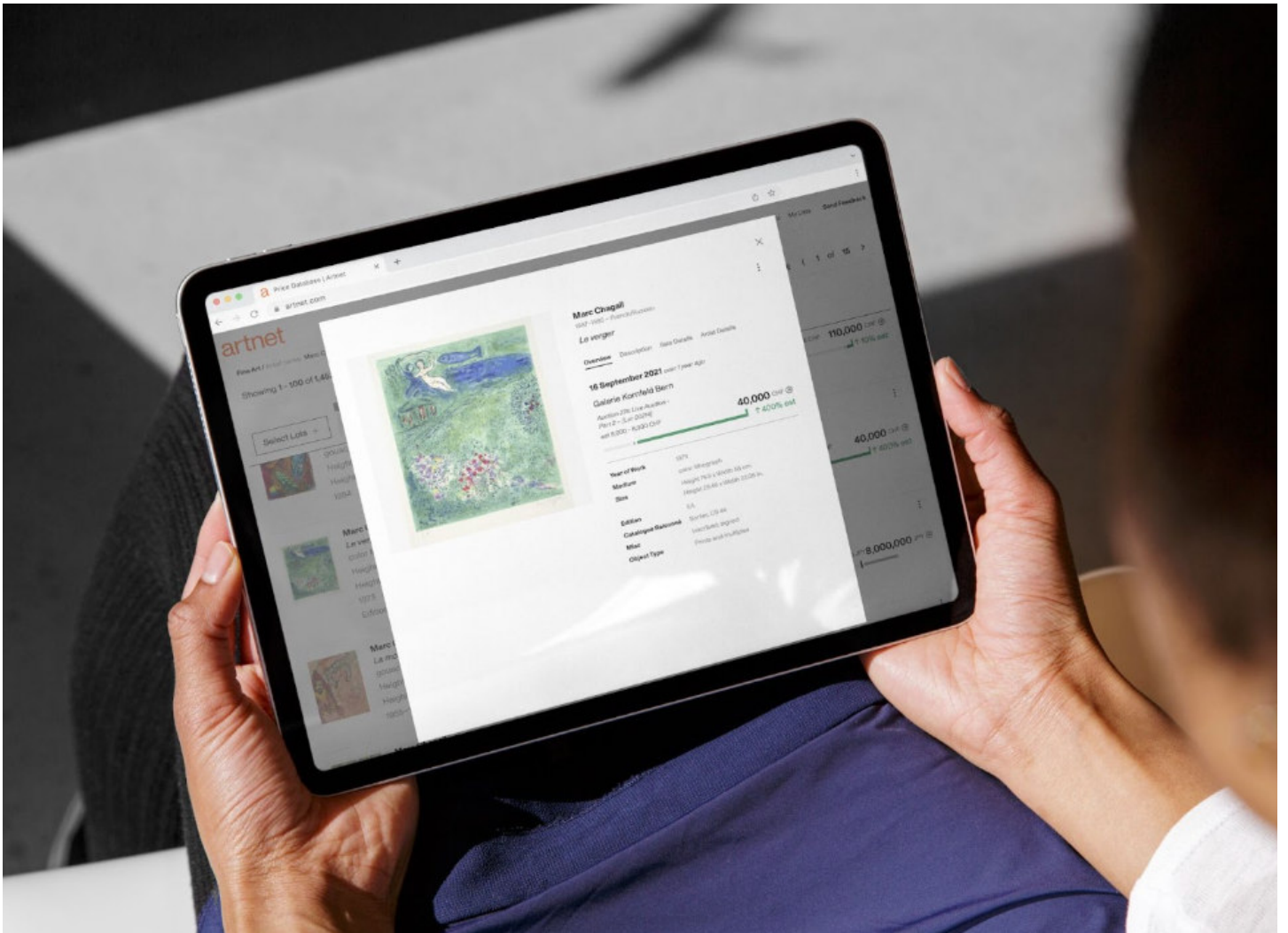
Based on the expectations and synergies between the individual segments, Management predicts an increase in total revenues in 2023 to a range of 28 million USD to 30 million USD. Management expects the income from operations (=EBIT) to be between 1.0 million USD to 1.6 million USD. This increase in operating income is driven by management's focus on margins in 2023.

In terms of non-financial performance indicators, the Group continues to welcome returning customers, both in B2B and B2C services. In addition, data points such as click-through rates, low bounce rates or strong traffic growth show that Artnet delivers high value to its international customers.

The past three years have highlighted the growth and opportunities derived from online transactions, data, and media services. Management believes that Artnet will be leading this development in the art market for years to come.



Jacob Pabst
Chief Executive Officer, Artnet AG



Artnet's reimagined Price Database

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, August 15, 2023

Jacob Pabst
Chief Executive Officer, Artnet AG

artnet AG Consolidated Balance Sheet as of June 30, 2023

Assets	Notes No.	06/30/2023	12/31/2022	06/30/2023	12/31/2022
		USD	USD	EUR	EUR
Current Assets					
Cash and Cash Equivalents	3	626,514	1,130,080	573,824	1,053,009
Trade Receivables	4	2,398,440	3,158,816	2,196,731	2,943,385
Other Current Assets	5	639,944	2,973,270	586,125	2,770,493
Total Current Assets		3,664,898	7,262,166	3,356,680	6,766,887
Non-Current Assets					
Property, Plant, and Equipment	6	201,341	387,322	184,408	360,907
Intangible Assets	7	7,093,517	6,183,138	6,496,952	5,761,448
Other Non - Current Assets	5	142,656	48,341	130,659	45,044
Deferred Tax Assets	8	1,624,370	1,624,370	1,487,760	1,513,588
Total Non-Current Assets		9,061,884	8,243,171	8,299,779	7,680,987
Total Assets		12,726,782	15,505,337	11,656,459	14,447,874
Equity and Liabilities					
Current Liabilities					
Accounts Payable	9	1,599,287	2,505,185	1,464,787	2,334,331
Accrued Expenses and Other Liabilities	10	2,174,947	2,602,382	1,992,034	2,424,900
Short-Term Liabilities from Finance Leases	12	774,465	1,043,510	709,332	972,343
Deferred Revenue	14	3,095,243	3,429,159	2,834,933	3,195,290
Loans	27	276,975	489,897	253,681	456,486
Total Current Liabilities		7,920,917	10,070,133	7,254,767	9,383,350
Long-Term Liabilities					
Office Rent Amortization	13	- 0	0	- 0	- 0
Long-Term Liabilities from Finance Leases	12	102,400	- 0	93,788	- 0
Loans	13	- 0	275,000	- 0	256,245
Total Long-Term Liabilities		102,400	275,000	93,788	256,245
Total Liabilities		8,023,317	10,345,133	7,348,555	9,639,595
Shareholders' Equity					
Common Stock	15	6,032,262	6,032,262	5,706,067	5,706,067
Treasury Stock	15	- 0	(269,241)	- 0	(264,425)
Additional Paid-In Capital		52,278,528	52,547,769	50,853,826	51,118,251
Accumulated Deficit		(53,766,338)	(53,893,052)	(52,488,327)	(52,608,840)
Current Net Profit		(1,182,308)	126,714	(1,093,770)	120,513
Foreign Currency Translation		1,341,321	615,752	1,330,108	736,713
Total Shareholders' Equity		4,703,465	5,160,204	4,307,904	4,808,279
Total Liabilities and Shareholders' Equity		12,726,782	15,505,337	11,656,459	14,447,874

artnet AG, Consolidated Income Statement for the Period from January 1 to June 30, 2023

	01/01/2023	01/01/2022	01/01/2023	01/01/2022	01/01/2023	01/01/2022	01/01/2023	01/01/2022
	06/30/2023	06/30/2022	06/30/2023	06/30/2022	06/30/2023	06/30/2022	30/06/2023	30/06/2022
	USD	USD	EUR	EUR	USD	USD	EUR	EUR
Revenue								
artnet Marketplace	4,670,204	4,915,219	4,320,467	4,499,166	2,299,042	2,395,691	2,109,835	2,253,407
artnet Galleries	2,375,221	2,402,956	2,197,348	2,199,556	1,237,730	1,182,302	1,136,866	1,111,537
artnet Auctions	2,294,983	2,512,263	2,123,119	2,299,610	1,061,312	1,213,389	972,969	1,141,870
artnet Data	3,716,134	3,785,348	3,437,845	3,464,934	1,825,174	1,885,051	1,674,905	1,771,121
artnet Price Database	3,716,134	3,785,348	3,437,845	3,464,934	1,825,174	1,885,051	1,674,905	1,771,121
artnet Media	4,649,236	4,214,983	4,301,070	3,858,202	2,469,294	2,423,017	2,268,713	2,260,949
artnet Advertising	4,117,377	3,740,214	3,809,040	3,423,620	2,200,957	2,132,187	2,022,364	1,990,319
artnet News Subscriptions	531,859	474,769	492,030	434,582	268,337	290,830	246,349	270,630
Total Revenue	13,035,574	12,915,550	12,059,382	11,822,302	6,593,510	6,703,759	6,053,453	6,285,477
Cost of Sales	5,409,077	5,632,588	5,004,009	5,155,813	2,618,330	2,848,662	2,402,199	2,674,385
Gross Profit	7,626,497	7,282,962	7,055,373	6,666,489	3,975,180	3,855,097	3,651,254	3,611,092
Operating Expenses								
Selling and Marketing	5,163,544	4,226,481	4,776,863	3,868,727	2,328,711	2,284,916	2,133,951	2,138,130
General Administrative	2,445,892	2,668,256	2,262,727	2,442,399	1,157,527	1,280,862	1,061,586	1,205,758
Transfer Pricing - Expenses	- 0	- 0	- 0	- 0	- 0	- 0	- 0	- 0
Product Development	1,195,396	1,574,923	1,105,877	1,441,612	625,221	689,834	574,303	652,696
Non-Cash Compensation	- 0	- 0	- 0	- 0	- 0	- 0	- 0	- 0
Total Operating Expenses	8,804,832	8,469,660	8,145,467	7,752,738	4,111,459	4,255,612	3,769,840	3,996,584
Operating Income	(1,178,335)	(1,186,698)	(1,090,094)	(1,086,249)	(136,279)	(400,515)	(118,586)	(385,492)
Interest Expenses	48,210	18,676	44,600	17,095	24,900	8,267	22,868	7,817
Interest Income	365	159	338	146	365	159	338	146
Extraordinary Depreciation	- 0	- 0	- 0	- 0	- 0	- 0	- 0	- 0
Other Income/(Expenses)	48,910	(62,673)	45,247	(57,368)	56,716	(27,271)	52,525	(25,813)
Transfer Pricing - Income	- 0	- 0	- 0	- 0	- 0	- 0	- 0	- 0
Earnings Before Taxes	(1,177,270)	(1,267,888)	(1,089,109)	(1,160,566)	(104,098)	(435,894)	(88,591)	(418,976)
Income Taxes	(5,038)	(11,751)	(4,661)	(10,756)	88	(10,726)	118	(9,842)
Deferred Tax Benefit/ (Expense)								
Net Profit/(Loss)	(1,182,308)	(1,279,639)	(1,093,770)	(1,171,322)	(104,010)	(446,620)	(88,473)	(428,818)
Other comprehensive income								
OCI Recycled:								
Exchange differences on translating foreign operations	725,569	67,455	593,395	396,262	732,448	50,957	648,167	277,991
Total comprehensive income	(456,739)	(1,212,184)	(500,375)	(775,060)	628,438	(395,663)	559,694	(150,827)
Earnings per share								
Net profit per basic share	(0,21)	(0,23)	(0,19)	(0,21)	(0,02)	(0,08)	(0,02)	(0,08)
Net profit per diluted share	(0,21)	(0,23)	(0,19)	(0,21)	(0,02)	(0,08)	(0,02)	(0,08)

artnet AG, Consolidated Statement of Cash Flows for the Fiscal Year/Period from January 1 to June 2023

	Notes No.	2023 USD	2022 USD	2023 EUR	2022 EUR
Cash Flow from Operating Activities					
Net Profit		(1,182,308)	(1,279,639)	(1,093,770)	(1,171,322)
Adjustments to Reconcile Net Profit to Net Cash provided by Operating Activities:					
Depreciation and Amortization	6, 7, 22	685,139	776,079	627,519	741,544
Impairments/Write-Offs for Receivables	4	231,815	87,444	212,319	83,553
Changes in Deferred Tax Assets	8	- 0	- 0	0	(0)
Other Non-Cash Transactions		- 0	- 0	- 0	- 0
Changes in Operating Assets and Liabilities:					
Trade Receivables	4	528,561	(48,559)	484,109	(46,398)
Other Current Assets	5	2,333,326	163	2,137,093	155
Security Deposits		(94,315)	287,718	(86,383)	274,914
Accounts Payable	9	(905,898)	692,395	(829,712)	661,583
Provisions	11	- 0	- 0	- 0	- 0
Accrued Expenses and Tax Liabilities	10	(427,435)	678,004	(391,488)	647,833
Deferred Revenue	14	(333,916)	881,339	(305,834)	842,119
Interest Portion of Lease Liability		48,210	18,676	44,600	17,095
Total Adjustments		2,065,487	3,373,259	1,892,224	3,222,399
Cash Flow Provided by Operating Activities		883,179	2,093,620	798,454	2,051,077
Cash Flow from Investing Activities					
Purchase of Property and Equipment	6, 12	(166,645)	(34,422)	(152,631)	(32,890)
Purchase and Development of Intangible Assets	7, 12	(533,285)	(706,226)	(488,854)	(674,799)
Payment for acquisition of consolidated companies		- 0	- 0	- 0	- 0
Cash Flow Used in Investing Activities		(1,409,537)	(740,648)	(1,290,995)	(707,690)
Cash Flow from Financing Activities					
Repayment of financial lease	12	(166,645)	(981,891)	(152,631)	(938,197)
Loan and Loan Interest	13	(533,285)	- 0	(488,854)	0
Interest for leases	13	(2,847)	(18,676)	(2,634)	(17,095)
Sales of Treasury Stock proceeds	18	731,450	- 0	669,935	- 0
Cash Flow Used in Investing Activities		28,673	(1,000,567)	25,817	(955,292)

artnet AG, Consolidated Statement of Cash Flows for the Fiscal Year/Period from January 1 to June 2023

	Notes No.	2023 USD	2022 USD	2023 EUR	2022 EUR
Effects of Exchange Rate Changes on Cash		(5,881)	67,455	(12,461)	64,688
Changes in Cash and Cash Equivalents		(503,566)	419,861	(479,185)	452,783
Cash and Cash Equivalents—Start of Year	3	1,130,080	674,591	1,053,009	592,965
Cash and Cash Equivalents—End of Year	3	626,514	1,094,452	573,825	1,045,748
Supplemental Disclosures of Cash Flow					
Income Tax Receipts/(Payments)	8				
Interest Payments	22	(48,210)	(18,676)	(44,600)	(17,095)
Interest Receipts	22	365	159	338	146

artnet AG, Consolidated Statements of Changes in Shareholders Equity (USD) for the Fiscal Year from January 1 to June 2023

	Issued Shares	Amount	Treasury Stock	Additional Paid-In Capital	Accumulated Deficit	Foreign Currency Translation	Total
BALANCE - December 31, 2021	5,706,067	6,032,262	(269,241)	52,547,769	(53,893,052)	591,167	5,008,905
Net Income / (Loss)					(1,279,639)	67,455	(1,212,184)
BALANCE - June 30, 2022	5,706,067	6,032,262	(269,241)	52,547,769	(55,172,691)	658,622	3,796,721
BALANCE - December 31, 2022	5,706,067	6,032,262	(269,241)	52,547,769	(53,766,338)	615,752	5,160,204
Net Income / (Loss)					(1,182,308)	725,569	(456,739)
Sale of treasury stock			269,241	(269,241)			- 0
BALANCE - June 2023	5,706,067	6,032,262	- 0	52,278,528	(54,948,646)	1,341,321	4,703,465

artnet AG, Consolidated Statements of Changes in Shareholders Equity (EUR) for the Fiscal Year from January 1 to June 2023

	Issued Shares	Amount	Treasury Stock	Additional Paid-In Capital	Accumulated Deficit	Foreign Currency Translation	Total
BALANCE - December 31, 2021	5,706,067	5,706,067	(264,425)	51,118,251	(52,608,840)	451,775	4,402,828
Net Income / (Loss)					(1,171,322)	396,262	(775,060)
BALANCE - June 30, 2022	5,706,067	5,706,067	(264,425)	51,118,251	(53,780,162)	848,037	3,627,768
BALANCE - December 31, 2022	5,706,067	5,706,067	(264,425)	51,118,251	(52,488,327)	736,713	4,808,279
Net Income / (Loss)					(1,093,770)	593,395	(500,375)
Sale of treasury stock			264,425	(264,425)			
BALANCE - June 2023	5,706,067	5,706,067	- 0	50,853,826	(53,582,097)	1,330,108	4,307,904

Notes to the Consolidated Financial Statements 2023

Corporate Information

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 Niebuhrstrasse 78, 10629 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.

The interim consolidated financial statements were authorized for issuance by the CEO on August 15, 2023.

Basis of Reporting

These unaudited interim financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB) for interim financial information effective within the E.U. In particular, they correspond to the “Interim Financial Reporting” guidelines of IAS 34. They also comply with the German Accounting Standard (DRS) 16 on half-year reporting, as well as with §§ 115, 117 of the Securities Trading Act. These financial statements do not include all of the information and notes required by IFRS for complete financial statements for year-end reporting purposes. The accounting and valuation methods applied to this interim report were generally the same as to the most recent annual financial statements. A detailed description of the accounting policies is published in the notes to the 2022 annual consolidated financial statements. The Management of the Company is confident that the interim consolidated financial statements include all adjustments of a normal and recurring nature considered necessary for a fair presentation of results for the interim period. Results for the period ending on June 30, 2023, are not necessarily indicative of future results. The interim financial statements as of June 30, 2023, and the interim management report have not been audited in accordance with § 317 of the German Commercial Code or reviewed by an auditor. The consolidated financial statements have been prepared on a historical cost basis.

The balance sheet date is June 30, 2023.

Reporting Period

The consolidated financial statements were prepared for the reporting period from January 1, 2023, to June 30, 2023. The fiscal year for all Group companies coincides with the calendar year. Foreign Currency Translations and Transactions Amounts mentioned in the interim consolidated financial statements and notes to the interim consolidated financial statements are stated in euros (EUR) unless otherwise noted. The reporting currency is the euro. The currency of the primary economic environment in which the Group operates is U.S. dollars, which is the functional currency of the operating subsidiary Artnet Corp. Transactions in currencies other than U.S. dollars are recorded at the exchange rates prevailing on the dates of the transactions.

At each balance sheet date, monetary assets and liabilities 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 translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average price for the period. The accumulated gains and losses resulting from translation are recorded as a separate component of the Group equity.

In 2023, the long-term intercompany loan remained at 1.5 million EUR. A settlement for this loan is neither planned nor likely to occur in the foreseeable future. The intercompany loan qualifies as a net investment, according to IAS 21.15. Accordingly, exchange differences on the euro-validating loan will be recognized in other comprehensive income. They will thus be accumulated in a separate component of equity until full or partial disposal of Artnet AG's ownership interest in Artnet Corp.

In the first six months of 2023, currency exchange effects in the amount of 26k EUR were recognized as net investment in other comprehensive income and increased the equity. Currency exchange rates significant to the Group are the conversion of U.S. dollars to euros and of U.S. dollars to British pounds. The following exchange rates have been used for the currency translation in the years presented:

USD to EUR	6/30/2023	12/31/2022	6/30/2022
Current Rate Period End	0.9159	0.932	0.956
Average Rate for the Period	0.9251	0.951	0.915

USD to GBP	6/30/2023	12/31/2022	6/30/2022
Current Rate Period End	0.787	0.826	0.822
Average Rate for the Period	0.811	0.811	0.771

Basis of Consolidation and Consolidated Companies

The consolidated financial statements include the legal parent company, Artnet AG, its wholly-owned subsidiary, Artnet Worldwide Corporation, as well as the subsidiaries of the Company. According to IFRS 10, control is achieved where a company is exposed to fluctuating yields as a result of its engagement with the entity or owns rights and has the power to govern the financial and operating policies of an entity to obtain benefits from its activities. On February 23, 1999, Artnet AG entered into a transaction with Artnet Corp., which was treated as a recapitalization of Artnet Corp., with Artnet Corp. as the acquirer of Artnet AG.

As a result, the initial consolidation was implemented so that Artnet AG consolidated as a legal acquirer for the subsidiary company, Artnet Corp., because this was the economic acquirer. An office was opened in London in November 2007, with the formation of Artnet U.K. Ltd., the U.K. subsidiary of Artnet Worldwide Corporation.

Treasury Shares

As of June 30, 2022, Artnet AG did not hold any treasury shares.

Income Taxes

Current income tax is recognized in the interim period based on the estimate of weighted average annual income tax for the entire fiscal year. Due to its tax loss carryforwards, Artnet Corp. only has to pay the alternative minimum corporation tax.

The Group reviews the carrying amount of its deferred tax asset once per year and will review the deferred tax asset on the balance sheet date, December 31, 2023, based on the most recent corporate planning for the fiscal years 2023 through 2025. Currently, no material effects of the Corona pandemic on the recoverability of deferred taxes are expected.

Segment Reporting

The Group reports on the operating segments in the same way it reports operating segment information to the Management and Supervisory Boards. The Group's reporting is based on the following three segments:

- **Marketplace** segment, which includes Artnet Galleries and Artnet Auctions
- **Data** segment, which includes the Price Database as well as the products based thereupon, including Market Alerts and Analytics Reports
- **Media** segment, which includes Artnet News, Artnet News Pro, Advertising, and Partnerships

Management decisions for segments are based on the Contribution Margin II (revenue minus direct and indirect variable costs), which is therefore presented below as the segment result. Indirectly attributable expenses are allocated to the segments, using the ratio of headcounts and revenue for each segment.

The segment reporting is presented, similar to internal communication, in U.S. dollars. 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.

Period January 1, 2023 to June 30, 2023	Revenue k USD	Contribution Margin II k USD
Marketplace	4,670	1,076
Data	3,716	2,244
Media	4,649	278
Total	13,036	3,599

Period January 1, 2022 to June 30, 2022	Revenue k USD	Contribution Margin II k USD
Marketplace	4,915	975
Data	3,785	2,055
Media	4,215	824
Total	12,915	3,854

The reconciliation of the Contribution Margin II to the operating income of the Group is given in the following table:

Reconciliation of Segments Contribution Margin II to the Operating Income	6/30/2023 k USD	6/30/2022 k USD
Contribution Margin II	3,599	3,854
Fixed Costs of Sales Expenses Including Depreciation 345k USD (2022: 238k USD)	2,371	2,301
Fixed Costs of General and Administrative Expenses Including Depreciation 339k USD (2022: 548k USD)	2,106	2,397
Fixed Costs of Product Development Expenses	301	342
Operating Income	-1,178	-1,187

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 increases by adding the potential number of shares from stock option conversions. The calculation of earnings per share is based on the following data:

	1/1-6/30/2023 EUR	1/1-6/30/2022 EUR
Numerator (Earnings): Net income for the first six months	-1,094	-1,171
Denominator (Number of Shares): The weighted average number of ordinary shares used to calculate basic earnings per share (issued and fully paid ordinary shares)	5,680,040	5,627,986
Effect of potentially dilutive shares from stock options	0	0
The weighted average number of ordinary shares used to calculate dilutive earnings per share	-0.19	-0.21

In the first six months of the 2023 fiscal year, Diluted and Undiluted earnings per share amounted to (0.21) USD or (0.19) EUR, as compared to the previous year (2022: 0.23 USD or 0.21 EUR).

Employees

In the first six months of the 2023 fiscal year, there were 127 full-time employees in the Group compared to 137 in the same period of 2022. Additionally, the Group had two part-time employees, the same as last year. In Sales and other departments, the Group had five freelancers, as compared to four in the same period the previous year.

Significant transactions with related parties

On 21 December 2022, Fine Art Luxembourg granted a loan of 500 TUSD to the borrowers (Albert Neuendorf, Hans Neuendorf, Galerie Neuendorf AG, Neuendorf Ltd.). In addition, there were fees of 5 TUSD and transport costs for a surrendered painting of 2 TUSD. The loan was paid directly into the account of Artnet Worldwide Corporation. The loan bears interest at LIBOR plus 6.5%. Artnet shareholder Hans Neuendorf of Galerie Neuendorf AG has granted a loan of 507 TUSD to the Group. The loan was repaid in May 2023.

On 27 July, 2022, artnet was granted a loan from an artnet executive for \$275k USD, which was originally mature in December 2022 and bears interest rate at 6%, this loan was extended in February to be matured in January 2024 with interest rate at 10%.

Accounting Estimates and Judgments

The preparation of the consolidated financial statements in accordance with IFRS necessitates estimates and assumptions that influence assets and liabilities, income, and expenses, as well as information in the notes to the financial statements. Actual results and developments may differ from those estimates and assumptions. Estimates made by Management that have a significant effect on the consolidated financial statements include the recognition of deferred tax assets and development costs, the impairment of capitalized development costs, the valuation of provisions, the useful lives of non-current assets, and the assessment of bad debt provisions on accounts receivable. Furthermore, estimates of the borrowing rate for lease accounting have been necessary for the financial year 2022. Notification concerning transactions of persons with managerial responsibilities according to Section 19 of MMVO In accordance with Section 19 of MMVO, the Company has not been notified about transactions made by persons with managerial responsibilities.

Voting Rights Notifications According to § 21, WpHG

Shareholders are required to report when the level of their shareholdings exceeds or falls below certain thresholds. The thresholds are 3%, 5%, 10%, 15%, 20%, 25%, 30%, 50%, and 75%. The voting rights notifications received by the Company during the year under review are available on Artnet's website at artnet.com/investorrelations/voting-rights-notifications.

During the first half of 2023, there were no changes to shareholder thresholds reported.

Useful Information for Shareholders

Artnet AG Supervisory Board

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

Management Board

Jacob Pabst, CEO

Artnet Worldwide Corporation

Jacob Pabst, CEO

CEO Artnet UK Ltd.

Jacob Pabst, CEO

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German Securities Code Number

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

Stock Market Information

WKN A1K037
ISIN DE000A1K0375
LEI 391200SHGPEDTRIC0X31

Investor and Shareholder Relations

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

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

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

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Newsletter:

The Artnet Group sends regular newsletter updates to its shareholders. Please sign up by emailing ir@artnet.com with your name and email address.

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