artnet

Artnet AG

Annual Report 2023

Our Vision

“As we enter 2024, we will continue to provide our global clients with the tools and information to make the best possible decisions.”

From the outset, Hans Neuendorf gave Artnet a clear vision: to create a global digital art market built on the foundations of transparency. Since 1989, we have envisioned a world where buying, selling, and researching fine art is accessible, efficient, and highly rewarding for the modern collector.

Artnet nurtures a family spirit underpinned by its unwavering long-term commitment to this corporate goal. Catalyzed by the pandemic, the past three years have witnessed a systemic shift toward online art transactions and digital experiences. As the art world continues this transformation, Artnet is centrally positioned as the one of the industry’s leading online platform to build and shape the digital future. Our vision is more relevant now than ever.

Hans Neuendorf, Founder Artnet AG and Supervisory Board Member

Key Achievements in 2023

67 million new users

across the platform

Release

of new Enterprise Data Services

Marketplace

USD 225,000

for a Mel Ramos work

USD 175,000

for an Andy Warhol work

Partnerships

Cadillac x Frieze Art Fair LA

TEFAF New York

Gaggenau

Royal Salute x Frieze Art Fair London

The Values of a Deeply Committed Art and Technology Business

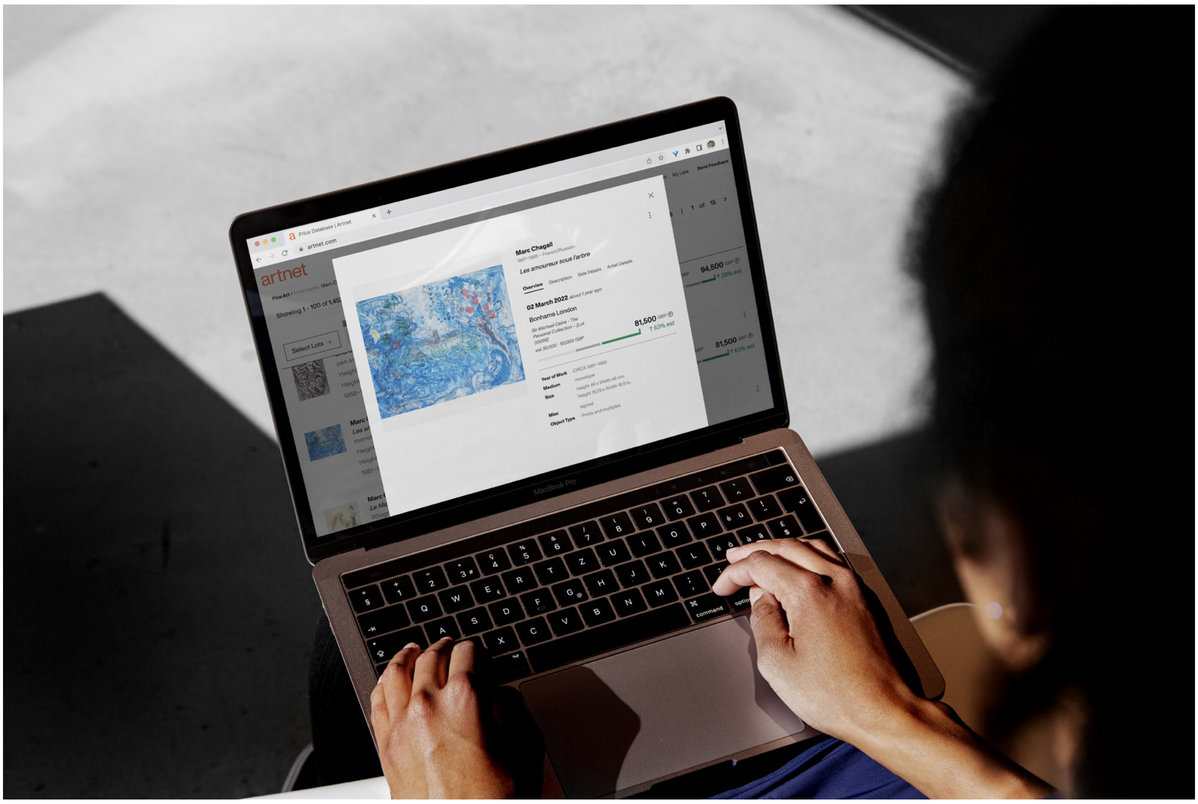
Transparency
Transparency is part of Artnet's DNA; it is the foundational idea on which the company was built. Fostering transparency internally, as well as in the art market is the basis of Artnet's reputation as the industry's trusted information provider.

Efficiency
Artnet is driven by the aim of creating a more efficient art market. By leveraging digital solutions to minimize friction and transaction costs, Artnet seeks to deliver a growing, efficient transactional art market. As a company, Artnet works to be efficient in its pursuit of that goal.

Innovation
As a pioneering disruptor in the art industry, Artnet continually strives for innovation. As a platform built from within the art world, Artnet always maintains a careful balance between looking to the future while respecting the industry's unique complexities.

Curation
Quality can never be compromised. The curation of our marketplace is handled with the utmost attention to detail, so that our customers have the best possible experience. It is in this quest for excellence that Artnet differentiates itself.

Accessibility
Artnet's global audience is testament to its desire to create an open, accessible art world that is more easily understood, researched, and learned about. We wish to be an accessible platform, and an accessible company that offers an open door to anyone wishing to engage with our shared passion.



Artnet offices/headquarters, Woolworth Building, New York, NY

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Message from the Chief Executive Officer

Jacob Pabst, CEO, artnet AG

Dear Shareholders,

Artnet, together with Sotheby's and Christie's, is one of the most well-known and strongest brands in the art market. This is a credit to our hard work and the fact that, in the pursuit and achievement of our strategic goals over the years, we have not compromised on the integrity of the brand.

Over the past few years, we have consistently attracted the most traffic in the art market to our site; in fact, we have more traffic by far than Sotheby's and Christie's combined. In 2023, we welcomed 67 million new users and achieved over 140 million page views.

With the launch of Artnet News, which has grown to become the most widely read publication in the art market, we continue to achieve unparalleled visibility not only for artnet News, but for our two further verticals, Marketplace and Data. Our customers don't necessarily want to buy and sell art or research prices every day, but they do want to be informed about the latest events and trends in the art market. We have thus created the basis for a successful content-to-commerce strategy. Artnet News has been a great success and consolidated our position as a leading force in the industry.

The Artnet Price Database is the gold standard in the industry, with nearly 18 million lots to date, and it is used by all market participants. There is no comparable product on the market.

Similarly, the Artnet Marketplace has established itself as an indispensable tool for the global art trade. It now has a GMV (Gross Merchandise Value) of 3.5 billion USD, is utilized by the largest galleries and auction houses, and is simultaneously at the forefront of online art trading.

We can be proud of these successes, especially because we financed them from our own cash flow, while competitors around us have raised hundreds of millions in capital. What all these companies have in common is that they cannot surpass us, and they are still incurring significant losses.

Despite all this, 2023 was a difficult year for us and the entire art market. The many conflicts around the world, higher interest rates and stubborn inflation led to a lot of uncertainty and therefore fewer transactions in the art market. As a result, sales at the major auction houses plummeted, as did our own.

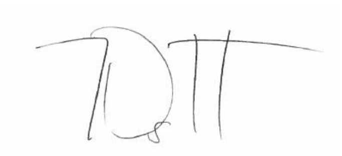
Overall, however, we were able to absorb these challenges better than many others, thanks in part to the diversity of our products. As always, our robust business model and broad revenue streams have helped us to remain resilient.

Additionally, at the beginning of 2023, we initiated an extensive restructuring program with the goal of making the organization even more efficient and significantly reducing costs. The cost reduction measures have already become evident in 2023, with savings of over 1.5 million USD, to which an additional 3.5 million USD will be added this year. In 2025, these measures will then fully take effect, resulting in savings of nearly 6 million USD.

I would like to take this opportunity to thank the Artnet team, who, as always, have shown great commitment and without whose dedication we would never have come this far.

By no means have we exhausted the potential of our company. In a way, we are still at the beginning of a promising development that we initiated many years ago. With the support of our dedicated team and your trust, I am confident that we will make the art market more efficient and achieve significant growth. I look forward to achieving these goals together with you.

Sincerely,



Jacob Pabst
Chief Executive Officer

Executive Team

Jacob Pabst
Chief Executive Officer

Albert Neuendorf
Chief Strategy Officer

Quentin Rider
Chief Technology Officer

Rob Baker
Chief Marketing Officer

Bill Fine
President

Supervisory Board

Dr. Pascal Decker
Head of the Supervisory Board

Prof. Dr. Michaela Diener
Supervisory Board Member

Hans Neuendorf
Founder, Artnet, and Supervisory Board Member

Message from the Chief Strategy Officer

Albert Neuendorf, Chief Strategy Officer

2023 was a challenging year for the art market, which contested with constrictive monetary policy and consumer uncertainty. Many of the trends from 2022 carried into 2023. Global auctions sales decreased, with the USA and Europe experiencing the most pronounced declines.

While this impacted Artnet's performance, our diversified revenue profile provided stability where others in the art market struggled. Steady performance in our Data and Media segments supported a stifled Marketplace segment. Key developments to our platform UX/UI drove engagement across our products.

In 2023 we explored strategies for cost reduction with the aim of utilizing capital and resources more efficiently to achieve our objectives.

As we enter 2024 we anticipate market conditions to improve slightly towards the end of the year. With that in mind, we continue to focus on operating margins, ensuring Artnet's financial health as the market recovers.

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

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 67 million unique users annually, making it the largest global platform for fine art. Artnet's market data is a mission-critical resource for the art industry, encompassing more than 17 million auction results and AI- and ML-driven analytics providing an unparalleled level of transparency and insight into the art market. Artnet's independence as an objective information provider is key to the trusted reputation it has built.

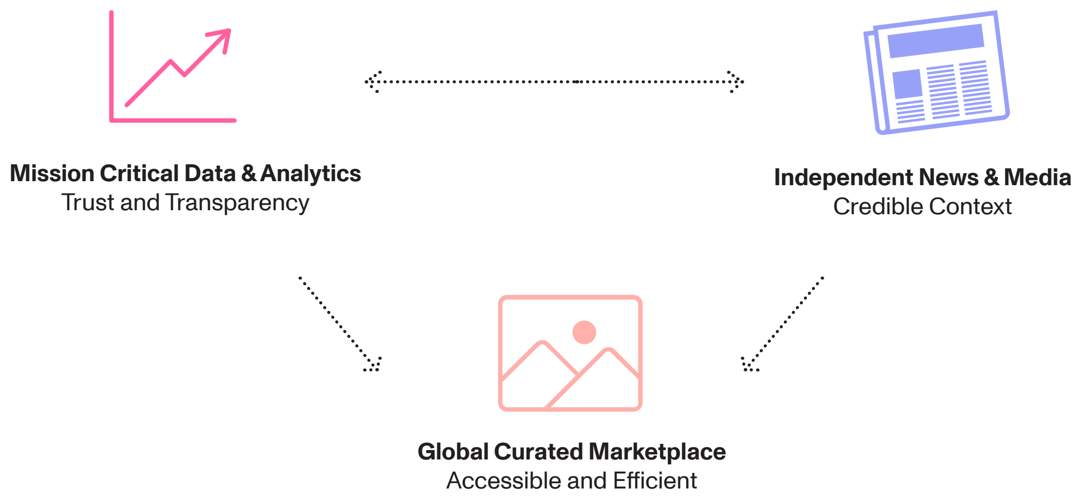
Marketplace: Artnet's Marketplace connects leading galleries and auction houses with our global audience, offering a curated selection of over 290,000 artworks for sale worldwide. A core element of the Marketplace, Artnet Auctions, the pioneering online-only auction platform, offers unprecedented reach, liquidity, and efficiency – powered by artnet's Data and Media segments.

Media: A Media powerhouse, 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 deep analytics, as well as the up-to-date and impartial appraisal value of artworks.

Together, Artnet's unique, synergistic product offering, Data, Marketplace, and Media, provide a comprehensive ecosystem that drives and informs the modern art market - executing on this vision forms a key element of our strategy for 2024 and beyond.

How we will deliver on our Vision
By leveraging the combined strength of our business units, we can create a unique, unified experience for our clients wherein our data and news products provide critical information and relevant context to ensure absolute confidence in their marketplace decision making.



Message from the Chief Technology Officer Quentin Rider

Quentin Rider, Chief Technology Officer

"In 2023, the contributions of the Artnet Technology Team were fundamental in enhancing the user experience and our platform for clients."

Our focus was on agility and introducing features to the platform that delivered value. We achieved this through the reconstruction of the Price Database (PDB), which streamlined access to art market data, and through PDB Insights, which provides statistical and analytical data about current and past sales. The technology underpinning these platforms will play a significant role as we expand our data delivery systems, ensuring faster, more reliable, and flexible data access.

Along with the Price Database rebuild, we visually unified our different business verticals through a cohesive header on the site and redesigned our News pages. These changes are part of a comprehensive modernization of our platform as we aim to significantly increase user engagement.

Looking ahead to 2024, our focus will be on continuing to enhance the UI/UX and on rebuilding key components of the platform, all powered by our new data delivery capabilities. Areas of focus will include artist and artwork pages, as well as marketplace functionality. Artificial Intelligence will continue to play an essential role, being extensively used to analyze and flag content and generate crucial insights about artists. As Chief Technology Officer of Artnet, it is my goal to steer Artnet towards becoming a foundational and visionary technology company in the art market.


Artnet Office, Woolworth Building, New York, NY

Key Figures

23,3 million EUR Revenue
235 million pageviews
67 million new users

Highlights

46
auctions on Artnet Auctions

3,326
articles published on Artnet News

17 million
auction results

Launch
of Enterprise Data Services

Demographics

48% access the Marketplace via mobile

82% of Artnet Auctions clients are private collectors

Responsible Culture

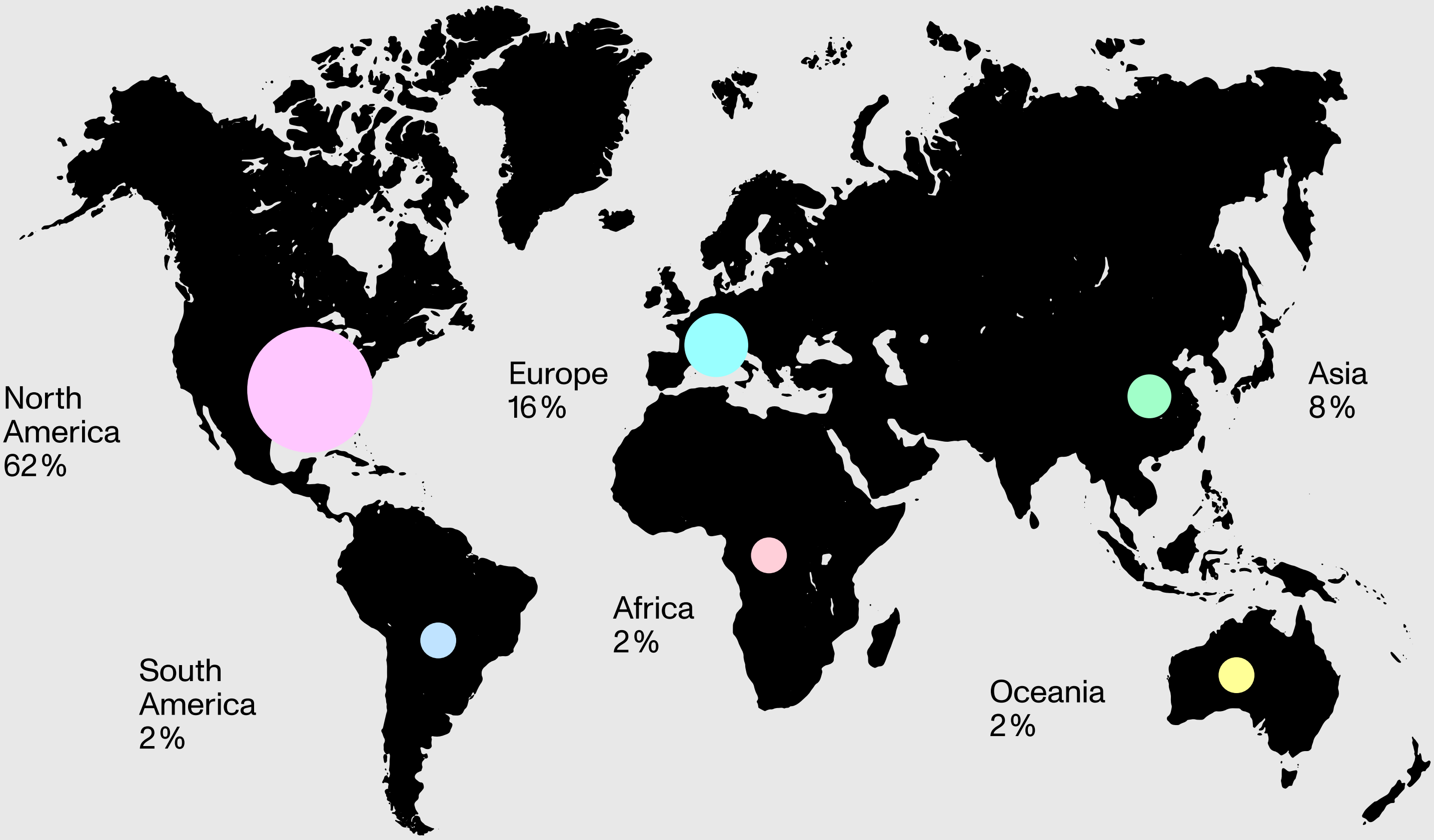
5 Philanthropic and charitable initiatives

Mentoring program for employees, fostering a culture of learning and curiosity

85 female team members, which represents 66% of employees

Web Traffic Sources

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



* Out top three traffic sources for Asia are the Philipines, India and China.

Our Reach

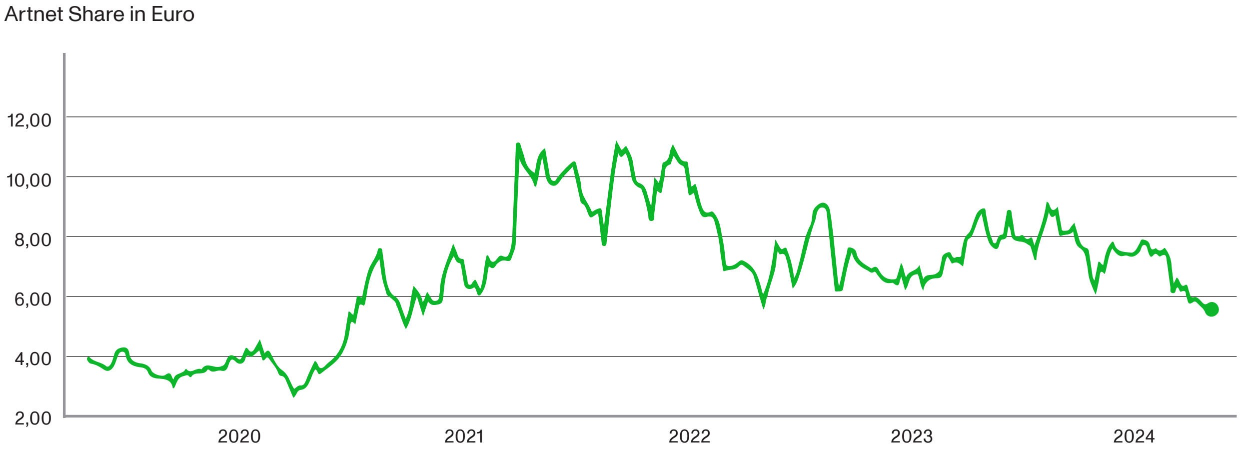
1.140.000+
Instagram

395.000+
Facebook

1.970.000+
X

215.000+
LinkedIn

Performance Measure: the Artnet Share



Strong Financial Structure

Asset light and low risk two-sided Marketplace

Valuable unique data asset

Diverse revenue streams

Long term, low churn partnerships

Message from the Chief Marketing Officer Rob Baker

Rob Baker, Chief Marketing Officer

“In 2023, we realized significant milestones in unifying our brand with a new consumer-facing proposition, messaging, and sharper, more contemporary visual expression.”

We made significant strides in refining our performance marketing program, with a clear focus on platform conversions and revenue across all products. We established Artnet Studio, building our capacity to develop more sophisticated brand partnerships and new collaboration models with our clients. We built major fair partnerships, including a new ongoing collaboration with TEFAF in Maastricht and New York. We relaunched our flagship Intelligence Report to record-breaking results.

As we start a new year, we face uncertain market conditions with changing user needs and expectations. We must be focused and nimble. Ask the question: how can Artnet add value at the moment? We will place an emphasis on understanding our users and gaining greater insight into their profile. In so doing, we will strive to create better alignment between our products and their needs and enable more personalized user journeys and timely, more effective communications. Most importantly, we must stay true to the spirit of disruption and innovation that is at the core of our business.

Company Development 2023

Artnet AG has built its reputation on a unique, synergetic product offering, a visionary company for the modern collector.

The 2023 financial year saw the development of new services as well as the completion of key components of Artnet's technological infrastructure rebuild, setting the foundation for transformative front end platform renewals and robust continued growth.

Within the **Media** segment, Artnet News continued to outperform its competitors as the industry's leading content vertical, reaching over 140 million pageviews. (2022:158 million)

Harnessing the power of Artnet's data, our global team of acclaimed journalists publish market driven insights and critical analyses for the art world professional. An essential product for, especially, art market professionals, Artnet News Pro also ensures that Artnet can maintain its high journalistic standards while also paving the way to increased profitability. The high amount of traffic continues to ensure steady advertising revenue growth. During the 2023 financial year, revenue in the Media segment decreased 2% to 8.601 million Euros (2022: 8.747 million Euros).

2023 was a steady yet memorable year for the **Data** segment. 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.

Published for all users in Q1 2023, 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 ensures easy access to our global user base and drives search volume; and the implementation of elastic search introduces vast new search possibilities. Artnet's Data Science team has produced intelligent, reactive analytics that generate deep insight and understanding of the art market.

Core to the Artnet Group's vision is providing a holistic ecosystem for the global art market. Finalized at the end of the fourth quarter, Artnet piloted its entry into Enterprise Data Services. This service empowers our clients to access Artnet's raw data in a controlled environment, giving them unprecedented access to millions of data points. An immediate success, Artnet was able to generate over 100,000 USD in revenue within 4 weeks of publishing this service.

Artnet's **Marketplace** Segment strives to deliver an accessible and efficient art market by providing global access to the world's fine art. Through partnerships with the leading international galleries and auction houses, Artnet offers a diverse, curated selection of over 280,000 artworks to an unparalleled global audience. Artnet Auctions is a fastand cost-effective way to transact fine art today, with a global team of specialists sourcing an expert selection of modern, post-war, contemporary art, and ultra contemporary art.

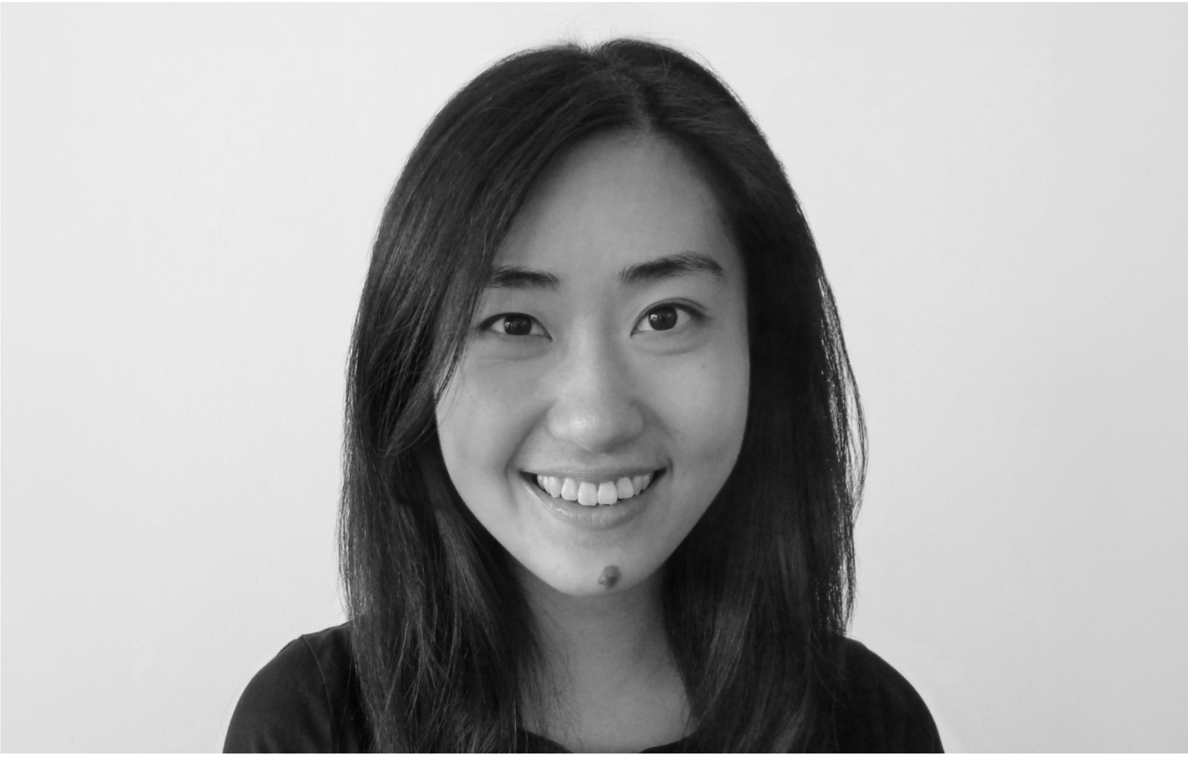
During the 2022 financial year, Artnet completed key operational steps in realizing the strong synergies between its business segments. Thus, in 2023 Artnet was able to capitalize on these synergies and complete critical technological projects which have drastically improved not only the user experience, but also cross selling opportunities. Now, Artnet will be able to drive value to its Gallery Partners while generating increased opportunities for Artnet Auctions and Private Sales.

Company Background and Development

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.

Message from the Vice President, Data Segment Ning Lu



Ning Lu, Vice President

"In 2024, we will fuel innovations in the intersection of art, finance and technology."

2023 marks the beginning of a new era for Artnet when it comes to Data. The New Price Database modernized the product, particularly in terms of accessibility and reach. But more importantly, the transformational work behind the scenes has set the foundation for the product to evolve quickly with modern technology, and for the underlying data to be leveraged at a whole new level as we enter the era of artificial intelligence.

Based on this solid foundation, we have several exciting releases planned for 2024. Enterprise Data Solution will officially launch this year making it possible to access the Price Database via API for the first time, which will fuel innovations in the intersection of art, finance and technology. Interactive data analytics will be surfaced in the Price Database and across the Artnet experience as we continue to modernize our user experience, providing a whole new dimension of market insights to subscribers. Behind the scenes, we will also kick start a project to modernize our data production tool, with a goal to further expand the scope of our data to serve a wider market demand. We look forward to introducing these exciting new initiatives as they become available throughout the year.

Governance and Organization

The rights of Artnet AG shareholders are protected by law and the principles of corporate governance which govern the way Artnet AG operates

Artnet's Board of Directors is the strategic body of the Company that is primarily responsible for enhancing the Company's value and protecting its corporate interests, taking into account the social and environmental issues facing its business and, where applicable, the Company's mission statement. It also endeavors to promote the Company's long-term value creation, in particular by taking into account the social and environmental issues facing its business. Its principal assignments are to approve the Company's and the Group's major strategies and supervise their implementation; to verify the fair and accurate presentation of information about the Company and the Group; to protect its corporate assets; and to ensure that core business risks are fully accounted for in the management of the Company. It also ensures that procedures to prevent corruption and influence-peddling are implemented, and that a non-discrimination and diversity policy is in place, notably with regard to gender equality within the governing bodies of the Group and, on the recommendation of Executive Management, sets diversity targets for these bodies. Lastly, it acts as guarantor with respect to the rights of each of its shareholders and ensures that shareholders fulfill all of their duties.

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.

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 also is responsible for regularly supervising the business growth and forecasts, as well as the corresponding strategy and its implementation. In addition, the Supervisory Board reviews 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.

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.

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 due to extenuating circumstances. . 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.

The Artnet Group values its shareholders and continually strives to foster a positive relationship with this key stakeholder group. To that end, Artnet sends regular updates to its shareholders and is always available for thoughts and feedback, via its Investor Relations website. Key points of contact can be found at the end of this report.

Message from the President
Bill Fine

Bill Fine, President, Artnet AG

"Your privacy and trust are paramount."

In 1992, working on Bill Clinton's successful presidential campaign, against George H.W. Bush, and addressing his team, strategist James Carville famously quipped, "It's the economy, stupid!"

And, while I would be ginger about putting it in quite the same nutshell, I would say, at artnet, it's about the content.

With real live editors on four continents, and operating across all time zones, we are the art world's trusted source for "news" and market information collectors and art professionals rely on. No other medium can boast anywhere near artnet's coverage.

And, to the extent that the art market relies more and more on data points, our bellwether Price Database and derivative analytical tools are the industry gold standard, providing close to real time price development.

But there is another element we feel strongly about, and it's the respect we feel you deserve as subscribers or even as casual visitors to the "news" and/or "galleries" sites.

You should know that we don't pander or resell your data or insinuate ourselves in a transaction between buyer and seller, unless invited.

Our discretion is crucial. Your privacy and trust are paramount.

Our Products and Services

Artnet AG comprises three business groups: Data, Media, and Marketplace. Each business group includes a selection of products and services

Artnet AG was formed in 1998 as an independent information service provider for the art market. 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.

Media
The Media Segment includes Artnet News, Artnet News Pro, Advertising, and Partnerships. Artnet News is a destination 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 and data journalism standards. With over 51% market share, Artnet News is the most widely-read publication within the art industry, with more visitors than our top four competitors combined. Artnet News Pro is a subscription-based paywall, delivering data-driven, key market stories to industry professionals.

Marketplace
The Marketplace includes Artnet Auctions, ArtNFT, and the Gallery Network. The synergies between these three B2B and B2C products have produced the most widely-used News and online fine art transaction platform of the industry. Created in 2008, Artnet Auctions was the first online platform dedicated to buying and selling art. With the launch of Artnet's ArtNFT platform, Artnet continues its tradition of spearheading positive change and innovation for its customers. With approximately 1000 galleries and over 280,000 artworks by over 23,300 artists from around the globe, the Gallery Network is the most comprehensive platform for galleries online. Through the Marketplace, 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.

Data
The Data segment includes Artnet's industry-leading Price Database as well as Artnet Analytics, Market Alerts, and Art Secured Lending. 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 Price Database provides diverse markets with a global standard of comparison, listing fine art, design, and decorative art auction results, including more than 378,000 artists and designers. Today, the Price Database contains more than 17 million auction results from more than 1,878 international auction houses, dating back to 1985.

Complementing the Price Database are the Market Alerts, Analytics, Enterprise Data Services, and Art Secured Lending. The Market Alerts make subscribers aware whenever an artwork from one of their favorite artists comes up for sale in galleries or auction houses. Powered by the Price Database, Analytics reports are custom made by Artnet's data science team and provide comparables between fine art and other assets, such as gold or the S&P500. Enterprise Data Services is draws on an API infrastructure to empower our clients to directly access Artnet's raw data. This is particularly useful for banks, family offices, and auction houses.

Report of the Supervisory Board for the year 2023

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

In the 2023 reporting year, the Supervisory Board monitored the development of the company and thus performed its duties as required by law and the Articles of Association.

There were no personnel changes on the Supervisory Board during the 2023 reporting year.
The Board was comprised of Dr. Pascal Decker as Chairman, Prof. Dr. Michaela Diener as Deputy Chairman

During the reporting period, the Supervisory Board initiated the expansion of the Management Board in order to distribute management responsibility across a select and highly experienced team, with the view to strengthen the areas of technology, marketing, and strategy development.

In the 2023 financial year and up to the publication of the 2023 Annual Report, the Supervisory Board held five meetings at which all Supervisory Board members were present.

The meetings took place on March 6, 2023 (face-to-face meeting in Berlin, Mr. Pabst and Ms. Bärenklau via video, Mr. Albert Neuendorf on agenda items 1 and 2 via video), on July 17, 2023 (face-to-face meeting in Berlin with Mr. Pabst connected via video and Dr. Alfes and Dr. Hoffmann Linhard (Noerr Rechtsanwälte) online on agenda item 3), on August 23, 2023 (online with Mr. Pabst), on August 30, 2023 (constituent meeting in Berlin following the AGM), on November 6, 2023 (online with Mr. Pabst), on December 4, 2023 (meeting in person, Mr. Pabst present via video)

On August 30, 2024 the meeting with the auditors from Rödl & Partner GmbH, Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Berlin, to approve the financial statements was held via video conference.

The Supervisory Board received detailed information from the Management Board, both in oral and written reports, detailing the business development, corporate strategy and other business critical measures. The Management Reports were essential, as they include key figures on the company and business development; the Management Board sent these monthly reports to all members of the Supervisory Board. The Management Reports, the quarterly statements and the half-year report 2023 were discussed with the Management Board. The Management Board was in regular contact with the Supervisory Board on issues of fundamental importance to business policy and corporate strategy.

In the regular reports of the Management Board, the Supervisory Board pointed out that Artnet, as the world's largest platform for art with around 60 million users per year, has a strong market position that can be further strengthened with bold innovations and new services.

These include, but are not limited to, the systematic development of the company's unique digital treasure trove of data for the Group's various customer groups.

The Supervisory Board also received reports on innovations and new products throughout the year.

The annual financial statements prepared by the Executive Board for the 2023 financial year in accordance with HGB and the consolidated financial statements in accordance with IFRS, together with the management report and the Group management report, were audited by the auditing firm Rödl & Partner GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Berlin.

The Supervisory Board has satisfied itself of the independence of the auditors.

The auditors have come to the conclusion that both the annual financial statements according to HGB and the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations for the financial year in accordance with the provisions of IFRS. Following the conclusion of the audit, the auditors attended a Supervisory Board meeting on August 30, 2024 to discuss the financial statements and to explain the results of their audit.

The Supervisory Board approved the audited results as certified by the auditor. The Supervisory Board approved the annual financial statements and the consolidated financial statements of Artnet AG and the associated management reports. Following the final result of its own detailed examination, the Supervisory Board has no objections. The Supervisory Board has approved the annual financial statements of Artnet AG as prepared by the audited version by resolution dated August 30, 2024. The annual financial statements as at December 31, 2023 are thus adopted.

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

Berlin, 21 August, 2024

For the Supervisory Board
Dr. Pascal Decker Chairman of the Supervisory Board

Corporate Social Responsibility ESG Report

About this report
The CSR Report is published once a year in German and English and covers Artnet AG (hereinafter referred to as "Artnet AG" or the "Company") and its subsidiaries Artnet Worldwide Corp and Artnet UK Ltd. Any deviation from this would be mentioned in the endnotes.

For the 2023 reporting year, we have decided not yet to use a specific framework for the preparation of this non-financial statement. However, we are aware of the future requirements of the European Sustainability Reporting Standards (ESRS), which will gradually apply to small and medium-sized listed companies (SMEs) from 2026. Our preparations for this transition phase have already begun to ensure a smooth adaptation to the new standards as soon as they become relevant for us.

Therefore, no additional frameworks will be used in the transition period.

The report was prepared voluntarily in accordance with Section 315 (c) in conjunction with § Section 289c of the German commercial code. The report provides information on Artnet's objectives and measures relating to different stakeholders, which include our clients, employees, suppliers, shareholders, 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 2023.

This is the summarized, non-financial ESG (Environmental, Social, Corporate Governance) statement for the year 2023, 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 reduced its footprint by decreasing its office spaces and empowering its employees to work from home, as seen in chapter thirteen. With regards to the community, Artnet holds charity auctions on its online auctions platform several times per year, with proceeds benefiting different causes, as outlined in chapters eleven and twelve. With regards to its stakeholders, Artnet uses measures like client and employee surveys to respond to any possible issues and ideas. Furthermore, Artnet is committed to further education and equal opportunities in its employment, as outlined in chapter six.

In the 2023 financial year, there was no overarching strategy; the measures were defined individually on the level of different topics. Measures were implemented adhoc - an overall strategy will be agreed on and implemented at the latest in 2026.

With its measures and concepts, the Artnet Group pursues the goal of strengthening positive effects of its business activities and reducing negative effects in order to further consolidate its leading position in the art industry with regard to Responsibility.

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.

Sebastiao Salgado, sold on artnet Auctions

CSR Mission Statement

Artnet is a renowned company with experience within the art market of 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 sustainably pursue their passions.

Risk and Compliance Management

Artnet reports on potential and current risks quarterly. The risk report is compiled by the Central Risk Management Team and shared with the Supervisory Board. Human Resource and employee risks are also included in these quarterly reports. Additionally, Artnet provides a risk manual which details a risk management system. Additionally, Artnet provides a risk manual which provides details on the risk management system; the compliance management system is outlined in the Management Report of the Annual Report 2023 under section 'Risk Management and Internal Control System.'

Each segment produces a quarterly risk report or risk notification in accordance with the standards laid down by the central risk management team and based on specific materiality thresholds; the reports are aggregated into one single quarterly report. The segment reports and thus, the quarterly report, assess risks, considering their extent in terms of impact on results of operations or financial position, as well as their probability of occurrence. Additionally, they identify actions to be taken and suggest or initiate counter measures. Qualitative factors affecting our strategic positioning and reputation are also taken into account. In addition, we consider "emerging risks," which are primarily derived from external studies. These are risks and opportunities that are developing at considerable pace, and in some cases are difficult to assess. Risks and opportunities like these are triggered primarily by technological developments (e.g., digitalization), environment (e.g., climate change), or threats (e.g., cyberattacks).

The risk management system was further developed during the spring of 2024 as part of a continuous improvement process. In 2024, the risk management system was updated and further developed to the extent that probabilities of occurrence and loss amounts are now also used by the Executive Board. The risks described here and their level assessment still relate to the risk surveys used by the Executive Board in 2023. The risk levels (low, medium, high) were not quantified by the company.

Within the Marketplace segment, Artnet works with a highly reputable KYC/AML company to ensure that the Group does not work with any customers with questionable business ethics.

In addition to statutory requirements, Artnet follows the recommendations of the German Corporate Governance Code as a guideline for good corporate governance as published under this link.
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.

Risks and Opportunities

Artnet operates in a dynamic market with a strong growth trajectory. To monitor and adapt to a changing landscape, Artnet continuously observes internal and external risks and opportunities outlined in the Risk and Opportunity Report within the 2023 Annual Report as well as in the internal Risk Manual.

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 components:

- The finance department, 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 projects.
- Ongoing traffic monitoring, which evaluates and tracks the key areas of web traffic.

As described above, the risk management system was further developed during the spring of 2024 as part of a continuous improvement process. In 2024, the risk management system was updated and further developed to the extent that probabilities of occurrence and loss amounts are now also used by the Executive Board. The risks described here and their level assessment still relate to the risk surveys used by the Executive Board in 2023. The risk levels (low, medium, high) were not quantified by the company.

Artnet employes a highly respected firm to assist with all matters regarding KYC and AML (Know Your Customer and Anti Money Laundering) to ensure that the Group is not only protected, but compliant to any current and new rules and regulations. The Artnet Group educates its employees directly in the on-boarding process regarding compliance, more specifically, fair business practices, bribery, and fraud. Please review the section 'corruption and fraud' for more details.

The Artnet group takes a comprehensive approach in terms of risks which since the start of the financial year 2024 includes evaluating and quantifying when possible the potential impacts and probability of occurrence. Artnet's approach and strategy to risk management is outlined in the Group's Risk Manual and the Annual Report 2023.

As a rule, to measure, monitor, and control risks, the Group uses a management and control system that is mostly based on financial accounting data and key performance indicators for all products. Existing risk potential is observed on an ongoing basis; and requisite actions to limit risks are put in place where possible. The risk management system includes regular (defined as at least quarterly; but weekly calls between management and C-suite allow for more frequent discussion), 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.

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.

The process with regards to risks specifically associated with ESG are not included in the Risk Manual and also not included in the Risk and Opportunity report. Artnet does not view Risks associated with ESG as particularly relevant for the Group. However, Artnet can match the risk of Protection of Customer data and Loss of employees as stated in the Management Report in the Annual Report 2023 Section Risk Management System and Internal Control System (ICS) subtopic Risk Report to ESG topics Employees and Human Rights below in this report.

The list as per the Management Report in the Annual Report cannot include all risks to which Artnet could be exposed at any time. Risks may come to light that have not been identified or reported on and have a negative impact on business development. The Group will continue to monitor its environment and review the effectiveness of the risk management system. Despite continuous adjustments to the risk management system, it is not possible to fully quantify the probability of certain risks occurring or their financial impact. The risk level determined by the Executive Team is classified as low.

an employee at the artnet NY office

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 defined key areas of responsibility, and set concrete goals for 2025; these are defined and reviewed in the annual ESG reports. Artnet's goals are based on its vision for a more sustainable art business, corporate responsibility and social engagement. Additionally, newly onboarded employees are verbally informed of this structure which is oriented on the employee handbook provided to US-employees. The following table provides an overview on relevant topics at Artnet treated in this report.

Section	Topic	Reviewed in this report	Action and Measures	Goals
1	Business description	Business Model of the Group	N/A	N/A
2	Environment	Electricity consumption	Electricity decrease, Responsible management	Decrease electricity consumption slightly by increased WFO (Working From Home), smart use as detailed further in chapter "Environment".
3	Employees	Equality/Satisfaction	Bi-annual surveys to measure employee satisfaction and actionable improvements such as providing competitive salaries and benefits	Increase overall satisfaction to 80%; decrease churn rate slightly as detailed in chapter "Employees";
4	Society	Philanthropy	Regular Charity auctions to support LGBTQ and environmental organizations and schools.	Increase charity auctions slightly; increase donations to art-related organizations by 10% as detailed in chapter "Philanthropy".
5	Human Rights		Artnet has not defined a strategy or measures with regards to Human Rights. Artnet's specific business activities do not pose a risk with regards to Human Rights violations. Existing measures are deemed sufficient to maintain a low risk level.	
6	Fraud/Corruption	Compliance	KYC/AML procedures in place	Maintain KYC/AML procedures; audit bi-annually to secure high standards as detailed in chapter "Risk and Compliance"

Business Model of the Artnet Group:

Artnet AG 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 Worldwide Corp., together with the latter's wholly owned subsidiaries, are referred to as the "Artnet Group," the "Group,", the "Company", or "Artnet."

Artnet has three primary operating segments: Data, Marketplace, and Media. With over 235 million page views in 2023 across its domains as shown in the next figure, Artnet is one of the leading art market platforms. This is underlined by data from the platform Similarweb; Artnet's reach is wider than that of its next four competitors combined: Artsy, Theartnewspaper, Hyperalleric, and ArtNews. The provision of timely information about market movements, galleries, price developments, exhibitions, news, and reviews enable art enthusiasts, collectors, and art professionals to navigate the art market.

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 enthusiasts and collectors to pursue their passion and facilitate seamless transactions based on trust and transparency.

Artnet is a tech business within the art market and is one of the companies spearheading its digitization. Artnet's aims to overcome inefficiencies in the art market through digital solutions. Artnet's services provide market transparency, insights, fast transactions, and liquidity for thousands of clients and millions of users throughout the world. Artnet operates a diversified B2B and B2C business model, offering a synergistic range of products and services to a varied group of clients.

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. As the development of ESG reports and the following implementation is still a very nascent in the art industry, Artnet is still working on defining a strategy with regards to the Environment.

Environmental sustainability is of the utmost importance to Artnet and increasingly important for its stakeholders - as a digital corporation, the group aims to contribute to a more sustainable business model within the art industry. Luxury advertisers in particular are interested in Artnet's policy with regards to ESG and specifically the environment and Human Rights. 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 deems its business model as being a digital business company to be a business model where carbon emissions are more avoidable having low energy consumption in their operations, limited business travel, and by using a more efficient supply chain management. In terms of supply chain management, only the Marketplace segment can be considered. The sales process is finalized such as that artworks sold are only shipped once the sales has been concluded – as opposed to traditional auction houses who take possession of the work before the sales process starts, often shipping them around the world for viewings which Artnet deems to be at great expense and inefficiency. Due to the nature of Artnet's business model, lower carbon emissions are deemed to be reached more easily than at traditional brick and mortar art businesses, such as traditional auction houses and galleries.

Costs for electricity use (Amount used) over the past four years. The decrease is due to the efficient storage of data and the COVID-19 related pivot to working from home. As seen in the most recent data from 2023 below, Artnet's efficient use of electricity has already yielded positive effects. As Artnet does not print catalogues, travel for artwork viewings, send artworks around the world for viewings, or operate a viewing room, emissions are kept at a minimum.

2020: 57,372 USD (52,710 TEUR)
2021: 60,870 USD (55,974 TEUR)
2022: 57,633 USD (52, 997 TEUR)
2023: 26,600 USD (24,460 TEUR)

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. Artnet's goal is the maintain the current level of emissions to and decrease where possible.

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 periodically, as well as educate them with the help of our client services team. Artnet will start publishing these guidelines for the 2025 financial year. Scope 3 emissions include greenhouse gas emissions from business travel, waste disposal, and commuting to work.

Employees

Artnet's corporate culture guides the interaction with its team. 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.

Within the current Risk Management System Employee Loss has been identified as one of the main risk areas. The labor market for qualified and committed managers is very competitive in the art sector. In view of Artnet's relatively manageable size, the loss of employees in key positions could have a temporary impact on day-to-day business. However, as the Group has a highly qualified management team, only minor disruptions are expected in such a case. In Q3 2023, the Media segment was successfully restructured following the loss of the Editor in Chief. To mitigate such risks, Artnet hired key employees in the 2022 financial year, such as CTO Quentin Rider, thus ensuring optimal performance and growth potential. The risk level determined by the Executive Board is classified as low.

Hoewever, employee satisfaction is a crucial indicator of company performance. Satisfied employees identify with their employer and commit to a company in the long term. In terms of employee interests as one of the main Sustainability topics Artnet has measures in place to increase employee satisfaction: measure employee satisfaction in the first place and offering employee benefits as further described below. Furthermore, with regards to equal opportunities, Artnet primarily promotes from within the company and is values a high level of diversity and the overwhelming employment of women – both in entry as well as Management and C-suite positions. With these measures Artnet deems to keep the risk of employee loss due to unsatified employees further low.

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

Artnet also measures its performance with regards to employee satifscation bi-annualy and recently carried out an anonymous online survey for employees at all its offices. The goal of these surveys is to regularly measure employee satisfaction to quickly and efficiently affect positive change. The survey is includes both open as well as closed questions and also asks for thoughts and suggestions on how the Group can improve. Topics which are addressed are equality/diversity, wages, home vs office work, sustainability, leadership, vision, among others.

Survey results:

- 76% of our employees are very satisfied with the **Benefits** offered by Artnet. This statistic has been analysed for the first time during 2023, thus a comparative analysis is not yet available.

- As in 2022, 50% of employees value the flexible combination of being able to work from **home and the office.** They specifically value flexibility, higher work/life balance, and feel that they are more productive in this hybrid model. However, some respondents miss the opportunity of in person meetings and dialogue when working remotely (free answer, as opposed to multiple choice).

- 33.3% of employees state that they work **more productively** from home than from the office. In 2022, the result was 87%.

- 52% of employees are very likely to **recommend Artnet** to a friend/colleague, and 25% are likely to recommend Artnet to a friend/colleague — indicating a high level of employee satisfaction. This result is slightly less the result from the 2022 employee survey, still suggesting a good level of employee satisfaction.

- 60% of employees find working at Artnet **highly engaging and rewarding.** This is slightly less than during the 2022 financial year, where 75% found working at Artnet highly engaging and rewarding. This is primarily due to the high level of global socio economic uncertainity and the ensuing level of stress on the company and employees.

- 76% of employees are either impartial or very **proud to be part of the Artnet team.** This encouraging result is more than in 2022, where 69% were very proud to be part of the Artnet team.

- 40% of employees strongly agree and 36% agree that **Artnet promotes talent** from within the company. In 2022, these results were 56% and 27% respectively.

- 68% of employees strongly agree and 16% agree that **Artnet is a place of equal opportunity.** During the 2022 financial year, the results were 66% and 24% respectively.

- 48% of employees strongly agree and 32% agree that **Artnet values diversity.** In the previous year, the results to this question were 60% and 24%. In order to improve this result, Artnet will survey employees to find out how the Group can do better and then take the necessary steps.

Survey results only include those that participated in the survey and percentages are calculated on that basis. In 2023, 25 out of 129 employees took part in the survey; and in 2022 70 out of 135 employees took part in the survey.

Artnet seeks to optimize its working environment and culture with the annual employee survey, thus will investigate decreases in above stated evaluations by further questioning within the next surveys. Where possible, the Company responds proactively to suggestions encountered in the survey results. For example, the past employee survey asked for more feedback and communication from upper management. Thus, a monthly employee newsletter as well as monthly townhall meetings were implemented. The goal of these measurements is to provide a more transparent workplace as well as opportunities to ask management questions, make employees feel empowered, and improve the workplace culture.

The Company's goal is to always promote from within. Artnet only searches for external candidates if the job in question requires capabilities which are not covered 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.

To ensure a safe, friendly and fair working environment, Artnet implemented the following measures in 2016:

- An anonymous help and counseling center where employees can come forward and seek advice without revealing their identity. This service is managed by Human Resources and reviewed by the CEO.

- Mandatory annual workplace training on the various forms of harassment and how to prevent and deal with it. This is mandatory for all employees, including Management.

- An HR department that is seen as a partner and that listens to employees' questions and concerns.

Employee Headcount
129 Employees (in 2022 135 employees).. Berlin: 10 (in 2022:11),, New York: 103 (in 2022:115), London 14 (in 2022: 9)

Artnet's goal is to foster a workplace of equal opportunity for employment, promotion, education, and personal growth. Artnet's goal is also to always have at least a 50/50% male/female ratio as well as to be a place of equal opportunity for minority groups. To that end, Artnet reviews employee data and survey results bi-annually, to ensure that those goals are honored.

Artnet regularly (at least semi-annually) assesses employee satisfaction through anonymous surveys and encourages employees to contact senior management and/or Human Resources with their ideas, requests and concerns. Additionally, Artnet provides an anonymous help and counselling service where employees can seek help or otherwise anonymously suggest requests and ideas.

- **85 women were employed, which represents 66% of employees.** In comparison, 93 women were employed in 2022, which represented 67% of employees. Due to economic headwinds, Artnet was forced to economize during the 2023 financial year leading to a lower employee headcount.

- **18 women in management and C-suite positions, which represents 67% of these positions.** In comparison, 26 women were in management and C-suite positions in 2022, which represent 67% of these positions.

- **19 employees were supported during maternity leave over the past 3 years.** Maternity leave is regulated differently in each country- While in the USA, it's only 2 weeks in UK it is up to 1 year according to statutory regulations and in Germany up to 2 years according to statutory regulations. This is why Artnet aims to provide compensation for US employees by providing 18-20 weeks of paid leave after child birth.

Costs for employee training/education
Artnet strives to provide training and education possibilities to all employees. During 2020 and 2021, the amount of training we could provide was reduced due to COVID-19 related restrictions. However, the financial years 2022 and 2023 again saw an increase in employee training and education. In addition to offering regular training and education, Artnet introduced a mentorship program in 2023. This enables employees to be mentored by management and/or upper management. Offering this mentorship program underlines Artnet's goal to to foster a culture of learning and professional advancement.

Training and education is mostly not mandatory and is offered to those employees who seek it. The only mandatory training Artnet offers is the 'anti sexual harassment' training, which educates employees on conduct within the workplace as well as measurements if they feel that they have been sexually harassed. In the 2023 financial year, 112 employees took advantage of this training opportunity. The total cost was reduced, as seen below, as there was less training from other service providers in comparison to the previous year.

Cost for Training and Education:

Year	Total Costs EUR	Total Costs USD	Costs per employee EUR	Costs per employee USD
2022	34.313	36.6	254	271
2023	16.314	18.000	127	140

Goals: In 2020, Artnet set itself the goal of increasing employee satisfaction to 70% by 2025. The company already achieved this goal in the proceeding years. For fiscal year 2024, Artnet aims to stabilize the high level of employee satisfaction. By 2025, Artnet's goal is to increase this to 80%. As Artnet has transitioned to working from home offices in response to the COVID-19 pandemic, it is important to assess employee satisfaction regularly. Employee satisfaction is measured by the percentage of employees who would recommend Artnet to others.

To ensure that employees feel supported and to foster a workplace of personal and career growth opportunities and also where as per statutory regulations and employees have not already a basis insurance via national social security systems, Artnet offers the following support:

USA: Medical, Dental, Pension, Wellness Reimbursement, Training/Education, and at least 4 weeks time off for new employees.

UK: Medical, Dental, Pension, Wellness Reimbursement, Training/Education

Germany: Wellness Reimbursement, Training/Education

Except for the sexual harassment training and education, other training and education programs are not mandatory. However, the Company strongly encourages them and financially supports them. Another goal is for the 2024 financial year a slight increase in participation. Training and education cost per employee was 140 USD in 2023.

Andy Warhol, *Mother and Child,* sold via artnet Auctions

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.

City Harvest Virtual Food Drive: This year, Artnet worked with City Harvest Virtual Food Drive. As New York City continues its long recovery from the COVID-19 crisis, unemployment and food insecurity rates remain alarmingly high. Nearly 1.2 million New Yorkers are now experiencing hunger, including 1 in 4 NYC children. In an effort to ensure everyone in our city has access to fresh, nutritious food during these difficult times we are partnering with City Harvest on a Virtual Food Drive. Artnet made a donation to City Harvest and we invited our employees to do so if they are able.

The Bowery Mission: For the past four 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).

New York Foundation for the Arts: Artnet also partnered with the New York Foundation for the Arts . New York Foundation for the Arts (NYFA) is a 501(c)(3) service organization that provides artists, emerging arts organizations, arts administrators, and students with critical support, professional development tools, and resources for defining and achieving career success. NYFA was established in 1971 to serve individual artists throughout New York State. Since then, NYFA have extended our programs and services throughout the United States and internationally and expanded our scope to serve additional members of the arts community. Artnet works alongside NYFA to provide employment opportunities to students and rising artists in the New York area. In 2023, we provided over 5 employment opportunities in the form of internships. Once the internship is concluded, we retain their resume internally and reach out when an opportunity arises that is similar to their internship.

Goals: We aim to support at least two local charities financially or non-financially within all the cities where we have offices by 2025. The delivery of these goals are also contingent upon total Artnet Group performance and the available budget for these initiatives.

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 which promote equality, help the homeless, and assist emerging artists. The below-listed auction benefited such a charity:

EARTHDAY: Land, Sea and Sky (April/May 2023) offered a selection of photographs that embrace the elements and celebrate the nature of our world. 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.

Goals: Artnet aims to expand its charitable initiatives by offering at least five charity auctions or events 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. As per the past reporting year, Artnet has been realizing its goals.

Human Rights
Artnet has an anonymous help and counselling service in place to support employees and can also be used as a reporting tool for incidents. This service is managed by Human Resources and reviewed by the CEO as already stated unde point 3. Employees. Employees can use this system to report unsavory behaviour, mental health issues, whistleblowing, fraud, or supply chain issues. , The Artnet Group deems supply chain management to be at very low risk exposure as most suppliers are private people or galleries. Thus, the Group does not conduct a deep assessment of potential risks.

Artnet addresses compliance and risk issues quarterly within the Central Risk Management Team meeting. Any potential and current risks, concerns, and compliance issues are responded to as outlined in the Company's Risk Manual. Artnet deems Protection of Customer Data as the main field of risk concerning Human Rights.

We have identified cybersecurity, specifically data breaches and data theft, as an area of risk facing us over the coming years. With art businesses globally increasing their online presence, the risk in terms of cybersecurity has increased dramatically. Having said this, during 2022 and 2023, The Group's systems continued to be state of the art, were cloud-based and 100% operational, despite the very strong traffic increase to the website. This is primarily due to regular auditing of our systems and the state-of-the-art security systems currently in place.

Protection of customer data
Artnet stores customer data in accordance with current laws and regulations. There are currently new legislative initiatives worldwide that could tighten these regulations. If third parties were able to circumvent the security measures taken by Artnet and gain access to customer information, Artnet could be held liable for any damages incurred.

Artnet works with data protection experts at home and abroad in order to react promptly to changes in data protection. Artnet has both an EU-US Privacy Shield certification and a Swiss-US Privacy certification, which regulates the transfer of personal data from member states of the European Union or Switzerland to the USA. Furthermore, Artnet has implemented the EU General Data Protection Regulation (EU GDPR), which came into force on May 25, 2018. The risk level determined by the Executive team is classified as medium.

Cybersecurity
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. The Technology department is responsible for the protection of Artnet's data and the high level of the Group's security. Continuous maintenance and vigilance ensure that we have, to date, never encountered a breach of our security systems, which are 100%-based and operational.

Potential breaches pose a risk to Artnet's business and could have significant consequences for the organization. Potential risks are not only exposure of confidential Artnet client data, as stated above, but also disruption to the website, , loss of Artnet Database data, loss of business, legal consequences. 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.

Goals: Artnet will continue to conduct quarterly reviews to ensure that it meets all existing and new compliance and data protection regulations Aand suggestions. Additionally, Artnet annually offers all its employees voluntary training on fraud and data protection. This service is offered via Paylocity. In 2023, 34 employees took part in this training. Artnet aims to slightly increase participation in its voluntary training and education programs.

To date, there have been no data breaches at Artnet.

Corruption and Fraud

As of the current reporting year, Risks are identified by category and probability. From 2024 onwards, they will be extended by the quantitative and qualitative impact they may have on the going concern of the business. As already stated above, the Artnet Group educates its employees directly in the on-boarding process regarding compliance, more specifically, fair business practices, bribery, and fraud. Employees are instructed to report to their direct superiors if they detect any possible risks. Artnet employes a highly respected firm to assist with all matters regarding KYC and AML (Know Your Customer and Anit Money Laundering) to ensure that the Group is not only protected, but compliant with any current and new rules and regulations.

The process regarding risks specifically associated with ESG and in this case corruption and fraud are not included in the Risk Manual or in the Risk and Opportunity report. Artnet does not view Risks associated with ESG as particularly relevant for the Group.

Artnet's Management is regularly informed and trained to prevent and deal with any potential corruption, fraud, or bribery issues.

Within the Marketplace segment, specialists are trained (and are usually already trained when employed) to engage in due diligence with the help of AML/KYC specialists when dealing with new buyers and sellers as well as b2b clients. Additionally, Artnet employees a KYC/AML specialist who is responsible for topics such as background checks, credit checks, and other checks to ensure that Artnet is compliant and safe with regards to KYC and AML.

Within the Media segment, artnet's employees are encouraged to always seek our legal counsel when in doubt and to adhere to rules with regards to related party transactions or doubts with regards to advertisers.

With regards to supply-chain management (specifically concerning corruption, fraud, and labour practices), Artnet will implement a due diligence system during the 2024 financial year. Supply-chain is seen to be a low-risk area of the Group; thus, a due diligence system has yet to be implemented. Artnet offers all employees access to a service where they can anonymously report unlawful, suspicious, or offensive actions. This service can also be used as a helpline. This service is manned by Human resources and reviewed by the CEO who then together decide on the appropriate course of action. The training and education which Artnet provides is voluntary and offered through the service, Paylocity.

Corporate Governance Report

Artnet attaches great importance to corporate governance. The legally required Declaration of Conformity with the German Corporate Governance Code was last published by the and Supervisory Board of Artnet AG in the version updated on August 7, 2024. The Declaration has the following updated wording:

Declaration pursuant to Section 161 AktG

The Management Board and Supervisory Board of artnet AG hereby declare in accordance with Section 161 of the German Stock Corporation Act that Artnet AG since the last Declaration of Conformity dated February 2, 2023, as updated in April 2023 and on February 2, 2024. February 2024, has complied with the recommendations of the German Corporate Governance Code (Code) in the version dated April 28, 2022, published in the Federal Gazette on April 27, 2022

1. Age limit for members of the Management Board (B.5 of the Code)
artnet AG does not consider such a regulation to be appropriate, as blanket age limits would inappropriately restrict the Supervisory Board's freedom of decision in the election of Management Board members.

2. Qualification matrix on the status of implementation of the skills profile (C.1 of the Code)
In accordance with recommendation C.1 of the Code 2022, the status of implementation of the skills profile for the Supervisory Board as a whole should be disclosed in the form of a skills matrix in the corporate governance declaration. artnet AG does not consider the disclosure of such a skills matrix to be appropriate in view of the fact that the Board only has three members. In order to avoid additional expense, such a qualification matrix is not disclosed.

3. Age limit for Supervisory Board members (C.2 of the Code)
artnet AG does not consider an age limit for Supervisory Board members to be appropriate, as blanket age limits would inappropriately restrict shareholders in their freedom of choice when electing Supervisory Board members.

4. Formation of committees (D.2, D3 sentence 5 and D4 of the Code)
The Supervisory Board of artnet AG consists of only three members. It therefore does not make sense for it to form committees from among its members, such as a nomination committee, especially since committees with a quorum would have to consist of at least three members. In this respect, artnet AG deviates from recommendations D.2 and D.4 of the Code.

However, Section 107 para. 4 sentence 2 AktG stipulates that a three-member Supervisory Board is also the Audit Committee. However, this means that the Chairman of the Supervisory Board of artnet AG is also the Chairman of the Audit Committee as defined in Section 107 para. 4 sentence 2 AktG, which represents a deviation from recommendation D.3 sentence 5 of the Code 2022 (or D.4 sentence 2 of the Code 2019) (no identity of the Chairman of the Supervisory Board and the Chairman of the Audit Committee).

5. Information on the expertise of the members of the audit committee (D.3 sentence 4 Code)
According to recommendation D.3 sentence 4 of the Code, the corporate governance statement should contain more detailed information on the expertise of the members of the Audit Committee with expertise in the areas of accounting and auditing. To date, the corporate governance statement has not contained these details, as artnet AG does not consider such information to be appropriate for the Audit Committee, which is only deemed to exist in accordance with Section 107 (4) sentence 2 AktG. As long as artnet AG has a three-member Supervisory Board, there are currently no plans to comply with this recommendation in the future.

6. Publication of financial information (F.2 of the Code)
The consolidated financial statements and the Group management report for the 2023 financial year could not be published within 90 days of the end of the 2023 financial year, as recommended.
In addition, the quarterly statement for the first quarter of 2024 and the half-year financial report for the 2024 financial year was not published within 45 days of the end of the reporting period, as recommended, due to difficulties in preparing the consolidated financial statements.
The publications will be made as soon as possible. With regard to the publication of future financial information, it is intended to follow recommendation F.2 of the Code again.

7. Recommendations on Management Board remuneration(G.2 to G.16 of the Code)
The current remuneration system for the Management Board most recently approved by the Supervisory Board of artnet AG corresponds in terms of content to the employment contract currently concluded with the CEO, which has a remaining term until 2024. This system was presented to the Annual General Meeting on August 30, 2023, but was not approved by it. The implementation of the contract currently in place with the CEO, which was concluded before the current remuneration system was adopted, does not comply with the recommendations in G.2 to G.16 of the Code. The Supervisory Board intends to review and revise the existing remuneration system in detail in 2024. The objective of the Supervisory Board will be to achieve the greatest possible conformity with the recommendations of the Code, to comprehensively reflect the expectations of the shareholders and other stakeholders of artnet AG and to provide even more holistic incentives to promote the business strategy and the long-term development of the company. It is intended that the remuneration system reviewed and revised in this way will then be presented again to the 2024 Annual General Meeting for approval. In addition, it is intended to update Executive Board service contracts accordingly in the event of reappointment or new appointment in view of the further developed remuneration system.

Berlin, August 7, 2024

Jacob Pabst
Board of Directors

Dr. Pascal Decker,
For the Supervisory Board

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 30, 2024

Jacob Pabst
CEO Artnet AG

Group Management Report

Business Model of the Artnet Group and Artnet Group Organization

artnet AG is a holding company whose shares are listed on the Regulated Market (Prime Standard) of the Frankfurt Stock Exchange. artnet AG's principal investment is its wholly-owned subsidiary Artnet Worldwide Corporation, which was founded in New York in 1989. artnet AG ("the Company"), Artnet Worldwide Corporation ("Artnet Corp.") and Artnet UK Ldt ("Artnet UK") (together "Artnet" or "the Group") operate under the brand name "Artnet". Artnet UK Ltd, based in London, is a wholly owned subsidiary Artnet Corp.

Artnet has three primary operating segments: Data, Marketplace and Media. With over 235 million page views in 2023, Artnet is one of the leading art market platforms in the world. This is underlined by statistics from Similarweb: Artnet has more reach than its competitors Artsy, Theartnewspaper, ArtNews and Hyperallergic combined (source: Similarweb) By providing up-to-date information on market movements, galleries, price developments, exhibitions, news and reviews, it enables art enthusiasts, collectors and art experts to navigate the art market.

The declaration required under 161of the German stock corporation act concerning the German Corporate Governance codex have been issued and made available to shareholders via the Artnet website.

29%

Data
Price Database
Analytics
API

The Price Database is an industry-critical tool. It's an highly accurate and comprehensive archive of more than 17 million auction results from more than 1,900 auction houses dating back to 1985.

Artnet Analytics provides AI generated market insights and custom analytics reporting.

34%

Marketplace
Gallery Network
Artnet Auctions
Auction House Partnerships

The Marketplace provides access to the world's leading galleries, auction houses, artworks, artists, and events. Artnet hosts around 297,000 artworks (2022: 250,000) for sale online, with an estimated value of $3.2 billion.

Artnet Auctions provides online only auctions of Modern, Postwar, Contemporary, and Ultra Contemporary art.

37%

Media
Artnet News
Artnet News Pro
Advertising
Partnerships

Artnet News provides up to the minute, 24 hour news on the trends, events, and people shaping the industry.

Artnet News Pro is accessible via a paywall and harnesses Artnet's unparalleled data to provide deep insights into the art market.

Leading industry players, financial institutions, and luxury brands trust Artnet with their advertising. The Group also partners with brands on events and activations.

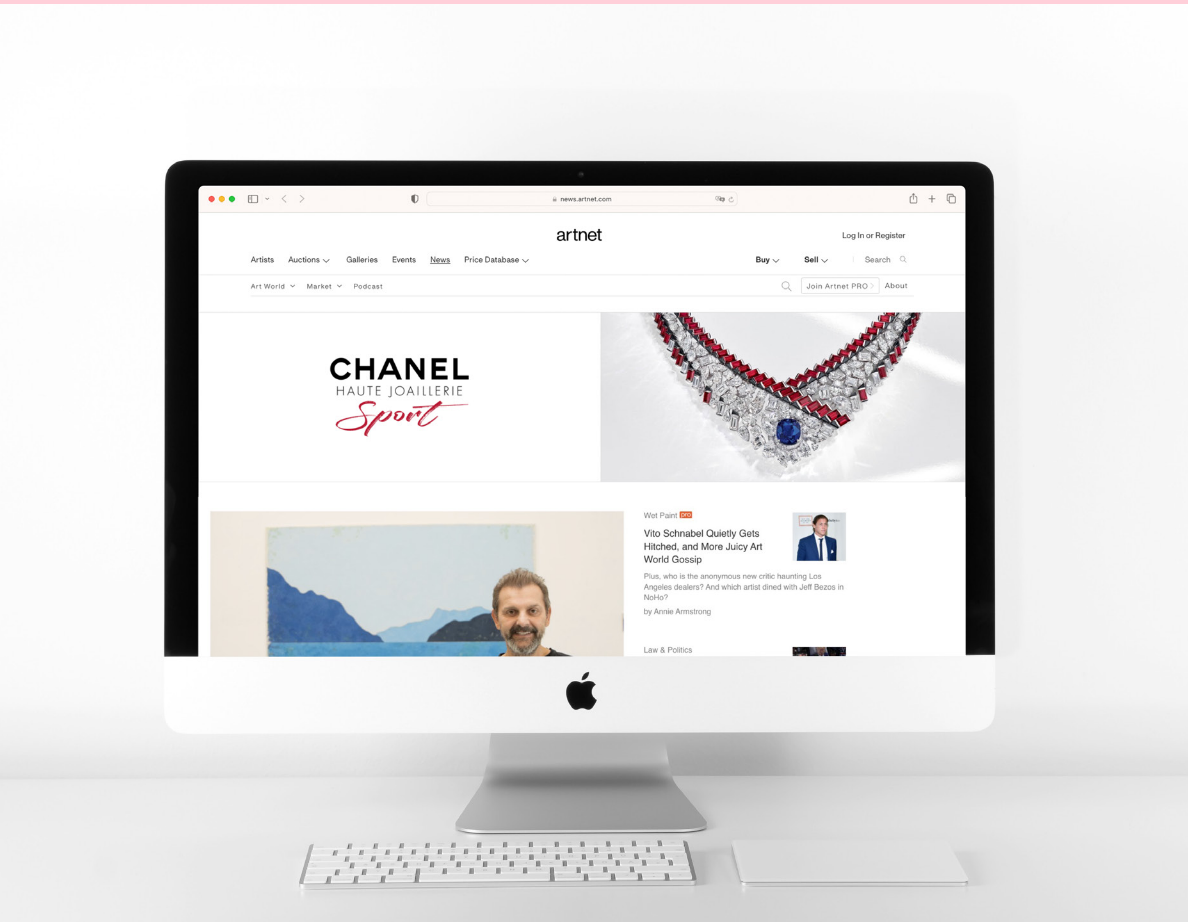
Media

Artnet's Media segment includes Artnet News, Artnet News Pro, and Advertising and Sponsorships.

Artnet News is the world's 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. This is underlined by data from the platform Similarweb; Artnet's reach is wider than that of its next four competitors combined: Artsy, Theartnewspaper, Hyperalleric, and ArtNews (Source: Similarweb)

With the launch of *Artnet News Pro,* the metered partial paywall, 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.

Artnet News attracts a high-value audience that is a desirable target market for fashion and luxury brands. Media revenue decreased 2% to 8,601k EUR through 2023 (2022: 8,747k EUR). This was primarily due to economic headwinds resulting in lower advertising budgets at both luxury brands and galleries. Sponsorships and brand partnerships were an increasingly significant revenue driver as the team pursues larger scale bespoke opportunities that deliver strong margins and drive brand alignment and value to Artnet's audience.



Luxury advertiser Chanel on Artnet News

Media Highlights 2023

-2%

decrease in Revenue

Partnerships

with Cadillac x Frieze New York and Royal Salute x Tate Britain

One of the largest online art businesses with over 51% market share in comparison to competitors

Over 140 million

pageviews

Data

The data segment includes the Price Database, Analytics, Market Alerts, and Data Services and Partnerships.

The Price Database is an online database of more than 17 million (2022: 16 million) color-illustrated auction results from all 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.

During 2023, the renewed Price Database was released for all customers. Additional features are being added regularly, with a view to continually optimizing our services. 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 can use comparable sales from the Price Database to support the valuation and sale of important works of art.

Enterprise Data Services is a newly introduced service within the Data segment. It empowers our clients to take full control over the data analysis by accessing the raw data and data updates directly.

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.

Fine Art Lending also forms part of Artnet's Data 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. Deloitte estimates that the overall market size of outstanding loans against art may have reached between 29.3 and 34.1 billion USD (26.6 - 34.3 B EUR) in 2023, a 11% growth rate YoY. (Source: Deloitte Art & Finance Report 2023)

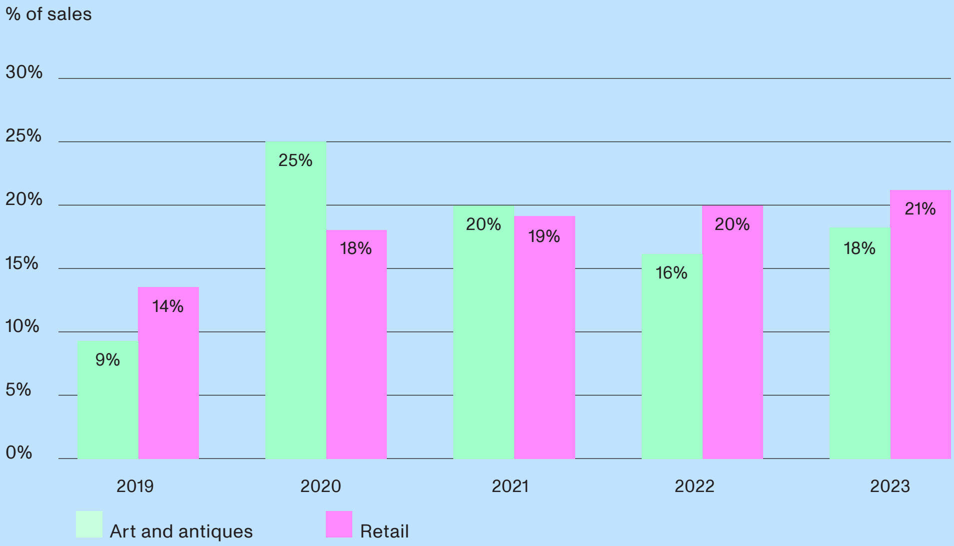
Core to the Artnet Group's vision is providing a holistic ecosystem for the global art market. As one of the industry's primary data providers, Artnet is a natural home for Fine Art Lending activities.

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.

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.

Price Database revenue decreased 5% to 6,722k EUR in 2023 (2022:7,100k EUR). Even though the Data Segments User Experience and product offering was thoroughly optimized, this hasn't been reflected in contracts and pricing models. Optimized B2B and B2C contracts and pricing will lead to growth within the Data segment in 2024.

Share of Online Sales in the Art Market vs. General Retail 2019–2023



Data Highlights 2023

New data architecture

and mobile-optimized Price Database product

Art secured lending product

introduced, in partnership with leading specialized loan providers

Enterprise Data Services

introduced

Biannual Intelligence Reports

published, sponsored by Morgan Stanley

Marketplace

Artnet's Marketplace segment includes Artnet Galleries as well as Artnet Auctions. The Marketplace is one of the industry's leading curated platform for fine art and design.

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. Within those segments, Artnet Auctions is focused on the mid-market (defined as works priced between $100,000 - $10m or 91,000 – 9,1 TEUR), 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 more regularly sells works above 100,000 USD (91.9 TEUR). Interestingly, 63% of pageviews were from mobile devices, most of which were from the US, India and China (in that order). Most transactions on mobile devices were carried out in the US, UK and Germany.

Artnet Galleries represent the world's most prestigious galleries from 35 countries. Galleries members are indexed by specialty and location, with approximately 297,000 artworks featured on the platform in 2023 (2022: 280,000). Artnet provides extensive 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 is one of the ways in which qualified traffic and engagement to partner inventory is enabled, offering galleries introductions to buyer pools on a global scale.
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 on Artnet, 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 a tool for auction houses to expand their international presence and direct many potential buyers to their website.

Revenue from the Marketplace segment decreased 13% in 2023 to 8,026k EUR (2022: 9,184k EUR). This is primarily due to strong economic headwinds the ripple effect of which was a decrease in collectors' purchasing power and appetite for risk; as well as a decrease in artworks brought to market. The result of which was a 12.7% decline of sales at auction houses worldwide, also impacting the Marketplace segment (Source: Artnet Intelligence Report 2024).

Marketplace Highlights 2023

Over 297,000

artworks for sale across the Marketplace
as of the balance sheet date

Increased sales

at mid-market price levels (up to 10 M USD);
including 225,000 USD for a work by Mel Ramos
sold on Artnet Auctions

46

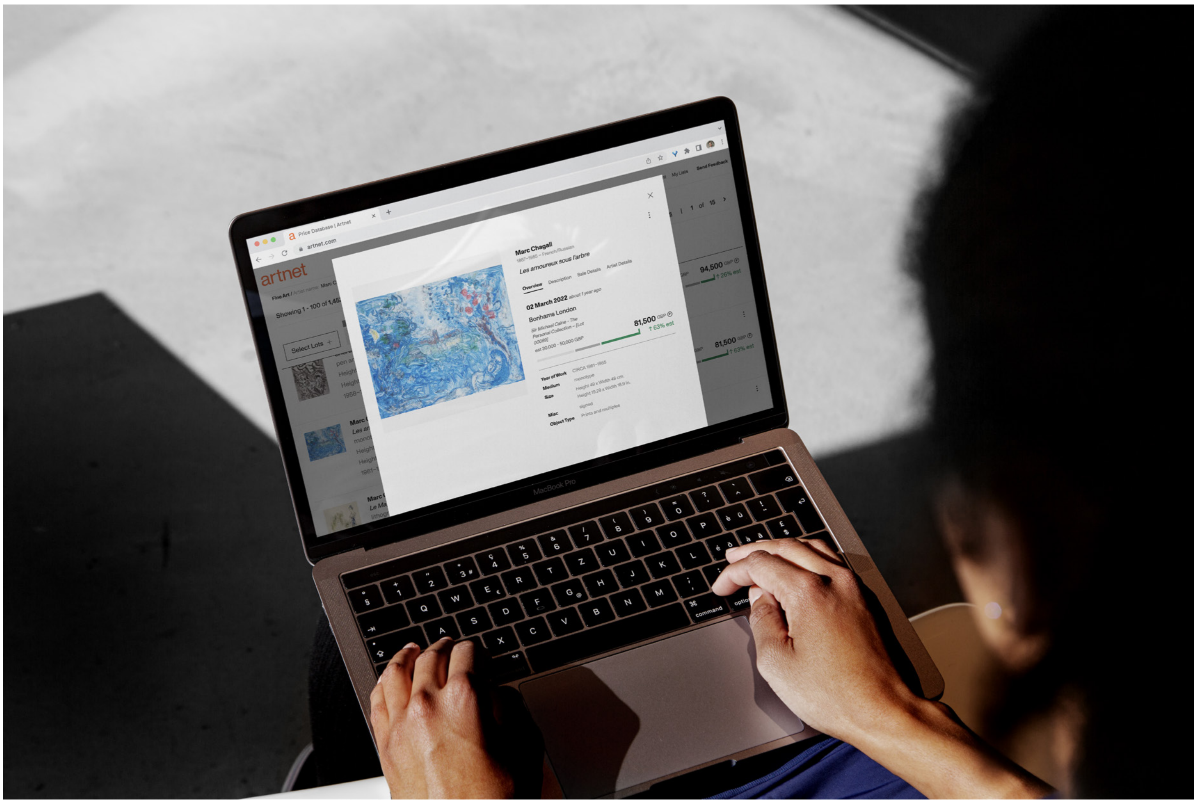
Auctions held

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 enthusiasts and collectors to pursue their passion and facilitate seamless transactions based on trust and transparency.

Artnet is a tech business within the art market and is one of the companies spearheading its digitization. Artnet aims to overcome inefficiencies in the art market through digital solutions. Artnet's services provide market transparency, insights, fast transactions, and liquidity for thousands of clients and millions of users throughout the world. Liquidity is offered due to faster processes and turn-around time in comparison to traditional auction houses where receiving the proceeds of a sale can take up to 3 months. The general technological progress means that the Artnet Group, and therefore also the AG, are continuously trying to improve our products, which is a key objective of the Artnet Group. Artnet operates a diversified B2B and B2C business model and offers a synergetic range of products and services to a diverse group of customers.

Financial stability is a significant objective for the Group, which is safeguarded by close and consistent monitoring of a detailed set of financial and performance indicators throughout the year; especially liquidity and revenue of the Group. Product development is a priority as Artnet aims to further increase scale and market share; this is achieved largely through synergies between segments and thus, possible product development. The CEO sees potential especially in the growth of online transactions,the ensuing benefits for the Marketplace segment, and the potential for synergies between segments. Artnet operates in a highly competitive online market with significant growth potential (Source: UBS Art Basel, The Global Art Market Report 2024). It is crucial for the Company to scale in order to pursue the consolidation of the online art market and drive operating margins.



Artnet's Price Database

Control System

Artnet AG's central objective is to maintain the company's financial stability. This objective is ensured throughout the Group by means of precise and consistent monitoring of detailed financial information and performance indicators throughout the year.

The Management Board always takes the Group perspective when making business decisions. In doing so, the Management Board evaluates monthly reporting on the Group, in which the most important financial performance indicators from the Group's perspective (revenue, cost of sales, gross profit, operating income) are analyzed both in aggregated form and at segment level. Other important key figures, but not among the most significant, are cash and cash equivalents, accounts receviables, and accounts payable.

Regarding the Group's overall performance, the most significant financial performance indicators within the meaning of DRS 20 are sales revenue and operating result. In relation to the segments, revenue is the most important financial performance indicator. The operating result is only monitored at Group level. The Group has no key non-financial performance indicators as defined by DRS 20.

When managing the individual segments, the Group takes other relevant performance indicators into account, however these are not among the most important ones:

In the Marketplace segment and the associated Artnet Auctions division, the financial performance indicator of the sell-through rate, which is determined on the basis of the volume and value of transactions, is significant. In the Galleries division, the non-financial performance indicator of memberships is also used. The number of total memberships, new memberships and membership terminations are relevant here.

Within the Data segment, indicators are the amount of new clients as well as the amount of searches.

In the Media division, the number of visitors to the website (traffic) is a non-financial performance indicator, as is the number of Artnet News Pro subscribers.

Another aspect of the management control system is the ongoing monitoring of traffic and user engagement, in which essential patterns are evaluated and analyzed. The traffic of the entire Artnet site is subject to seasonal changes. Artnet evaluates site visits daily, weekly, and monthly to obtain information about performance in each segment. The website traffic is seasonally affected. This analysis is also important for billing advertising contracts based on traffic performance. Key indicators for Internet advertising analyzed by Artnet are the number of actual views (impressions) and unique users on the ad on the page.

Research and Development

The Artnet website forms the foundation of the Group's products and services. It is of the utmost importance to keep pace with the latest technological developments and best practices. In this regard, Artnet's developers and engineers use third-party software and plug-ins where optimal to drive platform agility and performance.

During the 2023 financial year, the Artnet Technology Team dedicated its efforts to enhancing user experience and developing solutions that add significant value for our customers. Our key focuses and achievements for the year included:

The New Price Database:
Artnet has made significant improvements to the new Price Database, making it more intuitive and user-friendly. These enhancements facilitate better access and understanding of our comprehensive art market data.

Price Database Insights Launch:
2023 marked the introduction of Price Database Insights, a new feature providing in-depth analysis and trends in the art market. It's designed to offer our PDB customers unique perspectives and valuable insights for informed decision-making.

Unified Header Integration:
In the pursuit of a seamless user experience, Artnet implemented a Unified Header across all our platforms. This integration ensures a consistent and cohesive navigation experience.

Redesign of Artnet News Pages:
Artnet has completely revamped the Artnet News Pages with a fresh, modern design. The new layout should not only enhance visual appeal but also improve readability and user engagement.

Data Delivery Systems:
The team has worked tirelessly to advance our data delivery capabilities. The upgraded systems ensure faster, more reliable, and more flexible access to the valuable data our clients rely on.

Development expenses of 1,820 k EUR (2022: 1,963 k EUR) were capitalized in the 2023 financial year. 1,724 k EUR (2022: 1,488 k EUR) of IT costs for product development were not capitalized. Including part-time employees, Artnet had 21 employees in 2023 and 22 employees in 2022 on a monthly average in the area of product development.

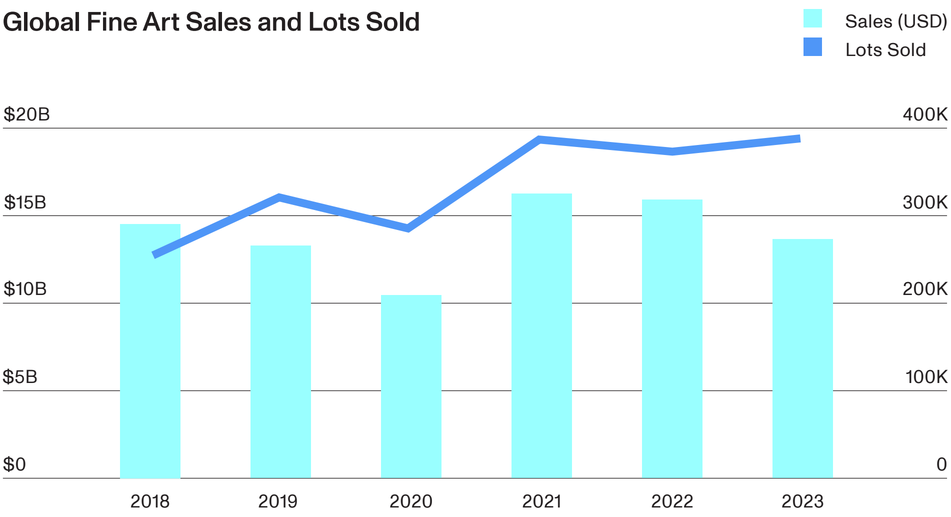
Economic Report

Global Economic Situation
The 2023 financial year saw numerous macroeconomic challenges that have carried through to the beginning of 2024. Due to rising energy prices and supply chain disruptions combined with a tight labor market, inflation was higher and more widespread than expected (source: IMF). Socio-political instability caused by the conflict between Russia and the Ukraine as well as in the Middle East have significantly contributed to market fluctuations. (Source: IMF).

Hampered by the COVID-19 pandemic, then the war in Ukraine and ensuing spikes in inflation and interest rates around the world, the first half of the 2020s now looks like it will be, according to the World Bank, the worst half-decade performance in 30 years. (Source: World Bank).

Global GDP is likely to grow 2.4% during the current financial year, the World Bank forecast in its latest Global Economic Prospects report. That compares to 2.6% in 2023, 3.0% in 2022 and 6.2% in 2021 when there was a rebound as the pandemic ended (source: World Bank 2023). That would make growth weaker in the 2020-2024 period than during the years surrounding the 2008-2009 global financial crisis, the late 1990s Asian financial crisis and downturns in the early 2000s (Source: Reuters).

Global Fine Art Sales and Lots Sold



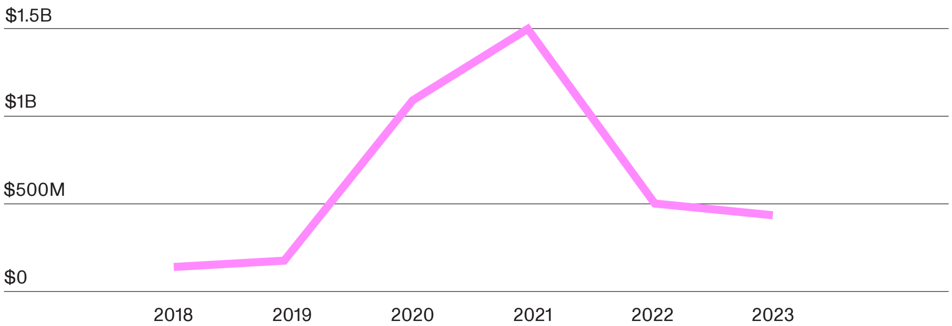
Artnet Intelligence Report 2024

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 dealers (Source: UBS Art Market Report 2024). 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 (Source: UBS Art Market Report 2024) - of which Artnet has already benefitted greatly, as a renowned online platform in the industry.

That said, difficult economic conditions in 2023 prompted consumers to allocate their money more conservatively, negatively affecting art market sales. After staging a formidable comeback from the pandemic in 2021, when near-zero interest rates flooded money into everything from historical masterpieces to animal NFTs, the global marketplace for fine art contracted 12.7% in 2023 (Source: Artnet Intelligence Report). Sales at Sotheby's, Christie's, and Philips dropped 23% during 2023 in comparison to the previous year. The high-end of the market (works priced $10 million and more) contracted 40% during 2023. The Ultra Contemporary segment of the market, until now seen as a growth segment, declined 26% in comparison to 2022 (Source: Artnet Intelligence Report 2024)

Online-Only Fine Art Sales at Sotheby's, Christie's, Phillips, Bonhams and Artnet Auctions



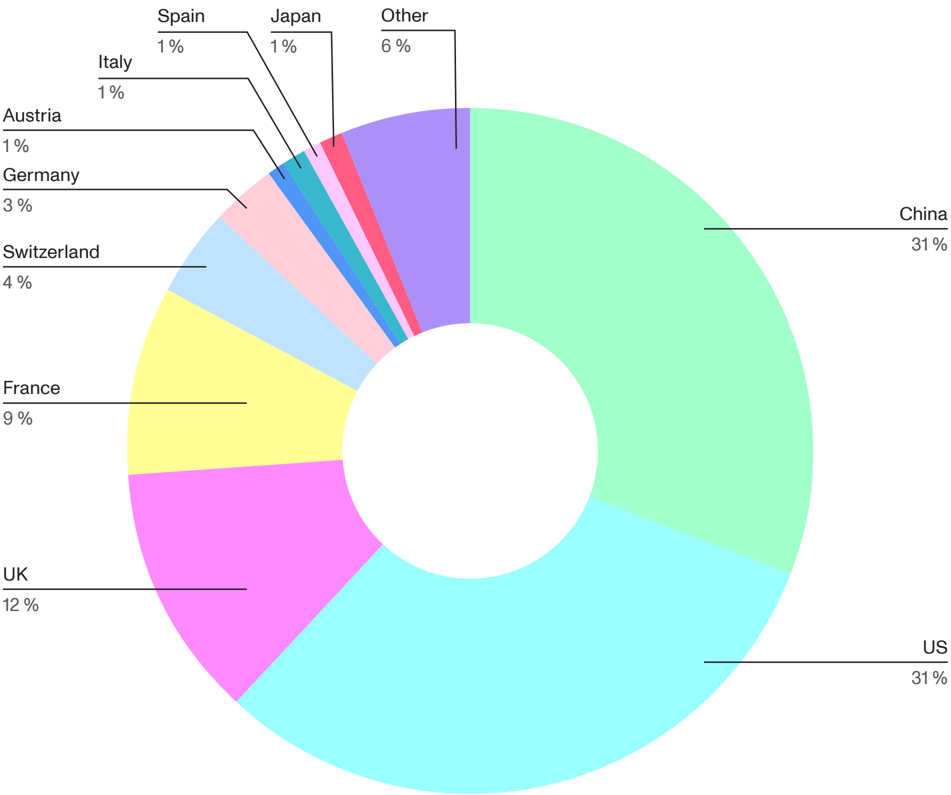
Artnet Intelligence Report 2024

Fine art auction sales in the U.S. generated $5.7 billion in 2023, down 27.5% year over year. Last year's total is smack in the middle of the country's annual results over the past decade. China trailed the U.S. last year but rebounded a bit from 2022, when its auction sales hit a 10-year low amid Covid shutdowns. The country's $3.1 billion total represents a 13% bump year over year. The U.K. market—which continues to be dogged by the impact of Brexit—contracted 15.6% year over year, notching $1.8 billion in sales. Sales in France fell 19%, to just under $900 million, after two record-setting years. Despite auction house investment in the region, France's challenging regulatory climate may have slowed its growth, experts say (Source: Artnet Intelligence Report 2024)

A total of $440.3 million (405 M EUR) worth of fine art sold in online-only sales at Sotheby's, Christie's, Phillips, Bonhams, and Artnet Auctions in 2023 (Source: artnet Intelligence Report 2024). The result represents a 12% dip from 2022, in line with the market's overall decline, and a nearly 70% drop from

2021, when many major sales had not yet returned to being held in-person. Total online sales in 2023 were almost triple pre-pandemic levels, and more works sold online last year than ever before (including during lockdown). This suggests that both buyer and seller behavior around transacting virtually has changed for good (Source: Artnet Intelligence Report 2024).

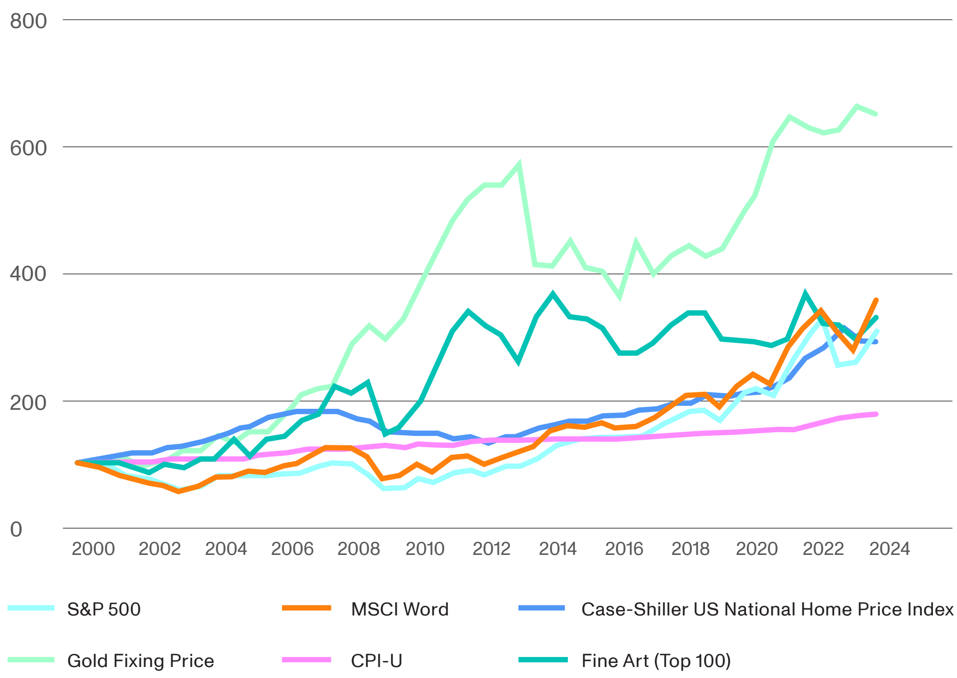
Global Art Market Share by Value in 2022



Arts Economics for UBS Art Market Report 2024

Despite current socio-economic uncertainty and soft auction sales, especially during Q3 and Q4 2023, most HNW collectors (77%) are optimistic about the global art market's performance in 2024 (Source: UBS Art Market Report 2023). German collectors had one of the most positive outlooks in 2022; but they shifted to the least in 2023, with a high degree of uncertainty about what lay in store there (Source: UBS Art Market Report 2023, Survey of Collecting). German collectors were similarly less optimistic regarding the stock markets, indicating that their general outlook may have altered somewhat rather than a specific change in their views regarding the art market (Source: UBS Art Market Report 2023, Survey of Collecting).

Deloitte estimates that UHNWI (Ultra High Networth Individuals) investments into art and collectibles could grow to 2.8 trillion USD (2.5 trillion EUR) by 2026. Additionally, Deloitte reported that 63% of wealth managers globally have allocated art and collectible's into their client's portfolios(Source: Deloitte Art & Finance Report). With a median of 73 k USD (67 k EUR), women spent more than men in 2023 and the two previous years. (Source: UBS art market report). UHNWI's wealth associated with art and collectibles is expected to grow to $2.8 trillion (2.5 trillion EUR) by 2026 (source: Deloitte Art & Finance Report 2023



Deloitte Art and Finance Report 2023

According to Artnet's index for fine art, the fine art market exceeded the S&P500's performance between January 2022 and July 2023, where fine art returns grew a nominal 4.2% against a 6.6% loss for the S&P500 during the same period. Despite a spike in inflation and higher interest rates, art prices suffered less than other asset classes during this period of economic stress. This demonstrates the asset class's ability to act as an effective hedge, especially with regard to the blue-chip, high-end art category (Source: Deloitte Art & Finance Report 2023).

Sales of works priced between $1 million and $10 million (919 k EUR – 9.190 m EUR) declined by a modest 5%. This slice of the market received increased attention in light of the dearth of seven- and eight figure works. Ultra-contemporary art, once the fastest-growing category, took a tumble as the froth surrounding the market for young artists began to dissolve. It shrunk by 26% year over year. The biggest decline was in the Impressionist and Modern sector, whose sales plummeted by almost 30% year over year. The most stable category is Old Masters, whose revenue declined a comparatively modest 14.1%. It remains one of the smallest markets by dollar value, second only to ultra-contemporary (which covers around two dozen years of artistic production, while Old Masters embraces nearly six centuries) (Source: Artnet Intelligence Report 2024).

The auction results of individual well-known and mostly sought-after artists and auctions are often used as a yardstick for the development of the art market.

Sotheby's edged out Christie's in the race for revenue, generating almost $160 million (147 m EUR) more in fine art sales in 2023. The winning house's total represents a dip of 4% year over year. As usual, the battle came down to who won the most lucrative estate. Sotheby's sold philanthropist Emily Fisher Landau's $426.7 million (392 m EUR) collection last year; Christie's sold Paul Allen's in 2022. Christie's total represented a 35.7% decline year over year (Source: Artnet Intelligence Report 2024)

Manolo Valdes, *Damas de Barajas,* 2023, sold on Artnet Auctions in March 2023 for 212,500 USD

Business Development

The global art market faced major economic challenges in the 2023 financial year. Data from Artnet and Deloitte shows that there is usually a six-month gap between a global economic downturn and the point at which it is felt in the art industry (source: Medium). The global art market experienced a decline of 12.7% in the past financial year, which affected all of the Group's segments (source: Artnet Intelligence Report 2024). Revenue and the operating result fell significantly compared to 2022. The forecasts presented in the 2022 consolidated financial statements for the 2023 financial year were also not realized. The deviation is mainly due to transactions that could not be carried out as expected in the fourth quarter of 2023. These transactions mainly related to the Media segment.

Result of Operations, Financial Position and Net Assets

The consolidated financial statements were prepared in euros. This is the functional currency of artnet AG. Unless otherwise indicated, amounts are stated in k EUR (EUR thousand) or rounded to the nearest million. The addition of the individual amounts may therefore deviate slightly from the stated total.

Artnet's main business activities are conducted in the US dollar currency area. To improve comparability, particularly for our US investors, the consolidated balance sheet, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity are also presented in US dollars.

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.

Result of Operations

The Group's revenue in the 2023 fiscal year totaled 23,350k EUR (2022: 25,030k EUR), showing less growth than management expectations. This is primarily due to weaker than expected performance in the Marketplace segment.

Income from operations decreased to –1,900 EUR (2022: -1,630k EUR). Here too, however, the CEO's forecast was not realized.

The 7% decrease in revenue was partially offset by a decrease in Cost of Sales mainly from online Auctions as well as a decrease in General Administrative expenses resulting from downsizing the New York office.

Revenue Growth

In 2023, Artnet's total revenue decreased to 23,350 k EUR compared to 2022 (25,030k EUR). The decrease of 1,158k EUR in the Marketplace Segment is the primary factor that led to the loss.

In 2020, the Marketplace segment became the Group's largest revenue generator, outperforming both Data and Media segments; and this continued till 2022. The decrease in the Marketplace Segment in 2023 was primarily due to strong economic headwinds negatively impacting the art market.

In 2023, the Media segment experienced a slight 2% decrease, from 8,747k EUR in 2022 to 8,601k EUR in 2023. The Data segment experienced a 5% decrease from 7,100 k EUR in 2022 to 6,722k EUR 2023.

Data

Revenue in Artnet's Data segment in 2023 decreased 5% to 6,722k EUR (2022: 7,100k EUR) reflecting difficult market conditions and compressed sales volumes in 2023. Search volumes are expected to increase in 2024, as new pricing initiatives take effect.

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 Euros and 5,000 Euros per report, Analytics Reports offer valuable insight into the art market as market participants increasingly turn to data to drive decision making.

Core to the Artnet Group's vision is providing a holistic ecosystem for the global art market. As on of the industry's most renowned data providers, 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 launched the program with The Fine Art Group and Luxury Asset Capital as the primary loan providers. In Q4 2023, Artnet launched its new Enterprise Data Services. This new service empowers our customers to easily access our raw data, with the ability to generate their own insights and gain business critical advantages.

Marketplace

Total revenue from the Marketplace decreased by 13% to 8,026k EUR (2022: 9,184k EUR).

Artnet Auctions achieved a 57% Sell Through Rate (STR), a steady performance given the global art market contraction. The Average Transaction Value increased 7% YoY to 14,108 USD (12,780 k EUR). Overall consignment volumes were down due to market uncertainty surrounding a difficult macroeconomic environment. Management closely tracks team performance and strategies. Revenue achieved by Prints & Multiples makes up the highest share total revenue for Artnet Auctions at 47%, while Postwar & Contemporary brought in 28% and Photography achieved 25%. In comparison to other auction houses, Artnet performed well with only a 13% decrease in sales while Christie's reported a 35% decrease in the 2023 financial year (Source: Artnet Intelligence Report 2024).

There were several highlights during 2023, with over 40 new artists introduced during the course of the year. A total of 46 sales were hosted on Artnet Auctions in 2023 (2022: 64 sales). Selected top lots included Mel Ramos' Hav-a-Havana #6 (2000), which sold for 225,000 USD (ca 207,000 EUR), well-exceeding the pre-sale estimate; Manolo Valdes' Damas de Barjas (2003) which sold for 212,500 USD (ca 195.000 EUR); and Andy Warhol's Grace Kelly (1984), which sold for 175,000 USD (ca 161,000 EUR).

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 2023; they have had a positive impact on new member volume, particularly amongst higher tier memberships. A change to membership terms towards a minimum 6 month term is also set to lower churn moving forward, leading to an increase in membership numbers.

The Artnet Intelligence Report 2024

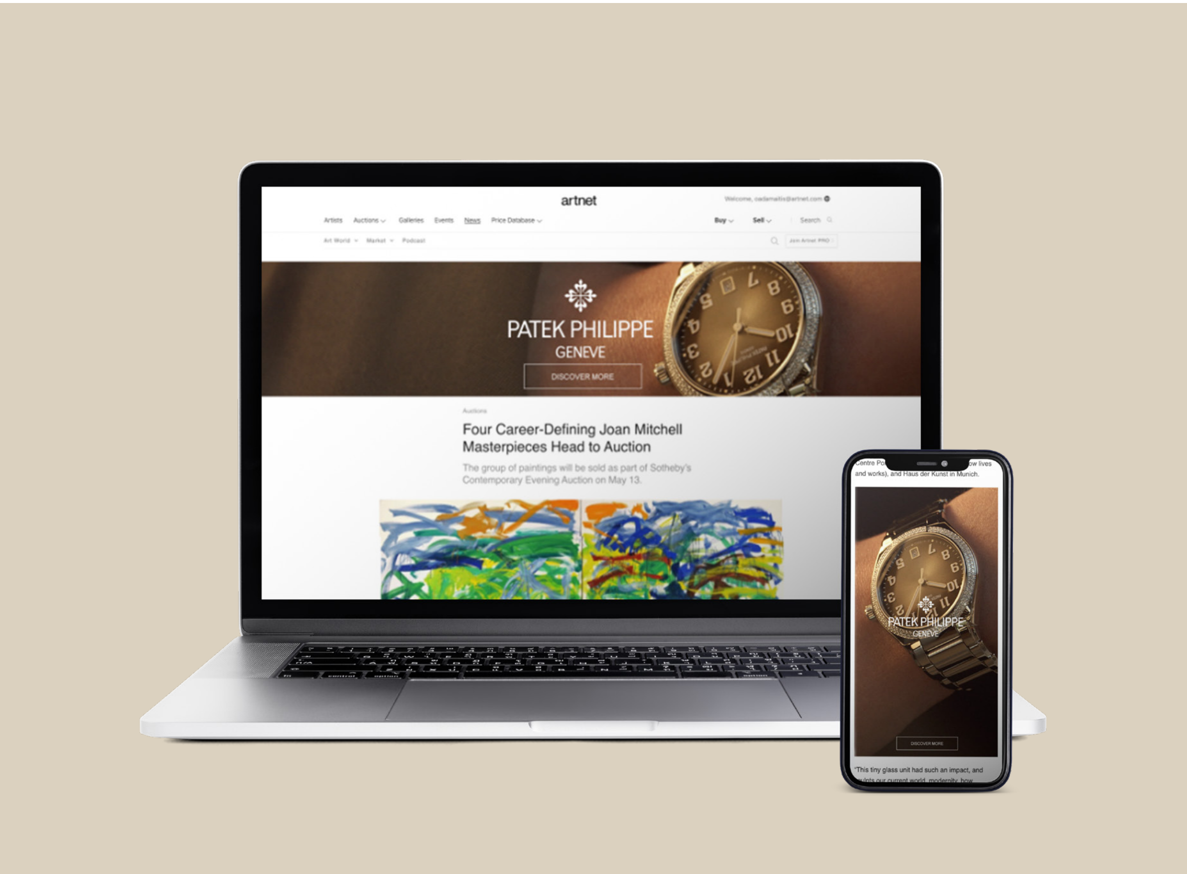
Media

Media revenue decreased by 2% to 8,601k EUR (2022: 8,747k EUR). This was primarily due to slightly lower advertising revenues, as economic headwinds forced companies to decrease their marketing budgets.

Traffic on Artnet News decreased slightly. The number of pageviews on the Artnet News site decreased 13% to 140 million. In total, Artnet News published more than 3,330 (2022: 3,825) stories ranging from data-heavy reports on market movements, to mission critical insights, and reports on current events in the industry.

With the launch of Artnet News Pro in the 2022 financial year, a new revenue stream was added to the Media segment of the group. A metered paywall, Artnet News Pro provides subscribers with mission-critical journalism and data insights into the art industry. Revenue from Artnet News Pro was 990 k EUR (2022: 840 k EUR).

Sponsorships provide an additional revenue stream for the Media segment outside of digital advertising. These larger brand partnerships provide opportunities for exposure outside of Artnet's traditional formats and new ways to engage with our audience while generating value for our partners. Sponsorships are an additional format of revenue diversification in the media segment with strong margin potential. Notable sponsorships included the Morgan Stanley sponsored 'Intelligence Report' as well as sponsorships and events with Cadillac, Gaggenau, Mortlach, and Royal Salute.



Luxury advertising partner Patek Philippe on Artnet News

Changes in Costs and Results

Gross profit in 2023 decreased by 8% to 13,226k EUR compared to the previous year (2022: 14,475 k EUR), due primarily to decreased revenues from the Marketplace segment, but was partially offset by decreased costs in online Auctions. This was offset, thus, by increased costs, due to the higher amortization and depreciation reported in the cost of sales due to a change in the estimate of the remaining useful lives of intangible assets. The resulting exceptional effect amounted to EUR 478 thousand.

Operating expenses decreased to 15,126k EUR in comparison to the previous year (2022: 16,106k EUR, primarily due to the reduced cost in General Administrative expense as well as Product Development expenses. As a result, operating income decreased to –1,900k EUR as compared to the previous year (2022: -1,630k EUR).

Sales and marketing expenses increased to 8,800k EUR (2022:8,726 k EUR), mainly due to increased cost in Marketing personnel expenses. Expenses for product development decreased by 174k EUR to 2,434k EUR in comparison to the previous year (2022: 2,608k EUR). In 2023, Artnet developed its renewed Price Database segment, among other product improvements. The product development costs, which were simultaneously capitalized as an intangible asset, amounted to 1,820k EUR (2022: 1,963k EUR).

General and administrative expenses decreased significantly to 3,891k EUR (2022: 4,772k EUR), which mainly resulted from the downsizing of the New York office. The remaining costs include the personnel expenses of administrative staff and management compensation of 2,027 k EUR (2022: 2,605k EUR), depreciation of the right-of-use asset and ancillary rental costs of 747k EUR (2022: 1,234k EUR), legal and consulting fees, as well as travel expenses.

Other Income decreased to 106k EUR (2022: 2,210k EUR). In the year 2022 it was significantly higher mainly due to the ERC credit of 2,179k EUR. The Other Income in 2023 was primary from a refund of 86k EUR related the Artnet X Anish Kapoor partnership; the partnership was postponed and was later cancelled due to Covid-related shut downs.

The Earning before tax was –1,912k EUR (2022: 71 k EUR) which was below the previous year's outlook.

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 the notes to the consolidated financial statements.

The Contribution Margin II (CM II) for the Data segment was 4,000k EUR (2022: 3,891k EUR). Within the Marketplace segment, the CM II was 1,607k EUR (2022: 1,712k EUR. In the Media segment, the CM II was 966k EUR (2022: 1,967k EUR) and thus significantly below the previous year.

Group Profit or Loss

The operating result deteriorated year-on-year to -1,900 k EUR (2022: -1,630 k EUR and is therefore below the expectations of the Management Board. The change is mainly due to the 7% decrease in revenue. Due to the change in estimates regarding the remaining useful lives of intangible assets, the cost of sales could not be reduced analogously, but only fell by 4%. The operating expense cost savings of 6% o could not fully offset this effect.

Interest expenses of 90k EUR (2022: 35k EUR) were mainly related to loan interest and interest expenses in connection with right-of-use assets.

In 2023, tax income from the capitalization of deferred taxes in the amount of 937k EUR (2022: 80k EUR) was also recognized. The deferred tax assets recognized in the consolidated balance sheet in the amount of 2,389k EUR (2022: 1,514k EUR) reflect the positive economic effect of the tax loss carryforwards and deductible temporary differences of Artnet Corp. They embody the expected tax relief that is likely to be realized within the next three financial years.

Due to the factors described above, consolidated net income fell year-on-year to 1,004 k EUR(2022: 121k EUR).

The Group's overall result of -1,148k EUR (2022: 405k EUR) was also influenced by exchange rate effects of –144k EUR (2022: 285k EUR).

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 31,2023. Throughout 2023, the average exchange rate was 0.9246 USD/EUR compared to 0.9511 USD/EUR during the 2022 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, 2023, the rate was 0.9059 USD/EUR compared to 0.9318 USD/EUR on December 31, 2022.

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 2023, the Group generated approximately 13% of its revenue in euros (2022: 13%) and about 9% in British pounds (2022:8%) respectively.

In 2022 and 2023, the Group's financial performance in the reporting currency of the euro was greatly influenced by exchange rate effects due to the appreciation of the euro against the US dollar. 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.

Financial Position

In 2023, operating cash flow decreased to 980k EUR (2022: 2,662k EUR).

Cash outflow from investing activities amounted to 1,658k EUR in comparison to the previous year (2022: 1,937k EUR). The payments for intangible assets are mainly related to the Price Database rebuild and enhancements across all products.

The 2023 cashflow from financing activities increased to 199k EUR compared to -322k EUR in 2022 mainly due to new loans granted in 2023.

Cash and cash equivalents decreased to 534k EUR as of December 31, 2023 (December 31, 2022: 1,053k EUR). The cash flow changes from operating, investing, and financing activities in euros vary from US dollars. Because of the fluctuations in the value of both the euro and British pound against the US dollar from December 31, 2022, to December 31, 2023, cash and cash equivalents decreased by 12k USD.

In euros, cash and cash equivalents decreased to 40k EUR since the holdings in US dollars depreciated. Therefore, the liquidity portfolio of the Group decreased by 49% to 534k EUR as of December 31, 2023 (December 31, 2022: 1,053k 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, 2023, the liquidity per share totaled 0.10 USD (0.09 EUR) based on an average number of 5,680,183 outstanding shares compared to 0.20 USD (0.19 EUR) on December 31, 2022.

Financial Status

Consolidated total assets amounted to 12,619k EUR on December 31, 2023, compared to 14,448k EUR on December 31, 2022, representing a decrease of 13%. The decrease was mainly due to a decrease in Other Current Assets related to Employee Retention Credit that was received in January 2023, as well as decrease in Cash and Cash Equivalents. Accounts receivable decreased to 2,649k EUR (2022: 2,943k EUR) mainly due to reduced revenue for all segments.

The Group's non-current assets are primarily held in US dollars. The Non-Current Financial Asset was primary for security deposit, increased to 61k EUR (2022: 45k EUR). The Non-Current Non-Financial Assets are comprised of intangible assets, tangible assets, right of use assets and Deferred Tax Assets which increased by 1,333k EUR to 8,969k EUR. The increase was mainly coming from the capitalization of development costs for intangible assets in the amount of 1,820k EUR (2022: 1,963k EUR) but was slightly offset by a decreased deprecation expenses of tangible assets and right of use asset; and the increase was also coming from the increase in Deferred Tax Assets by 876k EUR to 2,389k EUR.

Total current liabilities and provisions decreased to 7,308k EUR (2022: 9,383k EUR). This was primarily due to a decrease in accrued expenses related bonus, a decrease in liabilities from Finance lease mainly due to the downsizing of NY office, as well as a decrease in deferred revenue from 3,192k EUR as of December 31, 2022 to 2,466k EUR as of December 31,2023.

Non-current liabilities increased in the reporting year to 981 k EUR as of December 31, 2023 compared to 256 k EUR as of December 31, 2022. A loan of 256 k EUR granted by an Artnet executive in July 2022 was extended in December 2023 to a term until January 2025 and supplemented by a further loan of 136 k EUR, also with a term until 2025. In July 2023, Artnet received a loan of 453 k EUR from Galerie Neuendorf AG. This was increased by EUR 58 k EUR in December 2023 and extended until January 2025. All loans are due in January 2025 and bear interest at 10%.

The Group's consolidated equity decreased to 4,330 EUR as of December 31, 2023 (December 31, 2022: 4,808k EUR). The sales of treasury stocks led to the increase in the additional paid in capital.

Treasury shares in the amount of 78,081 were sold on May 2, 2023 at EUR 8.58. Treasury shares were reduced by EUR 264 thousand, with the additional EUR 406 thousand being transferred to the capital reserve. However, this increase in the capital reserve was exceeded by a consolidated net loss of EUR -1,004 thousand in 2023.

Accumulated Deficit

The accumulated deficit of 52,488k EUR (2022: 52,609k EUR) does not reflect the Group's current value creation, as it arose particularly after the IPO of Artnet AG in conjunction with a severe market crash. In addition, a carried forward loss is common, especially for companies which are focused on innovation and growth. It's primarily due to start-up losses that necessarily arise in connection with new products and innovations.

The loss carryforward reported in the annual financial statements of Artnet AG is lower at 1,542k EUR (2022: 1,582k EUR) and, due to the earnings reserves, which are reported in the annual financial statements in the amount of 2,819k EUR (2021: 2,819k EUR), does not technically prevent Artnet AG from paying a dividend to its shareholders. However, the revenue reserves must first be released and offset against the loss carryforward.

Statement by the Management Board About Artnet

2023 was a challenging year for people and businesses across the world. The socio-economic difficulties we experienced in 2022 carried into the past financial year, worsening an already challenging economic climate. As inflation increased to rates not seen in recent history, significant monetary tightening started impacting economic performance. The art market, while historically somewhat insulated against macroeconomic shocks, also showed signs of decreased sales volumes and average price levels. Sales at Sotheby's, Christie's, and Philips dropped 23% during 2023 in comparison to the previous year (Source: Artnet Intelligence Report 2024). The high-end of the market (works priced $10 million and more) contracted 40% during 2023. The Ultra Contemporary segment of the market, until now seen as a growth segment, declined 26% in comparison to 2022 (Source: Artnet Intelligence Report 2024).

This downward pressure underscored the importance of being able to adapt to an abrupt shift in market conditions. Close monitoring of performance indicators and thorough quarterly strategic reviews of underperforming segments permitted management to refocus the Company on core markets and audiences where conversions are highest. This led to improvements through the later stages of the year and resilience against adverse market conditions. Additionally, the nascent shift in consumer behavior in the art market towards online transactions continued and provided a degree of robustness to performance in what was otherwise a challenging year. However, the Marketplace segment showed a less violent decrease in sales than other auction houses worldwide, as outlined in the Art Market Report.

Total revenue from the Marketplace decreased by 13% to 8,026k EUR (2022: 9,184k EUR).

Data revenue in 2023 decreased 5% to 6,722k EUR (2022: 7,100k EUR) because of the difficult economic environment and thus decreased global auction sales. During the 2022 financial year, management invested in rebuilding the Data segment, with a focus on UX/UI and AI-powered technologies. The new Price Database was shipped in Q1 2023. Management expects increased revenue in the current financial year, following the improved customer experience and the introduction of Enterprise Data Services and Art Secured Lending services.

Within the Media segment, Artnet News continues to experience steady growth. With over 140 million pageviews during the year, Artnet News published over 3,000 articles, reaching a global audience of art collectors and professionals. Artnet News Pro continues to prove its worth - delivering a new revenue stream for the Media segment. Nevertheless, the revenue generated in this segment decreased by 2% to 8,601 k EUR (2022: 8,747 k EUR), in particular due to a slight decline in advertising revenue, as companies were forced to cut their marketing budgets due to the difficult economic situation.

The Group generated a negative operating income of –1,900k EUR compared to a negative operating income of –1,630k EUR in the previous year. Total revenue decreased 7% primarily due to losses from the Marketplace Segment. The decrease in operating income was mainly due to the decline in online auctions on the revenue side and was offset by decreased cost in online Auctions, General Administrative expenses as well as Product Development expenses.

Overall, the Group's business performance has fallen short of expectations. The deteriorating business environment has had a negative impact on the Group's development.

With an experienced and committed management team, the Management Board believes that Artnet is well positioned to accelerate growth and development in the 2024 financial year and beyond.

Artnet's London office

Non-Financial Performance Indicators

The development of the non-financial performance indicators is described below. Although these are important performance indicators, they are not among the most significant performance indicators according to DRS 20, which the Executive Board uses for management purposes.

Employees
As December 31, 2023, the Group employed 129 full-time employees in 2023, as compared to 135 in the previous year. Additionally, the Group employed 4 part-time employees in 2023.

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 our Data and Marketplace segments 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.

Within the Marketplace segment, there were over 297,000 artworks for sale with a total value of over 3.2 Billion Euros as of the balance sheet date. At Artnet Auctions, despite economic headwinds, average transaction value in 2023 increased to 14k USD (ca 13 TEUR) (2022: 11,100 USD ca 10,100 EUR). Overall, economic headwinds and an overall decline in the Contemporary Art segment also affected Artnet Auctions.

An invaluable part of the Marketplace segment, Artnet Galleries is monitored and indicators include the number of inquiries received, activity of each member, as well as pageviews for each member site. A change in consumer behavior favoring online discovery and transactions facilitated the increased popularity of Artnet Galleries as a sales and marketing tool. However, the amount of member galleries decreased 4% to 970 galleries, in comparison to the previous year (2022: 1,040). This is mainly due to economic headwinds forcing galleries globally to economize.

Within the Data segment, the Artnet Price Database indicators, which include the number of subscribers, searches, and lots added, is monitored every month. In 2023, the average amount of searches per month was 194,950 which is up 2% as compared to the previous year (2022: ca 190,375)

The number of auction results added to the Fine Art Database was 967,000, a record amount in the history of the Price Database. On average, auctions were added to the Price Database around ten days ahead of the sale, unchanged from the previous year. Auction lots are added before the sale to give potential buyers the opportunity to discover the upcoming sales. The year 2023 marked an important milestone for the Data segment, which now boasts over 17 Million auction results.

As an online-only business, site traffic is of the most significant importance to Artnet and is closely monitored, recorded, and evaluated. Overall traffic decreased 9% during the 2023 financial year. This is primarily due to a decrease during Q4. After optimizing during the current financial year, website traffic should increase again.

An event in Artnet's London office

Risk management system and internal control system (ICS)

According to the provisions of Section 91 (3) AktG, the Management Board of a listed company must set up an appropriate and effective internal control system and risk management system in view of the scope of the company's business activities and its risk situation. The systems implemented at artnet AG are continuously developed further.

The internal control and risk management system at the Artnet Group comprises the entirety of all monitoring measures to minimize risks in corporate processes. It is designed to address all significant operational and financial corporate risks and to manage the risks and opportunities for the achievement of business objectives, the correctness and reliability of accounting and compliance with the legal regulations and internal guidelines relevant to the company. The internal control system covers all key business processes. Considering the flat hierarchies, an important component is the comprehensive involvement of the Management Board, which can identify deviations from the target status via detailed monthly reports and then act, approve payments and be involved in the submission of significant offers. In this way, it exercises preventive and detective controls and represents a key component of quality assurance.

Artnet AG's CEO bears overall responsibility for the development and maintenance of an effective and appropriate risk management system, internal control system and compliance management system for the Artnet Group.

Risk management system

The Management Board has further developed and optimized a comprehensive risk management system for the purpose of systematically and organizationally dealing with risks and opportunities. Suitable instruments for identifying, analyzing, evaluating and deriving measures have been defined and systematically implemented for this purpose and are being continuously developed.

artnet AG and the Artnet Group as a whole operate in a less complex business environment. The social, internal and external contractual structures are also manageable and not very complicated. The risk management system implemented by the Management Board in the past was geared towards the scope of the business activities and the risk situation of the Artnet Group and was designed and dimensioned accordingly. The Management Board is constantly developing the risk management system as part of the continuous improvement of internal processes, particularly with regard to formal requirements.

The aim of the risk management system is to proactively collect relevant information about potential and actual risks and their direct and indirect financial impact on Artnet at an early stage in order to manage them and secure the company's value in the long term. Overall responsibility for risk management lies with the Management Board. Lean organizational structures and transparent decision-making processes ensure that the Management Board is directly involved in all significant risk-relevant processes.

The Artnet Group's risk management system ensures that risks are systematically identified, recorded, managed and, if necessary, communicated internally and externally. Identified risks are assessed in particular on the basis of the estimated probability of occurrence. The risk management system used in 2023 only documents risks; opportunities have not yet been formally recorded, documented and tracked. At the same time, the management has decades of in-depth knowledge of the art market and the developments and opportunities that arise in this market and was and is therefore in a position to act on these opportunities at all times.

Operational management is directly responsible for the early identification, analysis, management and communication of risks. As part of target agreement meetings between the Management Board and those responsible for the respective divisions, as well as through regular reporting, the divisions provide information on changes to the risk situation in their individual divisions. This process includes reporting on regularly conducted market and competition analyses as well as changes in customer relationships.

Existing risk potentials are monitored on an ongoing basis and appropriate measures are taken to limit risks where necessary. This enables Artnet to react comprehensively and in a targeted manner to potential risks. The risk policy is based on the objectives of achieving sustainable growth and securing the company's value in the long term.

The risk management system implemented by the CEO essentially consists of the following components:

- the Finance department, which monitors the actual results of business activities and presents plan/actual comparisons and prior-year comparisons as part of monthly reporting;

- the IT infrastructure, which always ensures and monitors the availability and functionality of the website;

- Compliance, where an artnet representative monitors both internal and external legal risks and changes to the law;

- project management, which monitors the development and progress of individual projects; and

- ongoing traffic monitoring, which evaluates and analyzes important areas of web traffic.

The risk management system ensures that critical information is forwarded directly and promptly to the Central Risk Management Team, Management Board and/or Supervisory Board. The internal risk report is compiled on a quarterly basis and the assessments are categorized according to probability and potential damage.

Internal control system
The Group's executive team established an internal control system for the organizational, technical and economic processes within the Group, the main components of which also apply to artnet AG itself.

The Artnet Group's internal control system defines minimum requirements for the design of internal controls within the processes central to the Group and the company. The Artnet Group has implemented appropriate controls. The internal control system (ICS) is reported on at least once a year as part of the annual reports.

The central risk of accounting and financial reporting is that the annual and half-year financial statements may contain inaccurate information. In order to avoid sources of error, Artnet has established various internal controls for financial reporting and for the accounting process as part of the internal control system.

A key component is the principle of segregation of duties, which is intended to ensure that different teams (e.g. sales), accounting (e.g. financial accounting) and administrative (e.g. IT administration) departments are kept separate. The dual control principle ensures that no important processes are left unchecked.

The consolidated financial statements are prepared by the accounting department at Artnet Corp., which has many years of experience and special expertise in consolidation issues. The final accounting decisions are made by Artnet AG's CEO.

Compliance management system
Artnet promotes and demands open communication and trusting interaction among and with all employees, customers and business partners. In addition to direct communication with their superiors, employees of the Artnet Group have the opportunity to use a whistleblower protection system to provide anonymous and protected information on possible legal violations and other misconduct at any time, to which management can respond immediately and appropriately. However, it should be noted that risk and control systems such as the ICS and the risk management system, regardless of their breadth, complexity and specific design, cannot provide absolute certainty that all risks that actually occur can be uncovered in advance or that all process violations can be prevented.

Unaudited information on the appropriateness and effectiveness of the internal control system (ICS) and the risk management system
In the view of the Executive Team, the risk management system implemented by the CEO in the past was and is designed to meet these requirements and was appropriately dimensioned for the scope of the business activities and the risk situation of the Artnet Group in the financial year. With regard to the size and complexity of the company, the Management Board has no indications based on the ICS and risk management system describedthat the ICS and risk management system would not have been appropriate or effective in their respective entirety as at December 31, 2023.

The German Corporate Governance Code contains recommendations on the disclosure of the internal control system and the risk management system that go beyond the statutory requirements for the management report. Accordingly, the disclosures made in accordance with these recommendations are not part of the audit of the combined management report conducted by the auditor.

Gerhard Richter, *Bouquet (P3),* sold for 22,500 USD in November 2023 on Artnet Auctions

Risk and Opportunity Report

Artnet operates in a dynamic market with a strong growth potential. In order to monitor and adapt to changing conditions, Artnet continuously monitors internal and external risks and opportunities, which are explained in the following risk and opportunity report.

Opportunity Report
The online art market is becoming increasingly dynamic and has grown significantly in the last two years (source: UBS Art Market Report 2024). According to UBS, it grew by 7% in the past financial year compared to the previous year (source: UBS Art Market Report 2024). This development leads to new possibilities and opportunities for Artnet AG's online products and services. The short decision-making channels allow the Group to react quickly to current circumstances and trend reversals while weighing up the risks. Opportunities can arise from within the Group or from external circumstances.

Art as an Asset Class
With the transfer of wealth from Baby Boomers to Millennials, a new generation stands to inherit nearly 72 trillion USD (66 trillion EUR) over the next 25 years (Source: Fortune), a sizable part of which will be fine art and collectibles. Thus, a growing number of high-net-worth individuals worldwide is and will be expanding the Group's client base. They will probably come to Artnet because they either want to sell artworks via artnet or very likely want to find out the value of the artworks using the Price Database. These individuals consider art as a passion project as well as an asset class or a collectible for investment. With Artnet's renowned data, analytics, and Marketplace, the Group is poised to be a mission-critical tool in the valuation, information, and trading process.

In recent decades, art as a form of investment has become increasingly accepted, as a greater understanding of its appreciation of value is more closely studied and understood. In fact, "Big Four" accounting firm Deloitte estimates that by 2026 over $2.86 trillion (2.6 trillion EUR) will be invested in collectible assets, largely comprised of art objects. Although fine art is appreciated and collected for its cultural and aesthetic value, it is a formidable financial asset—one that has gained tremendous traction over the past decade, with upwards of 85% of wealth managers as of 2023 recommending art as a means for portfolio diversification. (Source: Deloitte Art & Finance Report 2024)

Consumer Behavior
E-commerce is a very important growth market in the luxury and fine art segment, with over 35% of fine art transactions now happening online (Source: UBS Art Market Report 2024). The data shows that collectors have embraced online-only auctions as an easy, efficient, and cost-effective method of buying and selling low and mid priced fine art. Artnet's Marketplace consistently achieves high prices and sell-through rates with its clear focus on savoir-faire, quality and transparency. This performance, as well as the incline of online transactions globally, indicates strong growth potential in this dynamic segment (Source: UBS Art Basel Report 2024).

Artnet Auctions is particularly successful in the categories Prints & Multiples, Photography and Post-War & Contemporary art. With the launch of Artnet's Marketplace segment in 2021, merging two successful products into one global marketplace, Artnet is poised to capture more market share in the online transaction segment of the market. The ease, efficiency and transparency of the browsing and end-to-end purchasing process is particularly attractive for clients.

Transaction Speeds and Liquidity
Within the Marketplace segment, Artnet Auctions' online-only model liberates art buyers and sellers from the constraints of traditional spring or fall auction seasons and lets them transact from the comfort of their homes or offices. This also allows Artnet to bring artworks to market in a short time, thereby gaining a competitive edge.

The simplicity, speed, trust and efficiency of Artnet's marketplace enable art as an asset class to be more liquid and tradable than ever before. Compared to other online providers, Artnet's incorporation of data and media allows for greater confidence in the transaction process and prices. By displaying comparable artworks and their realized prices, Artnet justifies estimated prices and inspires confidence through transparency.

In our B2B segment, Galleries showcase their artists and works online through Artnet Galleries. Artnet 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.

Advertising on Artnet websites and social media channels
Within the Media segment, Artnet News has become the leading online platform for news covering the art industry. The Artnet site attracts more visitors than all its direct competitors combined, over 235 Million pageviews during 2023 (2022: 238 million) (Source: similarweb). The platform's quality journalism, exclusive stories and original reporting has made Artnet a sought-after advertising platform for luxury brands, financial services companies, and art-related businesses. Artnet's vast social media reach is also being leveraged for advertising campaigns. Although Artnet has seen a small decrease in page views in 2023, the Management Team is confident that this is an exception to the continuous increase over the past four years. This trend will continue as advertising budgets are increasingly reserved for online channels and social media and move away from traditional print media.

Asia
The Company's large and 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. Interest in Modern and Contemporary art is growing in China (Source: UBS Art Market Report 2024) from which Artnet could benefit strategically. Artnet would like to capitalize on this opportunity in Asia, especially in China.

Synergies Within the Company
The Company's different segments, Marketplace, Media, and Data, offer opportunities for synergies within the Group, which give Artnet an edge and will ensure growth opportunities through 2023 and beyond. Collectors can research and compare artists and movements with other asset classes using the Price Database, inform themselves via Artnet News, and transact in the marketplace, via Artnet Auctions or the Artnet Galleries platform.

There are further opportunities to leverage and highlight Artnet's broad product portfolio for new product development and to explore additional revenue streams. Artnet has in 2021 and 2022 already taken steps to realize this potential, introducing a metered paywall at Artnet News; harness Artnet Data to launch an art secured lending and Data Enterprise service.

Opportunities through the Artnet brand
Artnet's focus on curation, transparency, and trust is strengthening Artnet's brand internationally. This will lead to growing revenue from marketplace transactions, subscriptions, memberships, and advertising. The strong brand continues to ensure that the Company is competitive in finding and retaining talent and clients.

Artnet plays a leading role in the online art market and has stood for quality, reliability, and influence within the industry 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 such as Saint Laurent, Tiffany's, and Cartier trust the Artnet brand with their business.

Workplace mobility
Thanks to its business model, the Group is able to employ staff decentrally and worldwide.

During the Covid-19 pandemic, employee productivity remained stable and, in many cases, even increased. Following successful remote working during the Covid-19 pandemic, Artnet employees have expressed a preference for non-traditional, flexible workplaces. For example, Artnet was able to reduce the amount of office space required and close its existing office in New York in the second quarter of 2023 in favor of smaller, more affordable space. This will result in significant cost savings on rent. For similar reasons, Artnet moved into smaller office space in Berlin.

Employees' desire for flexibility remains. In contrast to other large companies that are demanding a return to the office, Artnet is opting to retain the measures implemented in 2023 and sees this as an opportunity to increase employee satisfaction.

FALCON and other Technology
Artnet has improved its website and is rebuilding its technology infrastructure with project FALCON. Project FALCON ensured that Artnet has a very effective and efficient technological foundation to successfully compete and grow in a rapidly changing business environment. Operational and personnel costs is lower, productivity has increased, and new products have been developed and launched more quickly. Project Falcon was completed during the 2022 financial year - and the first product to be launched with Falcon was the revamped Price Database in Q1 2023.

In 2024, the Artnet Technology Team will be concentrating on three critical areas of development: enhancing UI/UX, leveraging Artificial Intelligence, and implementing cost reduction strategies.

- **UI/UX Development:** Artnet's primary goal is to significantly improve the user experience for our customers. The team is focusing on refining key aspects of our platform, including the artwork pages, artist pages, and the Marketplace. These efforts are aligned with our vision to provide customers with a 360-degree view of the art market, making them some of the most informed individuals on the market.

- **Artificial Intelligence Integration:** Artificial Intelligence will remain a pivotal area of focus. Artnet plans to strategically integrate AI across the technology stack, emphasizing content and data analysis. This targeted deployment is aimed at aligning our advertisers with brand safe content and generating insights from our large dataset of articles and auction lot data.

- **Cost Reduction Initiatives:** Artnet is undertaking a thorough review of multi-year cost reduction strategies. A significant part of this initiative involves reconsidering the current Software as a Service solutions. Management believes that bringing some of these solutions in-house will offer substantial long-term benefits to Artnet. The first phase of this strategic shift is set to commence this year, marking the beginning of a more cost-efficient operational model.

Ansel Adams, *The Grand Tetons and Snake River,* sold for 118,750 USD in November 2023 on Artnet Auctions

Risk Report

As explained above, the risk management system was further developed in spring 2024 as part of a continuous improvement process, particularly with regard to formal requirements. The risks described here and their level assessment still relate to the risk surveys used by the Executive Board in 2023. The risk management system identifies “risk levels” (low, medium, high) and “risk tolerance levels”, whereby the first variable relates to the probability of a risk occurring and the second variable to possible quantitative damage.

The Group monitors and analyzes various types of risks, categorizing them as:

- liquidity risks
- legal risks and those associated with Compliance
- Competitive risks
- Technology and product development risks
- Risks associated with Employees

The Group has identified the following material risks (those assessed by Artnet with a risk level of “medium” or “high”):

Liquidity

General
As the Artnet Group addresses a large number of customers and industries with its products and services, there is no significant concentration of default risk on financial assets within the Group. Nevertheless, a global economic downturn, for example as a result of the global coronavirus crisis, could have a negative impact on the liquidity of the Group’s customers and lead to an extension of the average payment period or to bad debt losses. This would have a negative impact on the Group’s earnings and financial position. The Group attempts to counteract these risks by agreeing advance payments with its customers wherever possible and collecting receivables immediately.

Liquidity risk is the risk that Artnet will not be able to meet its payment obligations on time when they fall due. Artnet covers its running costs and investments from existing liquidity and operating cash flow. As at December 31, 2023, the Group’s liquidity decreased to 534 k EUR compared to the previous year (20221: 1,053 k EUR).

The Artnet Group’s operating cash flow is positive. At the same time, as a technology company, Artnet continues to invest heavily in the technology and software used, which are essential for the further growth of the Group and its development. As long as the sales revenues planned by the Management Board and the cost-cutting measures introduced are not fully generated or effective and/or delayed, liquidity subsidies may be required for these important investments in the technological and thus entrepreneurial development of the Group, which could be realized through equity or debt capital measures.

The loan of USD 1,000 thousand (around EUR 928 thousand) described in the supplementary report should also be interpreted against this backdrop.

A medium risk level was determined by the Executive team for the liquidity risk.

Economic trends in the art market and the global economy
The Group may be exposed to fluctuations within the art market. Changes in local and global conditions can have an impact on the art market and it's often difficult to predict the extent to which these developments will shape the market in the future. There are still downside risks due to geopolitical tensions between Russia and the EU and in the Middle East, and ongoing inflationary pressure.

The art market generally reacts to major geopolitical and economic trends in industrialized countries, which in turn have an impact on the financial markets. An economic slowdown or recession, accompanied by high price fluctuations on the financial markets, could lead to a further decline in private demand - which could also weaken interest in works of art.

The risk level determined by the Executive team is classified as high

Legal Risks and those in Conjunction with Compliance

Protection of customer data
Artnet stores customer data in accordance with current laws and regulations. Currently, there are several new legislative initiatives worldwide that could tighten these regulations. If third parties were able to circumvent the security measures taken by Artnet and gain access to customer information, Artnet could be held liable for any damages incurred.

Artnet works with data protection experts at home and abroad in order to react promptly to changes in data protection. Artnet has both an EU-US Privacy Shield certification and a Swiss-US Privacy certification, which regulates the transfer of personal data from member states of the European Union or Switzerland to the USA. Furthermore, Artnet has implemented the EU General Data Protection Regulation (EU GDPR), which came into force on May 25, 2018.

The risk level determined by the Executive team is classified as medium.

Competitive Risks
The artnet Group operates in a very competitive market. New, well-financed start-ups regularly enter the market, representing a potential risk to the Group.

The Marketplace's main competitors, Sotheby's, Christie's and Phillips, are developing their own online auctions. Smaller and newer auction houses are using the latest technologies to compete with Artnet Auctions.

The Data segment also faces competitive risks. New competitors with new technologies could build up a data store and try to entice Artnet customers with lower prices.

Artnet News is still one of the largest art internet news services compared to its direct competitors, with a share of over 51% of internet page views. Nevertheless, competitors are trying to take market share from Artnet News through M&A activities.

The risk level determined by the Executive Board was classified as medium.

Technical and product development risks

Infrastructure of the technology systems
The main risks in the area of technology are Microsoft Dynamics or ERP systems and SQL Server. These will be replaced with more up-to-date systems.

The risk level determined by the Management Board is classified as medium.

The above list cannot include all risks to which Artnet could be exposed at any time. Risks may surface that have not been identified or reported on and which could have a negative impact on business development. The Group will continue to monitor its environment and review the effectiveness of the risk management system. Despite continuous adjustments to the risk management system, it is not possible to fully quantify the probability of certain risks occurring or their financial impact.

Statement from the Management Board Concerning Risks and Opportunities
The management team monitors and evaluates all risks and opportunities with the utmost care. The extent of the recent and ongoing economic crisis has so far only increased the risk level in some of the identified risks. In the “liquidity” category, there are individual risks that have been classified as medium. Cost-cutting measures have already been taken, both at the level of artnet AG and at Group level, for example with regard to office space and employees.

The management considers the established business model and its strategy to be solid. The pivotal role of online experiences and transactions in the current crisis has led to fundamental changes in consumer behavior. As one of the first companies to introduce online transactions in the art market, Artnet has and will further benefit from the opportunities in the online art market as well as in the data and media segments.

Having embraced the increasing digitalization of the industry, Artnet is seizing the opportunity to enhance the synergies between its unique products and services to provide a superior user experience. Thanks to the global interest in art, the rise of art as a viable alternative asset and a growing number of high net worth individuals, Artnet will be able to play an increasingly important role in the global art market.

The management concludes that the opportunities outweigh the risks and is optimistic about the future of Artnet.

Outlook

Outlook

Jacob Pabst, Chief Executive Officer

2024 outlook: A focus on margins and performance with simultaneous investment into technology for the future

Global GDP is likely to grow 2.4% during the current financial year. That compares to 2.6% in 2023, 3.0% in 2022 and 6.2% in 2021 when there was a rebound as the pandemic ended (source: World Bank). That would make growth weaker in the 2020-2024 period than during the years surrounding the 2008-2009 global financial crisis, the late 1990s Asia financial crisis and downturns in the early 2000s. (Source: Reuters)

According to forecasts, in 2025 global growth will be slightly higher at 2.7%; however, this was marked down from a June forecast of 3.0% due to anticipated headwinds amongst advanced economies. The growth forecast for Europe, an important region for the artnet Group, is 2.4% in 2024 and is expected to rise to 2.7% in 2025 (source: World Bank).

The main drivers of this growth include private consumption, which will be supported by decreasing inflationary pressure, and exports, which will be boosted by a gradual recovery in the eurozone. However, the uncertainty surrounding the progress of the Russian invasion of Ukraine plays an important role in the regional forecast. Most EU countries are likely to ease their monetary policy measures further, as inflation is forecast to fall (source: World Economic Outlook). However, the planned budget consolidation across Europe is dampening the outlook. Regional growth expectations remain below the 2019 trend due to the lingering effects of the pandemic and the Russian invasion of Ukraine (source: World Economic Outlook)

The risk outlook for the region remains difficult. An escalation of the Middle East conflict could lead to rising energy prices, worsen financial conditions and dampen confidence. (Source: IMF) The geopolitical risks in the region, including an escalation of the Russian invasion of Ukraine, are heightened. They could become material, exacerbating the already severe economic losses. (Source: IMF) Higher than expected inflation could lead to continued restrictive monetary policy (Source: IMF). In addition, a more pronounced slowdown in growth in China would mean external pressure (source: IMF).

On the other hand, resilient economic activity and the decline in inflation in the United States could continue despite the considerable pressure if they are supported by a further easing of the labor market. There is therefore a possibility that growth in the US will continue to be stronger than forecast - if price pressure eases and monetary policy is loosened. The result would be a boost to global economic activity. Growth is expected to pick up to 1.7% in 2025, approaching its trend rate, as the effects of monetary easing feed through to the economy (source: World Economic Outlook).

Despite an uncertain macroeconomic environment and a challenging art market, the Artnet Group is in a stable position. The revenue distribution on three synergetic segments and the adoption of online transactional formats as a core way of doing business contribute to the stability of the business - and this trend is expected to continue. While this systemic shift has increased competitive pressures from larger market incumbents and well-funded new entrants, Artnet delivers a holistic online environment for the modern art market and benefits from a robust revenue profile. With nearly 235 million pageviews in 2023, and 67 million users, our digital reach within the art industry is unparalleled. Additionally, due to its history as a pioneer of data and transparency, and a reputation for independent, quality journalism, Artnet brand is trusted and recognized globally.

Compared to the budget for the 2023 financial year, Artnet fell short of expectations and published a profit warning in the fourth quarter of 2023. Revenue of between USD 28-30 million (approx. EUR 26-28 million) was forecast for 2023. The deviation is mainly due to transactions that could not be realized as expected in the fourth quarter of 2023. These transactions mainly related to the Media segment. At EUR -1.9 million, the operating result (=EBIT) in 2023 is below the forecast of an operating result of between USD 1.0 million and USD 1.6 million (EUR 916k EUR -1.449 million EUR). The deviation is due to the current macroeconomic and industry-specific market situation and the associated decline in marketplace sales, particularly in the fourth quarter of 2023.

Management anticipates this dampened economic environment to continue in the year ahead, with the possibility of improved conditions in the second half of 2024. With that in mind management has set a conservative growth target is focused on generating increased operating income through the realization of efficiencies in 2024. Artnet is operating without additional financing and while management sees several clear opportunities to significantly accelerate growth, a cautious, staged approach is necessary to safeguard the company's financial health.

Data: Revenue in the Data segment fell slightly from 7.100 k EUR to 6.722 k EUR due to a decreased amount of auctions held in 2023. The revenue generated was lower than forecast by the executive team in the previous year, which at the time assumed a significant increase. However, the Data segment recorded a 6% increase in new customers and a 2% increase in the average number of search queries per month. The release of the revised price database in the first quarter of 2023 increased competitiveness through a better user experience, optimized for mobile devices. Management is reviewing the pricing strategy for price database subscriptions in 2024 and will introduce a unified subscription to achieve a higher conversion rate of the platform's large user base. The API-first architecture also opens up new revenue potential through analytics and customized direct data partnerships. Management expects a slight increase in this segment in 2024 compared to 2023.

Marketplace: Artnet Auctions continues to be among the top international auction houses for online-only transactions as trust, efficiency, and transparency strengthen its market position versus brick-and-mortar auction houses. Interestingly, in economically challenging conditions, Artnet Auctions' revenue decreased by 13%, while the auction house Christe's recorded a 35% decline in revenue in the past financial year (source: Artnet Intelligence Report 2024). The global art market recorded a decline of 12% in 2023.

After executing on a revised resourcing and sale strategy in 2023, management anticipates that the auctions department will achieve steady results in 2024. Part of this is the increased focus on private sales, which support high-value sales. Unlike other online platforms, which primarily attract younger collectors of more affordable art, Artnet's information-rich products attract the attention of the market's major collectors, creating a significant growth opportunity for the group.

Due to the great economic pressure, Artnet Galleries revenue, which part of the Marketplace segment, fell by 3% year-on-year. Memberships, which are seen as a ticket to the art industry, give galleries additional opportunities to present their artists and artworks to a global online audience. Overall, the Marketplace segment recorded a decline in revenue from 9,184 k EUR to 8,026 k EUR. The previous year's forecast by the executive team, which still assumed revenue growth of 12% for 2023, was therefore missed by a significant margin.

Despite planned product improvements, Artnet's management remains conservative in its forecast given market conditions and expects   revenue in the Marketplace segment in 2024 as more or less equal to 2023.

Media: Artnet News remains one of the leading online platforms for news, commentary, and data-driven reports on the art market. Revenue in the Media segment decreased from 8.747 k EUR to 8.601 k EUR in 2023. The previous year's forecast, which assumed revenue growth of 19% for 2023, was therefore missed. This is primarily due to the slight decline in advertising income, as companies were forced to cut their marketing budgets due to the difficult economic situation.

With the introduction of the fee-based Artnet News Pro service, the Media segment tapped into a new source of revenue to maintain its highly valued journalistic integrity. Revenues from advertising contracts and sponsorships are expected to increase strongly in 2024, albeit slightly less than in 2023, as the luxury advertising market is expected to weaken. The improvements planned for Artnet News Pro are expected to drive growth by moving to a unified subscription product. Management expects moderate revenue growth for the Media segment in 2024.

In the still uncertain geopolitical and economic environment, the executive team is cautiously optimistic that it will be able to achieve slight growth in 2024. The Group's indispensable and highly valued services for the art market, innovation and the professionalism of its executive team will help the Group to gain market share.

With regard to the Group, the Executive Team forecasts a revenue increase of between 25.0 million EUR and 27.0 million EUR, the most important performance indicators for the financial year. It expects an operating result of between 750 k EUR and 1.5 million EUR. This forecast is driven by the executive team's decision to continue to consistently implement the initiated cost savings and thus increase margins. While focusing on margins, growth will be achieved by Artnet's core team of key employees in all segments to increase revenue and conversions.

Driven by the dedication of our international team and a highly competitive product suite, Artnet enters 2024 with confidence and once again sets an objective of maintaing its global leadership position in the art world.

Subsequent Report
Between 31 December 2023 and the publication of this report, the Artnet Group received a loan of 1 Million USD (919 k EUR) from an unrelated third party. The loan has a term of one year and bears interest at 11.5%. No other significant events have occurred.

Legal Information
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.

Remuneration report
The remuneration report explains the system for the remuneration of the Management Board and explains the composition of the remuneration of the Management Board of artnet AG. In addition, the remuneration report contains information on the principles and the individual amount of remuneration of the Supervisory Board. The report is available on artnet's investor relations site: https://www.artnet.com/investor-relations/

Disclosure of Takeover Provisions

Composition of Capital Stock
Artnet AG's fully paid-in capital stock, as of December 31, 2023, 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. All shares are registered shares.

As of December 31, 2023, the Group no longer holds any Treasury Shares. 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, Germany at 26.65%, and Weng Fine Art AG, Krefeld, Germany at 28.83%, as of December 31, 2023.

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.

Change of Control Clause
Jacob Pabst reserves the right of termination in the event of a change of control, without cash compensation.

Authorization of the Executive Board to Issue and Repurchase Shares Authorized Capital
Currently, Artnet has no Authorized Capital.

Conditional Capital
Currently, there is no longer any conditional capital

Berlin, August 30, 2024

Jacob Pabst
CEO, Artnet AG


Artnet's London office at Cromwell Place

Consolidated Financial Statements 2023

artnet AG Consolidated Balance Sheet as of December 31, 2023

Assets		12/31/2023	12/31/2022	12/31/2023	12/31/2022
	Notes No.	USD	USD	EUR	EUR
Current Assets					
Cash and Cash Equivalents	8.7	590,015	1,130,080	534,495	1,053,009
Accounts Receivable	8.4	2,924,130	3,158,816	2,648,969	2,943,385
Other financial receivables and assets	8.5	215,036	326,633	194,801	304,357
Other non-financial receivables and assets	8.6	231,787	2,646,637	209,976	2,466,136
Total Current Assets		**3,960,968**	**7,262,166**	**3,588,241**	**6,766,887**
Non-Current Assets					
Property, Plant, and Equipment	8.2	50,969	52,214	46,173	48,654
Right of use Asset	8.3	335,758	335,108	304,163	312,253
Intangible Assets	8.1	6,876,599	6,183,138	6,229,511	5,761,448
Deferred Tax Assets	7.9	2,637,639	1,624,370	2,389,437	1,513,588
Other Financial Assets	8.5	67,401	48,341	61,059	45,044
Total Non-Current Assets		**9,968,366**	**8,243,171**	**9,030,343**	**7,680,987**
Total Assets		**13,929,334**	**15,505,337**	**12,618,584**	**14,447,874**
Equity and Liabilities					
Current Liabilities					
Accounts Payable		4,245,169	3,542,203	3,845,698	3,300,625
Other financial liabilities	8.12	154,429	99,971	139,897	93,153
Other non financial liabilities	8.13	693,479	1,465,393	628,223	1,365,453
Liabilities from Finance Leases - short term	8.10	244,378	1,043,510	221,382	972,343
Loans	8.9	6,970	489,897	6,314	456,486
Contract Liabilities	8.11	2,722,594	3,429,159	2,466,398	3,195,290
Total Current Liabilities		**8,067,019**	**10,070,133**	**7,307,912**	**9,383,350**
Non-Current Liabilities					
Liabilities from Finance Leases - long term	8.10	94,242	-	85,374	-
Loans	8.9	988,532	275,000	895,511	256,245
Total Non Current Liabilities		**1,082,774**	**275,000**	**93,788**	**256,245**
Total Liabilities		**9,149,793**	**10,345,133**	**8,288,797**	**9,639,595**
Shareholders' Equity					
Common Stock	8.8	6,032,262	6,032,262	5,706,067	5,706,067
Treasury Stock	8.8	-	(269,241)	-	(264,425)
Additional Paid-In Capital	8.8	52,995,401	52,547,769	51,523,761	51,118,251
Accumulated Deficit		(53,766,338)	(53,893,052)	(52,488,327)	(52,608,840)
Current Net Profit		(1,085,959)	126,714	(1,004,100)	120,513
Foreign Currency Translation		604,175	615,752	592,386	736,713
Total Shareholders' Equity		**4,779,541**	**5,160,204**	**4,329,787**	**4,808,279**
Total Liabilities and Shareholders' Equity		**13,929,334**	**15,505,337**	**12,618,584**	**14,447,874**

artnet AG, Consolidated Income Statement for the Period from January 1 to December 31, 2023

	Notes No.	01/01/2023 12/31/2023 USD	01/01/2022 12/31/2022 USD	01/01/2023 31/12/2023 EUR	01/01/2022 31/12/2022 EUR
Revenue	7.1				
artnet Marketplace		**8,680,424**	**9,656,147**	**8,026,096**	**9,183,639**
artnet Galleries		4,704,044	4,697,186	4,349,454	4,467,337
artnet Auctions		3,976,380	4,958,961	3,676,642	4,716,302
artnet Data		**7,270,533**	**7,464,819**	**6,722,482**	**7,099,540**
artnet Price Database		7,270,533	7,464,819	6,722,482	7,099,540
artnet Media		**9,302,592**	**9,197,029**	**8,601,365**	**8,746,987**
artnet Advertising		8,231,602	8,313,440	7,611,106	7,906,635
artnet News Subscriptions		1,070,990	883,589	990,259	840,352
Total Revenue		**25,253,549**	**26,317,995**	**23,349,943**	**25,030,166**
Cost of Sales	7.2	10,949,092	11,097,925	10,123,752	10,554,866
Gross Profit		**14,304,457**	**15,220,070**	**13,226,191**	**14,475,300**
Operating Expenses					
Selling and Marketing	7.3	9,517,898	9,174,491	8,800,441	8,725,552
General Administrative	7.4	4,208,396	5,017,398	3,891,168	4,771,880
Product Development	7.5	2,632,747	2,742,478	2,434,291	2,608,279
Total Operating Expenses		**16,359,041**	**16,934,367**	**15,125,900**	**16,105,711**
Operating Income		**(2,054,584)**	**(1,714,297)**	**(1,899,709)**	**(1,630,411)**
Interest Expenses	7.8	96,950	37,089	89,642	35,274
Interest Income	7.8	580	49,499	536	47,077
Other Income/ (Expenses)	7.7	82,856	1,776,792	76,610	1,689,847
Earnings Before Taxes		**(2,068,098)**	**74,905**	**(1,912,205)**	**71,239**
Income Taxes	7.9	(31,129)	(32,335)	(28,783)	(30,753)
Deferred Tax Benefit/ (Expense)	7.9	1,013,268	84,144	936,888	80,027
Net Profit/(Loss)		**(1,085,959)**	**126,714**	**(1,004,100)**	**120,513**
Other comprehensive income					
OCI Recycled:					
Exchange differences on translating foreign operations		(11,577)	24,585	(144,327)	284,938
Total comprehensive income		**(1,097,536)**	**151,299**	**(1,148,427)**	**405,452**
Result per Share					
Basic and Diluted	10.4	(0,19)	0,02	(0,18)	0,02

artnet AG, Consolidated Statement of Cash Flows for the Fiscal Year/Period from January 1 to December 31, 2023

	Notes No.	2023 USD	2022 USD	2023 EUR	2022 EUR
Cash Flow from Operating Activities	9				
Net Profit		**(1,085,959)**	**126,714**	**(1,004,100)**	**120,513**
Adjustments to Reconcile Net Profit to Net Cash provided by Operating Activities:					
Depreciation and Amortization		1,844,258	1,603,793	1,705,238	1,494,414
Gain/loss on Asset Disposal		(26,619)	-	(24,612)	-
Impairments/Write-Offs for Receivables	8.4	387,052	151,258	357,876	140,942
Changes in Deferred Tax Assets	7.9	(1,013,269)	(84,144)	(875,849)	(78,405)
Other Non-Cash Transactions		(15,335)	-	(114,295)	-
Changes in Operating Assets and Liabilities:					
Accounts Receivables*	8.4	(152,366)	(324,061)	(63,460)	(301,960)
Other financial receivables and assets	8.5	92,537	316,653	93,541	295,057
Other non-financial receivables and assets	8.6	2,414,850	(2,319,646)	2,256,160	(2,161,446)
Accounts Payable**		78,512	1,876,761	(20,620)	1,748,766
Other Financial Liabilities	8.12	54,458	(124,770)	46,744	(116,260)
Other non financial liabilities	8.6	(771,913)	663,922	(737,230)	618,643
Contract liabilities	8.11	(706,565)	930,252	(728,892)	866,808
Interest Expenses	7.8	96,950	37,089	89,642	35,274
Total Adjustments		**2,282,550**	**2,727,107**	**1,984,243**	**2,541,833**
Cash Flow Provided by Operating Activities		**1,196,591**	**2,853,821**	**980,143**	**2,662,346**
Cash Flow from Investing Activities					
Purchase of Property and Equipment	8.2	(40,907)	(14,212)	(35,705)	(13,243)
Purchase and Development of Intangible Assets	8.1	(1,968,456)	(2,064,159)	(1,647,057)	(1,923,383)
Proceeds from asset disposal		26,619	-	24,612	-
Cash Flow Used in Investing Activities		**(1,982,744)**	**(2,078,371)**	**(1,658,150)**	**(1,936,627)**
Cash Flow from Financing Activities					
Repayment of financial lease	8.10	(615,514)	(1,072,354)	(569,945)	(999,219)
Loan	8.9	713,533	764,897	648,107	712,731
Loan repayment	8.9	(482,718)	-	(458,824)	-
Interest Expenses	7.8	(97,159)	(37,089)	(89,836)	(35,274)
Other Changes in Equity	8.8	739,524	-	669,935	-
Cash Flow Used in Investing Activities		**257,666**	**(344,546)**	**199,438**	**(321,762)**

* Contains the value adjustments from the value adjustment on/derecognition of receivables. See also note 8.4 Accoutns receivables
** Includes the reclassification of a lease liability to accounts payables. See note 8.10. Liabilities from leases.

artnet AG, Consolidated Statement of Cash Flows for the Fiscal Year/Period from January 1 to December 31, 2023

	Notes No.	2023 USD	2022 USD	2023 EUR	2022 EUR
Effects of Exchange Rate Changes on Cash		**(11,578)**	**24,585**	**(39,945)**	**56,088**
Changes in Cash and Cash Equivalents		**(540,065)**	**455,489**	**(518,514)**	**460,045**
Cash and Cash Equivalents—Start of Year	8.7	**1,130,080**	**674,591**	**1,053,009**	**592,965**
Cash and Cash Equivalents—End of Year	8.7	**590,015**	**1,130,080**	**534,495**	**1,053,009**
Supplemental Discosures of Cash Flow					
Income Tax Receipts/ (Payments)	7.9	(15,996)	(32,335)	(14,790)	(30,753)
Interest Receipts		50,078	-	46,303	-

artnet AG, Consolidated Statements of Changes in Shareholders Equity (USD) for the Fiscal Year from January 1 to December 31, 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)					126,714	24,585	151,299
BALANCE - December 31, 2022	**5,706,067**	**6,032,262**	**(269,241)**	**52,547,769**	**(53,766,338)**	**615,752**	**5,160,204**
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)					(1,085,959)	(11,577)	(1,097,536)
Sale of treasury stock			269,241	447,632			716,873
BALANCE - December 31, 2023	**5,706,067**	**6,032,262**	**-**	**52,995,401**	**(54,852,297)**	**604,175**	**4,779,541**

artnet AG, Consolidated Statements of Changes in Shareholders Equity (EUR) for the Fiscal Year from January 1 to December 31, 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)					120,513	284,939	405,452
BALANCE - June 30, 2022	**5,706,067**	**5,706,067**	**(264,425)**	**51,118,251**	**(52,488,327)**	**736,714**	**4,808,280**
BALANCE - December 31, 2022	**5,706,067**	**5,706,067**	**(264,425)**	**51,118,251**	**(52,488,327)**	**736,714**	**4,808,280**
Net Income / (Loss)					(1,004,100)	(144,327)	(1,148,427)
Sale of treasury stock			264,425	405,510			669,935
BALANCE - June 2023	**5,706,067**	**5,706,067**	**-**	**51,523,761**	**(53,492,427)**	**592,386**	**4,329,787**

Notes to the Consolidated Financial Statements 2023

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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 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., in turn, holds 100% of the shares in London-based Artnet UK Ltd. 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 a 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 declaration on the German Corporate Governance Code pursuant to Section 161 of the German Stock Corporation Act (AktG) was published on August 7, 2024, and is available to shareholders on the Artnet website at https://www.artnet.de/investor-relations.

2. Accounting Policies

2.1. Basic Principles Underlying Preparation

The Consolidated Financial Statements of artnet AG and its subsidiaries as of December 31, 2023, were prepared in accordance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB), London, United Kingdom, and the interpretations of the IFRS Interpretations Committee (IFRS IC), which had been adopted and endorsed by the European Union as of December 31, 2023. Section 315e of the German Commercial Code (HGB) was also applied. In accordance with Section 315e HGB in conjunction with Section 315 HGB, the Consolidated Financial Statements are supplemented by a Group Management Report. The Consolidated Balance Sheet contains the disclosures under by IAS 1, Presentation of Financial Statements, and is classified based on the maturity of the assets and liabilities. The Statement of Comprehensive Income is broken down using the nature of expense method.

The Consolidated Financial Statements and the Group Management Report of artnet AG as of December 31, 2023, were approved for publication by the Management Board on August 15, 2024, and submitted to the Company’s Supervisory Board on the same day. The Consolidated Financial Statements and the Group Management Report are published in the electronic company register. The fiscal year is the calendar year.

The Consolidated Financial Statements have been prepared in euros. This is the functional currency of artnet AG. Unless otherwise stated, amounts are shown in thousands of euros (EUR k) or rounded up/down to the nearest million. As a result, the total calculated by adding up the individual amounts may deviate slightly from the total stated.

The currency of the primary economic environment in which the Group operates is the US dollar. For convenience, especially for our US-based investors, the Consolidated Balance Sheet, the Consolidated Income Statement, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity are also presented in US dollars.

The Consolidated Financial Statements were also prepared on the basis of the going concern principle, which assumes that the Group will be able to settle its liabilities, including repayment obligations under credit facilities. The Group's ongoing solvency and, as a result, the assumption that it will continue as a going concern is determined by its core business and independently of external lenders.

2.2. Impact of New Accounting Standards

Impact of Significant Changes in Accounting Policies

As of January 1, 2023, the Group applied Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) for the first time. However, these changes do not have any material impact on the Consolidated Financial Statements.

The Group also applied Disclosure of Accounting Policies (Amendments to IAS 1 and Practice Statement 2) for the first time as of January 1, 2023. Although the amendments do not result in any change in accounting policies, they require disclosure of material accounting policies rather than significant accounting policies as before. The management has reviewed the disclosure requirements and made the necessary updates.

There were no other changes with a material impact on current or future reporting periods.

Standards and Interpretations That Will Be Mandatory in the Future

The International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) have adopted further standards, interpretations and amendments to standards that are not yet mandatory for the 2023 fiscal year and have not yet been applied to these Consolidated Financial Statements. This includes:

Standard/interpretation	Contents	Endorsement	Mandatory application
Amendments to IAS 1	Classification of Liabilities as Current or Non-current, Deferral of Effective Date, Non-current Liabilities with Covenants	December 19, 2023	January 1, 2024
Amendments to IFRS 16	Requirements for the subsequent measurement of leases in a sale and leaseback transaction for the seller-lessee	November 20, 2023	January 1, 2024
Amendments to IAS 7 and IFRS 7*	Supplier Finance Arrangements	n/a	January 1, 2024
Amendments to IAS 21*	Lack of Exchangeability	n/a	January 1, 2025
IFRS 18*	Presentation and Disclosure in Financial Statements	n/a	January 1, 2027

* EU endorsement still outstanding at the time of publication of the Consolidated Financial Statements.

The abovementioned new accounting standards, amendments to standards and interpretations have not been applied early by the Group. With the exception of IFRS 18, the Group does not consider the impact of these new accounting policies on current or future reporting periods, or on foreseeable future transactions, to be material. IFRS 18 sets out fundamental requirements for the presentation of financial statements and required disclosures, and applies to all components of the financial statements. The exact impact has yet to be estimated.

2.3. Changes in Accounting Estimates and Adjustments to the Classification of Items in the Financial Statements

In the 2023 fiscal year, amendments were made to the classification of items and to accounting-related estimates.

Changes in Item Classification

In the Consolidated Financial Statements as of December 31, 2022, financial and non-financial assets and receivables were reported together under “Other current assets” and “Other non-current assets”. In addition, other financial and non-financial liabilities, as well as trade payables, were grouped in the item “Accrued liabilities and other liabilities”. These items have now been reclassified as items that make a distinction between financial and non-financial assets and liabilities. The amendment was implemented in both the current and comparative period. The changes are evident from the new structure of the Balance Sheet as of December 31, 2023.

Changes in Accounting Estimates

The Consolidated Financial Statements are based on estimates and assumptions concerning the future. Based on historical experience and reasonable expectations regarding future events, the derived estimates and judgments are continuously reviewed and adjusted if necessary. Nevertheless, the estimates do not always correspond to the circumstances that actually end up materializing, in particular due to new findings with regard to comparable market information.

At the beginning of 2023, the Group reassessed the useful lives of internally generated intangible assets. This involved taking factors such as the current market conditions into account. The result was a reduction in the expected useful life of specific assets.

The impact of these changes on actual and expected amortization expense was as follows.

in EUR k	2023	2024	2025	2026	2027	2028 and beyond
(Decrease)/increase in amortization expense	478	475	332	51	(276)	(1,060)

2.4. Consolidation

The Consolidated Financial Statements include the legal parent company, artnet AG, its wholly owned subsidiary Artnet Worldwide Corp. and the latter’s wholly-owned subsidiary, Artnet UK Limited. A company defines its status as the parent company by examining whether it controls one or more investees. Control over a company, leading to its inclusion in the Consolidated Financial Statements, is deemed to exist if Artnet has power over the investee. This means that Artnet has existing rights that give it the current ability to direct the relevant activities. These are activities that significantly affect the investee’s returns. In addition, Artnet is exposed, or has rights, to varying returns from its involvement with the investee. Furthermore, it has the ability to use its power over the investee to affect the amount of the returns.

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 inclusion of an investee in the Consolidated Financial Statements begins when control is obtained and ends when control is lost. The financial statements of the investee are prepared as of the same reporting date as the parent company and in accordance with the same accounting policies as those applied by the parent company.

As part of the consolidation, all significant intragroup transactions, receivables and liabilities as well as income and expenses were eliminated in full. The income and expenses resulting from intragroup transfers of assets are also eliminated. Accounting policies at subsidiaries are based on uniform group-wide standards.

The subsidiaries are presented below:

Name	Registered office	Capital share
Artnet Worldwide Corporation	New York, US	100%
Artnet UK Limited	London, GB	100%

2.5. Functional and Presentation Currency

Transactions in currencies other than the functional currency of the relevant Group companies are translated at the exchange rate that applies on the transaction date. 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. Non-monetary Consolidated Balance Sheet items in foreign currencies are carried at historical exchange rates.

On consolidation, the Group's assets and liabilities are translated into the presentation currency, the euro, at the closing rate. Income and expense items are translated at the average exchange rates for the period. Using the average exchange rate leads to a reasonable approximation of the currency effects of the exchange rates that apply on the transaction date, as long as there are no significant fluctuations. The accumulated gains and losses resulting from translation are recorded as a separate component of the Group equity.

If the conditions of IAS 21.15 are met, intragroup 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 Artnet 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		EUR to GBP	
	December 31, 2023	**December 31, 2022**	**December 31, 2023**	**December 31, 2022**	**December 31, 2023**	**December 31, 2022**
Closing price at the end of the year	0.9059	0.9318	0.7854	0.8263	0.8670	0.8868
Annual average rate	0.9246	0.9511	0.8044	0.8114	0.8700	0.8532

3. Key Accounting Policies

Cost Principle

The cost principle is generally applied when preparing the Consolidated Financial Statements. This does not apply to derivative financial instruments or to specific non-derivative financial assets; these are measured at fair value.

Determination of Fair Value

The fair value is the price that would be paid, in a standard transaction on the measurement date, to sell an asset or transfer a liability.

All assets or liabilities for which a fair value is recognized in the Consolidated Financial Statements are broken down using the hierarchy described below, based on the lowest input that is significant for overall fair value measurement:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – unobservable inputs for the asset or liability.

In cases involving assets and liabilities that are recognized in the Consolidated Financial Statements on a recurring basis, the Group determines whether there have been reclassifications between the hierarchy levels by reviewing the classification (based on the lowest input that is significant for overall fair value measurement) at the end of each reporting period.

The reported fair value of all currently outstanding assets and liabilities corresponds to Level 3.

Intangible Assets

Intangible assets comprise acquired and internally developed software and website development costs.

They are recorded at cost and amortized on a straight-line basis over their estimated useful life of three to ten years. All intangible assets have a finite useful life. The period and method of amortization for intangible assets with finite useful lives are reviewed annually by the Group. If the expected useful life of the asset differs from previous estimates, the amortization period is changed accordingly. Intangible assets with a finite useful life are amortized over their useful lives and tested for impairment if there are indications that the intangible asset is impaired.

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

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- The intention to complete the intangible asset
- The ability to use the intangible asset
- The intangible asset will generate probable future economic benefits
- The availability of adequate technical, financial and other resources to complete the development and to use the intangible asset

• The ability to measure reliably the expenditure attributable to the intangible asset during its development

The criterion for recognizing 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. The Group reviews intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The corresponding accounting policies are described in the section on impairment.

Property, Plant and Equipment
DThe cost of property, plant and equipment is recognized as an asset if the following two criteria apply:

• It is probable that the property, plant and equipment will generate future economic benefits
• The cost can be measured reliably

The cost comprises the purchase price, including import duties and non-refundable purchase taxes, and the costs directly attributable to bringing the item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended.

Property, plant and equipment is measured using the cost model, i.e. at historical cost less accumulated depreciation and impairment.

Depreciation begins when the asset is available for use and ends as soon as it is classified as held for sale, or on the date of derecognition, whichever is earlier. The Group's property, plant and equipment includes computer equipment and operating and office equipment, which are depreciated over an expected useful life of three years, office furniture and fixtures, which are depreciated over an expected useful life of five to thirteen years, and leasehold improvements, which are depreciated over an expected useful life of ten years or the remaining lease term, whichever is shorter. The Artnet Group depreciates its assets using the straight-line method.

The carrying amounts of property, plant and equipment are derecognized upon disposal or when no future economic benefits are expected from their use. The gains and losses from derecognition are recognized in the income statement.

Maintenance expenses that neither enhance the value of an item of property, plant or equipment nor prolong its useful life are expensed as incurred. The residual values, useful lives and amortization method are reviewed at the end of each fiscal year and adjusted prospectively if necessary, as described in the "Impairment" section.

Leases
Right-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 (less any lease incentives received), plus any initial direct costs, as well as the estimated costs incurred at the end of the term for dismantling the leased asset or restoring it to the contractually agreed condition. The right-of-use asset 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 asset reflects the fact that Artnet will exercise a purchase option.

Liabilities from leases comprise all obligations from leases in accordance with IFRS 16. In addition to leases for operating and office equipment, rental agreements for office space are shown in particular. The present value of future lease payments is recognized as a financial liability.
Lease liabilities are measured at the present value of the lease payments that have not yet been made at the beginning of the lease term. The lease payments included in the valuation of the lease liabilities comprise the fixed payments. The lease term relates to the non-cancelable minimum term of the lease. Lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. Otherwise, discounting is based on the lessee's incremental borrowing rate.

The Group is often unable to determine the interest rate implicit in a lease. In such cases, the lease liability is measured using the incremental borrowing rate. This is the rate of interest that the Group would have to pay to borrow – over a similar term, and with a similar security – the funds necessary to obtain an asset of a similar value to the right of use related to the leased asset in a similar economic environment.

The Group determines the incremental borrowing rate on the basis of observable data, such as market interest rates, taking company-specific adjustments into account.

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.

Impairment
The Group reviews property, plant and equipment 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 2023 and 2022, no impairment or attribution of property, plant and equipment or intangible assets was recorded.

Financial Liabilities
Classification and Measurement of Financial Liabilities
In accordance with IFRS 9, financial liabilities are assigned to the following measurement categories:

(1) Financial liabilities at amortized cost (debt instruments)
(2) Financial liabilities measured at fair value though profit or loss

if they are classified as held for trading, are derivatives or the liability is designated at fair value through profit or loss at the time of initial recognition.

The Group's financial liabilities comprise trade payables, other liabilities and loans.

All financial liabilities are initially recognized at fair value, less directly attributable transaction costs in the case of loans and liabilities. Subsequent measurement is at amortized cost. The liabilities are derecognized when the contractual obligations are settled, reversed, or have expired.

Tax Assets, Tax Liabilities and Deferred Taxes
The current tax expense is determined on the basis of the taxable income of each Group company 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.

Deferred taxes are recognized in respect of deductible temporary differences between the carrying amounts of assets and liabilities in the annual financial statements and their tax bases using the asset and liability method, and tax loss carryforwards 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 the tax rates expected at the time at 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.

Revenue Recognition
In accordance with IFRS 15, revenue is recognized when Artnet transfers control of a good or a service to the customer.

With the exception of the Marketplace segment, all contracts include mostly one performance obligation. In the Marketplace segment, the allocation of the transaction price is based on the performance obligations associated with the transaction concerned.

For Gallery Network memberships and Auction House Partnerships, revenue is recognized when Artnet meets its performance obligation and the relevant member or partner site is created, and made available on the Artnet website.

Revenue for news subscriptions is recognized in the period in which Artnet has fulfilled its contractual performance obligation. News subscriptions are offered as monthly and annual subscriptions and are processed via Stripe. Revenue for monthly subscriptions is recognized when customers are granted access to the new content. Revenue for annual subscriptions is recognized pro rata over the year in which customers have access to the news content.

Revenue recognition for 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 is 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 for performance-based advertising contracts is recognized after the agreed performance indicators are evaluated and coordinated with the relevant customer. In scenarios involving performance obligations that are fulfilled over a longer period of time, revenue is recognized over time by measuring the progress made until the performance obligation is fulfilled in full. The Group uses the input-based method to recognize revenue on the basis of the costs incurred relative to the expected total cost of satisfying this performance obligation. If the efforts or input are distributed evenly over the period of the performance obligation, revenue is recognized on a straight-line basis over this performance period.

For Artnet Auctions and the ArtNFT platform, buyer and seller commissions are realized at the moment at which the Group has arranged the corresponding business successfully.

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

Revenue is measured at the fair value of the consideration 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.

If the advance payment made is higher than the proceeds attributable to the performance obligations that have been satisfied, this amount is recognized under contract liabilities. Revenue for monthly subscriptions is recognized in the month in which the customer has access to the content; revenue for annual subscriptions is recognized under contract liabilities for services not yet rendered. This revenue is recognized over the 12-month period.

4. Significant Estimates and Judgments

Preparing the Consolidated Financial Statements requires, to a limited extent, using assumptions and estimates that impact the amount and disclosure of the assets and liabilities, income and expenses, and contingent liabilities recognized. Although these estimates were made by the Management Board to the best of its knowledge and taking into account all of the information currently available, the actual results may deviate from these estimates.

Estimates and assumptions were used when measuring and determining the useful life of intangible assets. These are subject to an annual review. The actual results could differ from those estimates. Any changes are recognized accordingly as and when better information is available.

The following accounting policies, in particular, are significantly impacted by the Management Board's estimates and judgments:

Estimated Useful Lives
Depreciation and amortization rates are determined based on current knowledge of the expected useful lives of property, plant and equipment and intangible assets. The expected useful lives are reviewed at regular intervals. Details on the depreciation/amortization periods can be found in the notes in section 3.

Current and Deferred Taxes
Current income taxes are recognized in the balance sheet at the time they are incurred. The actual tax refund claims and tax liabilities for the current period and for previous periods are to be measured at the amount expected to be refunded by, or paid to, the tax authorities. The calculation is based on the local tax legislation and previous court decisions. The complexity of these regulations, and possible differences in their interpretation, create uncertainty regarding the tax treatment of individual transactions. In accordance with IFRIC 23, these uncertain tax items are measured at the value most likely to be utilized.

Deferred taxes are recognized on the loss carryforwards of Group companies existing on the reporting date if it can be assumed, based on projections, that the loss carryforwards will be utilized. Deferred tax assets for differences between the tax balance sheet values and the IFRS balance sheet values recognized by the corresponding companies were offset against deferred tax liabilities, taking the maturities into account. If there is a surplus of deferred tax assets, these are capitalized if it is considered probable that taxable income will be available.

Internally Generated Intangible Assets
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 the best estimates on the measurement date. The actual results can, however, deviate from the estimates.

Leases
The Group defines the lease term as the non-cancelable term of the lease and all periods covered by an option to extend the lease if it is reasonably certain that the option will be exercised.

Artnet has leases that include extension options. The Group makes an assessment as to whether it is reasonably certain that the option to extend the lease will be exercised.

The Group is often unable to determine the interest rate implicit in a lease. In such cases, the lease liability is measured using the incremental borrowing rate. This is the rate of interest that the Group would have to pay to borrow – over a similar term, and with a similar security – the funds necessary to obtain an asset of a similar value to the right of use related to the leased asset in a similar economic environment.

The Group determines the incremental borrowing rate on the basis of observable data, such as market interest rates, taking company-specific adjustments into account.

5. Financial Risk Management

Financial Risk Management Objectives and Methods

The Group aims to maintain strong capital resources in order to preserve the confidence of investors, lenders and markets, and to ensure the Group's sustainable growth. The Management Board monitors the return on capital and dividend amount on a regular basis.
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. 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.

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 results primarily from trade receivables, cash and cash equivalents, and security deposits. The Group accepts payments by credit card, bank transfer and also checks from customers. Cash and cash equivalents mainly comprise bank balances held at Bank of America and Commerzbank. The maximum credit risk corresponds to the balance sheet values.

The Artnet 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, a global economic downturn could 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 defaults. This scenario would have a negative impact on the Group's earnings and cash flows. Artnet endeavors to counteract such risks by requiring upfront payments from customers whenever possible. Artnet has in-house debt collection specialists and also works with debt collection agencies and their legal departments. For further details, please refer to section 7.4.

Liquidity and Interest Risk

Liquidity risk arises in the event that the Artnet Group cannot meet its 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. The liquidity risk is reassessed (daily) by analyzing the difference between the actual cash position and the monthly cash position based on liquidity planning. This enables action to be taken early on in response to changes in risk potential. Management expects positive operating cash flow for the 2024 fiscal year. If revenue does not materialize as planned by the Management Board and/or the cost measures do not take full effect, or have a delayed impact, liquidity bottlenecks could also occur in the future. In such cases, the Artnet Group would once again have to take equity or debt capital measures in order to generate the funds required to make further investments in its software and products.

The Artnet Group is not subject to any significant interest rate risk, as its loans are fixed-rate loans. This means that the Artnet Group is not exposed to any risks associated with changes in interest rates. The remaining term of other current liabilities and accrued liabilities is less than one year.
The table below shows the undiscounted gross cash flows from financial liabilities including the expected interest payments:

December 31, 2023 EUR k	Carrying amount	Gross cash flow	Gross cash flow	Gross cash flow
		Total	< 1 year	> 1 year
Liabilities at amortized cost	3,986	3,986	3,986	0
Loans	902	1,005	101	904
Lease liabilities	307	318	230	88

December 31, 2022 EUR k	Carrying amount	Gross cash flow	Gross cash flow	Gross cash flow
		Total	< 1 year	> 1 year
Liabilities at amortized cost	3,407	3,407	3,407	-
Loans	713	794	536	258
Lease liabilities	972	974	974	-

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 currency risk arises from the Company's foreign currency items and possible changes in the corresponding exchange rates. The uncertainty associated with their future development is referred to as exchange rate risk. There is a currency risk for individual transactions, but the overall risk associated with a particular currency, i.e. the Group's exposure, is the most important aspect.

The Artnet Group controls these currency exchange risks by invoicing its European customers in euros – where possible – and using these payments to settle its euro-denominated liabilities. 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, the Group has foreign currency risks related to intragroup euro-denominated receivables for the financing of the parent company artnet AG, which is located in the eurozone, and the operating subsidiary Artnet Corp., which is located in the US-dollar currency area, as well as for bank balances in euros held by Artnet Corp.

The carrying amounts of the Group's financial assets and liabilities denominated in currencies other than the US dollar were as follows on the reporting date:

Currency	Financial assets		Financial liabilities	
EUR k	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
EUR	511	781	36	167
GBP	427	522	128	248

In addition, as of December 31, 2023, Artnet Corp. had intragroup receivables from artnet AG denominated in euros in the amount of EUR 1,532k (2022: EUR 1,543k). To minimize this currency risk, Artnet Corp. converted existing intragroup receivables against artnet AG in the amount of EUR 1,500k into a long-term intragroup loan. A settlement for this loan is neither planned nor likely to occur in the foreseeable future. Therefore, the intragroup loan qualifies as a net investment according to IAS 21.15. Accordingly, the translation difference resulting from the exchange rate changes from the euro-denominated loan amount is recognized directly in equity, meaning that it is accumulated in a separate equity component until the full or partial sale of artnet AG's investment in Artnet Corp.

In the 2023 reporting year, an amount of EUR 46k resulting from the net investment was added to the foreign currency adjustment item, increasing equity as a result (2022: EUR (92)k, decreasing equity). In total, the amounts recorded directly in equity are EUR 209k as of December 31, 2023 (December 31, 2022: EUR 258k).

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 indicates an increase in profit and equity.

Against USD		December 31, 2023 EUR k	December 31, 2022 EUR k	December 31, 2023 EUR k	December 31, 2022 EUR k
	+10%				
Result		(75)	(60)	4	(3)
Equity		96	55	(14)	(19)
	-10%				
Result		92	73	(4)	4
Equity		(118)	(67)	18	24

The value of the US dollar against the euro increased by 3% from EUR 0.932 on December 31, 2022, to EUR 0.906 on December 31, 2023.

6. Segment Reporting
In accordance with IFRS 8, operating segments are identified using the management approach. This approach means that external reporting is based on internal financial reporting to the senior management body. Within the Artnet Group, the Management Board of artnet AG is responsible for assessing and managing business development and is considered the chief operating decision maker in accordance with IFRS 8. Information on the operating segments is reported in the same way as this information is reported internally to the Management and Supervisory Boards.

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

- Marketplace: comprises Artnet Galleries and Artnet Auctions
  - Artnet Galleries presents artworks from member galleries and partner auction houses online
  - Artnet Auctions offers a curated platform for buying and selling art online

- Data: includes Price Database and Analytics
  - Price Database contains all database-related products, including the Fine Art and Decorative Art Price Databases, as well as the products based on them
  - Market Alerts and Analytics Reports

- Media: includes Artnet News, Advertising and Sponsorships
  - Artnet News provides a 24-hour news service covering events, trends and people shaping the art industry
  - Advertising includes advertising partnerships with luxury and art brands
  - Sponsorships includes contracts with companies that sponsor Artnet events or services

The segment reporting is shown in multilevel Contribution Margin calculations. In the first stage, the difference between the revenues generated and the variable costs directly attributable to a segment is calculated (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 CM II (revenue minus direct and indirect variable costs), which is therefore presented below as the segment result. Indirectly attributable expenses are mainly allocated to the reportable segments using the ratio of headcounts and revenue for each segment. The segment reporting is presented, similarly to the internal communication, in US dollars. An allocation of assets or liabilities for each segment is not provided to Management. Therefore, reportable-segment-related assets and liabilities are not presented in this report.

The table below shows the segments' revenue and Contribution Margins II in a year-over-year comparison:

2023 EUR k	Revenue	Contribution Margin II
Marketplace	8,026	1,607
Data	6,722	4,000
Media	8,601	966
Total	**23,349**	**6,573**

2022 EUR k	Revenue	Contribution Margin II
Marketplace	9,184	1,712
Data	7,100	3,891
Media	8,747	1,967
Total	**25,031**	**7,570**

The reconciliation of the CM II to the operating income in the Consolidated Income Statement is presented in the following table:

Reconciliation of segments' CM II to operating income EUR k	2023	2022
Contribution Margin II	6,573	7,570
Fixed costs from cost of sales and depreciation/amortization	(4,719)	(4,338)
Fixed costs from general administrative costs	(3,285)	(4,254)
Fixed costs from product development	(469)	(608)
Operating income	**(1,900)**	**(1,630)**

While the bad debt provisions presented below affect the individual segment results as non-cash expenses, the allocation of depreciation and amortization to the individual segments is only reported regularly to the Management Board:

2023 EUR k	Revenue	Contribution Margin II
Marketplace	651	248
Data	480	58
Media	570	52
Total	**1,700**	**358**

2022 EUR k	Revenue	Contribution Margin II
Marketplace	585	108
Data	462	33
Media	478	2
Total	**1,525**	**144**

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

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

EUR k	2023	2022
USA	14,028	15,706
Europe (excluding Germany)	2,926	2,872
United Kingdom	2,659	2608
Germany	1,333	1,372
Other	2,405	2,472
Total	**23,350**	**25,030**

The following table breaks down the Group's non-current assets by geographical region:

EUR k	2023	2022
USA	8,814	7,668
Europe	140	5
UK	76	7
Total	**9,030**	**7,680**

7. Notes to the Income Statement

7.1. Revenue

The Group's revenue is mainly generated through:

- Artnet Galleries, which presents artworks from member galleries and partner auction houses online
- Artnet Auctions, a curated platform for buying and selling art online
- The Price Database, which contains all database-related products, including the Fine Art and Decorative Art Price Databases, as well as the products based on them. Market Alerts and Analytics Reports
- Artnet News provides a 24-hour news service covering events, trends and people shaping the art industry
- Advertising includes advertising partnerships with luxury and art brands. Sponsorships includes contracts with companies that sponsor Artnet events or services

EUR k	2023	2022
Galleries	4,349	4,467
Auctions	3,677	4,716
Data	6,722	7,100
News subscriptions	990	840
Advertising	7,611	7,907
Total	**23,350**	**25,030**

7.2. Cost of Sales

The cost of sales is broken down as follows:

EUR k	2023	2022
IT costs	2,562	2,609
Auctions	2,149	3,182
Production	1,100	1,177
Gallery costs	766	724
Depreciation and amortization	1,315	716
Customer management	641	334
Costs of monetary transactions	577	652
Expenses from impairments	72	29
Other administrative costs	944	1,132
Total	**10,124**	**10,555**

The effects of these changes on the actual and expected amortization expense resulting from the change in the estimate of the remaining useful lives of intangible assets (presented in section 2.3) amounted to EUR 478k in the fiscal year under review.

7.3. Sales and Marketing Expenses

The sales and marketing expenses are broken down as follows:

EUR k	2023	2022
Selling costs	3,450	3,492
Marketing costs	1,734	1,400
Operating costs	971	1,032
artnet News operating costs	2,645	2,801
Total	**8,800**	**8,725**

7.4. General Administrative Expenses

General administrative expenses are broken down as follows:

EUR k	2023	2022
Personnel expenses	1,538	1,797
Depreciation and amortization	337	708
Rental expenses	186	182
Legal and advisory costs	811	973
Expenses from impairments	251	101
Other expenses	768	1,256
Total	**3,891**	**5,017**

7.5. Product Development Costs

Product development costs are broken down as follows:

EUR k	2023	2022
Personnel expenses	1,724	1,488
Depreciation/amortization	48	101
Expenses from impairments	36	14
Other administrative costs	472	566
Other expenses	154	439
Total	**2,434**	**2,608**

7.6. Personnel Expenses

The Consolidated Income Statement includes personnel expenses for the fiscal years stated in the following expense categories:

Personnel Expenses by Expense Category in EUR k	2023	2022
Cost of sales	5,138	5,377
Sales and marketing	6,510	6,311
General administrative expenses	1,538	2,605
Product development	1,735	1,488
Total	**14,921**	**15,781**

The total personnel costs in the 2023 and 2022 fiscal years include social security expenses of EUR 2,135k and EUR 1,928k respectively, and 401(k) expenses (retirement provision) of EUR 200k and EUR 221k respectively.

On average, the Group employed 129 full-time employees in 2023, as compared to 135 in the previous year. In addition, the Group employed four part-time employees in the 2023 fiscal year, compared to six part-time employees in the previous year.

Taking into account its part-time employees, Artnet employed a monthly average of 133 and 141 respectively in 2023 and 2022. The employees are allocated to the following expense categories:

Employees by Expense Category	2023	2022
Cost of sales	57	61
Sales and marketing	44	42
General administrative expenses	11	15
Product development	21	22
Total	**133**	**141**

Defined Contribution Plans

The subsidiary Artnet Worldwide Corp. offers a defined contribution 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 Worldwide Corp. and are managed by a trustee. Participating employees can contribute up to 100% of their annual salary, but not more than statutory limits. Artnet Worldwide Corp. makes a corresponding contribution each year. In 2023 and 2022, the company's contributions came to EUR 200k and EUR 211k respectively.

7.7. Other Income/Expenses

Other income and expenses in the reporting year include losses from exchange rate differences in the amount of EUR 38k (2022: EUR 107k). This was offset by refunds and other miscellaneous income in the amount of EUR 115k. In the previous year, financial assistance received in connection with the Employee Retention Credit (ERC) in the amount of EUR 2,179k had a particularly positive effect.

7.8. Financial Income and Financial Expenses

Interest income and interest expenses comprise the following:

Interest income EUR k	2023	2022
Federal/state support	0	46
Loans	1	1
Total	**1**	**47**

Interest expense EUR k	2023	2022
Loans	75	7
Leases	15	27
Other	0	1
Total	**90**	**35**

7.9. Income Tax Expense/Income

The tax expense/income for 2023 and 2022 comprises the following:

EUR k	2023	2022
Current income taxes	(29)	(31)
Deferred taxes	937	80
Total income taxes	**908**	**49**

The reconciliation of expected tax expense to reported tax expense is shown below. The Group's income tax rate is the weighted average tax rate based on the earnings before taxes generated in the various countries. The resulting combined income tax rate amounted to 28.25% and 27.50% for the 2023 and 2022 fiscal years respectively.

EUR k	2023	2022
Earnings before taxes	(1,912)	71
Calculated expected taxes	540	(20)
Increase/decrease in taxes due to:		
- Non-deductible operating expenses	(281)	(13)
- Tax rate differences	44	71
- Deferred taxes on previously unrecognized tax loss carryforwards	605	11
Tax income	908	49

Deferred Taxes

The tax effects from temporary differences and loss carryforwards that lead to deferred tax assets and liabilities were as follows as of December 31 of the fiscal years:

EUR k	December 31, 2023	December 31, 2022
Property, plant and equipment	262	66
Trade receivables	121	104
Right-of-use assets	(37)	(86)
Lease liabilities	38	93
Other debts	132	185
Contract liabilities	671	881
Loss carryforwards	1,202	270
Deferred tax assets	**2,389**	**1,514**

Of loss carryforwards amounting to EUR 45,512k (December 31, 2022: EUR 42,377k), EUR 44,617k (December 31, 2022: EUR 41,457k) can be carried forward indefinitely. Within the total amount of existing loss carryforwards, an amount of EUR 41,168k (31 December 2022: EUR 40,154k) is expected to be unrealizable. The loss carryforwards are distributed among the following companies:

EUR k	December 31, 2023	December 31, 2022
Artnet Worldwide Corp,	4,344	2,223
artnet AG	41,168	40,154
Total	**45,512**	**42,377**

Based on the taxable profit generated in previous years and the expected future taxable profit, Artnet considers it probable that the benefits from the deferred tax assets, net of allowances, recognized as of December 31, 2023, can be utilized.

8. Notes to the Balance Sheet

8.1. Intangible Assets

In 2023, EUR 1,820k (2022: EUR 1,963k) of the total development costs was capitalized. The amortization expense on intangible assets is included in the cost of sales. Research costs, including costs for ongoing maintenance, in the amount of EUR 2,419k (2022: EUR 2,608k) were recognized as a product development expense in the period in which they were incurred.

Intangible assets in the 2023 and 2022 fiscal years developed as follows:

EUR k	Development costs	Software	Total
Cost			
As of December 31, 2021	**7,375**	**232**	**7,608**
Currency exchange differences	403	14	417
Disposals	0	0	0
Additions	1,963	0	1,963
As of December 31, 2022	9,742	246	9,988
Currency exchange differences	(307)	(2)	(309)
Disposals	(49)	(217)	(266)
Additions	1,820	0	1,820
As of December 31, 2023	**11,206**	**27**	**11,233**
Amortization			
As of December 31, 2021	3,340	226	3,565
Currency exchange differences	192	13	205
Disposals	0	0	0
Additions	449	7	456
As of December 31, 2022	3,980	246	4,226
Currency exchange differences	(133)	(2)	(136)
Disposals	(55)	(217)	(271)
Additions	1,184	0	1,184
As of December 31, 2023	**4,976**	**27**	**5,003**
Carrying Amount			
As of December 31, 2022	5,761	0	5,761
As of December 31, 2023	6,230	0	6,230

As of December 31, 2023, the Group did not have any material contractual obligations for the acquisition of intangible assets.

8.2. Property, Plant and Equipment

Property, plant and equipment in the 2023 and 2022 fiscal years developed as follows:

EUR k	Computer and hardware	Operating and office equipment	Leasehold improvements	Total
Cost				
As of December 31, 2021	593	507	378	1,478
Currency exchange differences	33	29	23	85
Disposals	0	0	0	0
Additions	15	4	0	19
As of December 31, 2022	641	540	401	1,582
Currency exchange differences	(7)	(4)	(3)	(14)
Disposals	(501)	(521)	(398)	(1,419)
Additions	35	3	0	38
As of December 31, 2023	169	18	0	186
Deprecation for the fiscal year				
As of December 31, 2021	532	498	366	1,396
Currency exchange differences	29	29	22	80
Disposals	0	0	0	0
Additions	42	2	14	58
As of December 31, 2022	602	530	401	1,533
Currency exchange differences	(7)	(4)	(3)	(14)
Disposals	(500)	(520)	(398)	(1,418)
Additions	35	4	0	39
As of December 31, 2023	131	9	0	140
Carrying amount				
As of December 31, 2022	39	10	0	49
As of December 31, 2023	38	8	0	46

The depreciation expense of property, plant and equipment is included in the cost of sales. As of December 31, 2023, the Group had no significant contractual obligations for the acquisition of property, plant and equipment. Almost all of the Group's assets, including both property, plant and equipment and intangible assets, are located in the United States. As in the previous year, depreciation and amortization of property, plant and equipment and intangible assets for 2023 in the amount of EUR 1,184k (2022: EUR 494k) relates almost exclusively to the USA.

8.3. Right-of-use Assets

Right-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 asset 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 asset reflects the fact that Artnet will exercise a purchase option.

The Group has three leases in connection with offices: the office lease in New York with a lease term of 18 months, the office lease in the UK and the lease for the office of Artnet AG with a lease term of 36 months. The amortization of right-of-use assets amounts to EUR 482k (2022: EUR 1,011k). The Group has no other short-term or low-value leases; all office-related leases are recognized under right-of-use assets.

The right-of-use assets developed as follows in the 2023 and 2022 fiscal years (all of which relate to office space):

EUR k	Right-of-use assets
Acquisition costs	
As of December 31, 2021	3,989
Currency exchange differences	225
Disposals	0
Additions	0
As of December 31, 2022	4,213
Currency exchange differences	(35)
Disposals	(4,183)
Additions	479
As of December 31, 2023	474
Amortization for the fiscal year	
As of December 31, 2021	2,755
Currency exchange differences	134
Disposals	0
Additions	1,011
As of December 31, 2022	3,901
Currency exchange differences	(30)
Disposals	(4,183)
Additions	482
As of December 31, 2023	170
Carrying amount	
As of December 31, 2022	312
As of December 31, 2023	304

8.4. Trade Receivables

Trade receivables consist of the following:

EUR k	December 31, 2023	December 31, 2022
Gross receivables	3,059	3,322
Value adjustments on receivables	(410)	(379)
Receivables after impairment	2,649	2,943

Impairment losses were recognized as of December 31, 2023, and December 31, 2022 exclusively for trade receivables. Accordingly, only the simplified approach for trade receivables is presented below. Default in accordance with IFRS 9 occurs when a trade 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 any impairment losses.

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

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

EUR k	Default rate	Nominal amount	Impairment loss	December 31, 2023
Receivables overdue but not impaired				
Due between 0 and 60 days	0 %	2,496	0	2,496
Residual carrying amount of impaired receivables				
Due between 61 and 90 days	10 %	68	7	61
Due between 91 and 180 days	25 %	65	16	48
Due in more than 180 days	90 %	430	387	43
Total due and impaired receivables		562	410	153
Receivables after impairment		3,059	410	2,649

EUR k	Default rate	Nominal amount	Impairment loss	December 31, 2022
Receivables overdue but not impaired				
Due between 0 and 60 days	0 %	2,326	0	2,362
Residual carrying amount of impaired receivables				
Due between 61 and 90 days	10 %	480	48	432
Due between 91 and 180 days	25 %	156	39	117
Due in more than 180 days	90 %	324	292	32
Total due and impaired receivables		960	379	581
Receivables after impairment		3,322	379	2,943

These impairment losses involve significant management judgment, and the review of individual receivables based on individual customer credit ratings, current economic trends, and an analysis of historical bad debts on a portfolio basis. Actual results could differ from those estimates.

The Group does not hold any collateral for outstanding trade receivables.

Bad debt provisions developed as follows:

EUR k	December 31, 2023	December 31, 2022
Opening balance	379	613
Uncollectible receivables in the fiscal year	358	144
Write-off of bad debts	(309)	(410)
Currency exchange differences	(18)	32
Closing balance	410	379

8.5. Other Financial Assets and Receivables

Other financial receivables and assets comprise the following:

EUR k	December 31, 2023	December 31, 2022
Other receivables	195	304
Total current financial assets	195	304
Security deposits	61	45
Total non-current financial assets	61	45
Total	256	349

8.6. Other non-financial receivables and assets

Other non-financial receivables and assets comprise the following:

EUR k	December 31, 2023	December 31, 2022
ERC financial assistance	0	2,180
Other advance payments	144	247
Tax claims in Germany and the United Kingdom	58	34
Other	8	5
Total	**210**	**2,466**

All non-financial receivables and assets are current.

8.7. Cash and Cash Equivalents

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

8.8. Equity

	2023	2022
Authorized no-par value shares (accounting par value EUR 1.00 per share)	5,706,067	5,706,067
Ausgegebene und voll eingezahlte nennwertlose Issued and fully-paid no-par value shares (accounting par value EUR 1.00 per share)	5,706,067	5,627,986
Treasury no-par value shares	0	78,081

Subscribed Capital

The Company's subscribed capital amounted to EUR 5,706k as of December 31, 2023 (2022: EUR 5,706k). The subscribed capital is divided into 5,706,067 no-par value ordinary shares. All artnet AG shares are registered shares.

Authorized and Conditional Capital

Artnet currently has neither authorized nor conditional capital.

Treasury Shares

Artnet does not currently hold any treasury shares. The treasury shares held by Artnet were sold in 2023.

Capital Reserve

78,081 treasury shares were sold on May 2, 2023, at a price of EUR 8.58. The portfolio of treasury shares was reduced by EUR 264k, with the additional EUR 406k being allocated to the capital reserve.

8.9. Loan Liabilities

On July 27, 2022, Artnet received a loan from an Artnet executive in the amount of EUR 256k. It was originally due on December 31, 2022, and bore interest at 6%. This loan was extended in February 2023 and now runs until January 2025 with an interest rate of 10%. On December 20, 2023, Artnet received a further loan of EUR 136k from the same Artnet executive. The loan is due in January 2025 and bears interest at a rate of 10%.

In May 2023, the company repaid a loan of EUR 459k that had been granted by Galerie Neuendorf in December 2022.

In 2023, the company received two loans from Galerie Neuendorf: EUR 453k was granted in July 2023 and EUR 58k in December 2023. Both loans are due in January 2025 and bear interest at a rate of 10%.

As there have been no significant changes to the valuation parameters since these loans were issued, their fair value corresponds to the amortized cost.

8.10. Lease Liabilities

The lease liabilities developed in 2023 and 2022 as follows:

EUR k	2023	2022
Opening balance	972	1.859
Additions	473	0
Reclassification	(566)*	0
Payments	(570)	(1.043)
Interest expenses	15	27
Exchange rate differences	(17)	128
Total	307	972

*Reclassification to trade payables for late payments to the former lessor

In the 2023 fiscal year, expenses amounting to EUR 5k (2022: EUR 5k) for short-term leases were recognized directly as general administrative expenses.

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

December 31, 2023	Total EUR k	< 1 year EUR k	> 1–3 years EUR k
Present value of minimum lease payments	307	221	85
Interest portion	11	9	2
Minimum lease payments	318	230	88

December 31, 2022	Total EUR k	< 1 year EUR k	> 1–3 years EUR k
Present value of minimum lease payments	972	972	0
Interest portion	2	2	0
Minimum lease payments	974	974	0

8.11. Contract Liabilities

Contract liabilities consist of invoices or payments received from customers before revenue was recognized, and correspond to the Group's outstanding performance obligations. As all contracts have a term of one year or less, no performance obligations included in the 2023 financial statements were satisfied in previous periods.

The outstanding performance obligations amount to EUR 1,517k (2022: EUR 1,477k) for Price Database, EUR 295k (2022: EUR 335k) for Artnet Galleries, EUR 397k (2022: EUR 1,120k) for Advertising and EUR 257k (2022: EUR 263k) for Artnet News Pro.

Customers make advance 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 of EUR 2,466k as of December 31, 2023, as compared to EUR 3,195k in the previous year. The contract liabilities as of December 31, 2022, were recognized as revenue in full in 2023. The recognized contract liabilities are not subject to any accounting estimates as they are based on the outstanding performance obligation.

8.12. Other Financial Liabilities

Other financial liabilities as of December 31, 2023, and December 31, 2022, consist entirely of credit card liabilities that are due in the short term.

8.13. Other Non-financial Liabilities

All other non-financial liabilities are current and they can be broken down as follows in the fiscal years indicated:

EUR k	December 31, 2023	December 31, 2022
Tax liabilities	177	106
Bonus payments	102	866
401(k) payments (retirement provision in the US)	217	194
Remaining annual leave	30	41
Other	102	158
Total	**628**	**1,365**

9. Notes to the Cash Flow Statement

In accordance with IAS 7 "Statement of Cash Flows", the Consolidated Cash Flow Statement shows the development of cash flows for the reporting year and the previous year, broken down into cash inflows and outflows from operating, investing and financing activities. Cash flow from operating activities is calculated using the indirect method.

As in the previous year, cash and cash equivalents include cash on hand and bank balances. This corresponds to the balance sheet item "Cash and cash equivalents".

Changes in Liabilities from Financing Activities
The following table shows the reconciliation of changes in liabilities from financing activities:

EUR k	Liabilities to banks	Lease liabilities	Total
As of January 1, 2022	**0**	**1.860**	**1.860**
Cash changes	706	(1.043)	(337)
Other non-cash changes	7	0	7
Leases	0	27	27
Foreign currency translation	0	128	128
As of December 31, 2022	**713**	**972**	**1.685**
Cash changes	209	(570)	(361)
Other non-cash changes	0	(93)	(93)
Leases	0	15	15
Foreign currency translation	(20)	(17)	(37)
As of December 31, 2023	**902**	**307**	**1.209**

10. Other Information

10.1. Transactions with Related Parties
Related parties within the meaning of IAS 24 are legal entities or natural persons and their relatives who can exert influence over artnet AG and its subsidiaries, or who are subject to control, joint control or significant influence by artnet AG or its subsidiaries. These include the members of artnet AG's executive bodies, whose remuneration can be found in the Remuneration Report and in section 10.2.

All transactions and agreements were concluded and executed on an arm's length basis. All receivables and liabilities listed below are due within one year of the reporting date, unless stated otherwise.

The following transactions with related parties were executed during the 2023 fiscal year

Agreements with Key Management Personnel
In July 2022, Artnet received a loan from an Artnet executive in the amount of EUR 256k, which was originally due in December 2022 and bore interest at a rate of 6%. This loan was extended in February 2023 and now runs until January 2025 with an interest rate of 10%. In December 2023, Artnet received a further loan of EUR 136k from the same executive. It falls due in January 2025 and bears interest at 10%.

Agreements with Galerie Neuendorf AG
Galerie Neuendorf AG is a shareholder of artnet AG with the power to exert significant influence. In May 2023, Artnet repaid a loan, including interest, of EUR 486k in total that had originally been granted by Galerie Neuendorf in December 2022.

In July 2023, Artnet received a loan of EUR 453k from Galerie Neuendorf and in December 2023, Galerie Neuendorf granted a further loan in the amount of EUR 58k. Both loans are due in January 2025 and bear interest at a rate of 10%.

In August 2019, a consultancy agreement with Galerie Neuendorf AG was extended until August 31, 2021. In December 2020, this agreement was extended for two years until December 2022. The agreement will be extended automatically until agreed otherwise. Mr. Hans Neuendorf is the CEO of Galerie Neuendorf, and based on this agreement, Mr. Neuendorf shall provide ongoing strategic advice concerning the further development and expansion of the Group. In 2023 and 2022, the consultancy fees were EUR 161k and EUR 336k respectively.

In February 2019, a "Gallery Network Membership" agreement was concluded with Galerie Neuendorf AG. The agreement is extended automatically unless it is terminated in due time. Galerie Neuendorf AG was invoiced EUR 2k in 2023 (2022: EUR 3k).

Galerie Neuendorf AG sold a work of art via Artnet Auctions in a private sale. The standard conditions applied.

Agreements with Relatives of Members of Executive Bodies
The contractual partner is a member of the Management Board. In the fiscal year under review, remuneration was paid for design work amounting to EUR 66k (2022: EUR 87k).

Agreements with Screen Inc.
The operator of Screen Inc. is a member of the Management Board. In the fiscal year under review, remuneration was paid for consultancy services amounting to EUR 118k (2022: EUR 73k).

Hoopologie LLC
The operator of Hoopologie LLC. is a relative of an Artnet executive. A new sublease was concluded in January 2023. The contract expires on December 31, 2023, unless it is extended by mutual agreement. The Group was invoiced EUR 18k in 2023 (2022: EUR 17k) on the basis of the sublease.

	Sale of Services		Purchase of Services/Interest Expense	
EUR k	**2023**	**2022**	**2023**	**2022**
Key management personnel	-	-	32	7
Galerie Neuendorf AG	2	3	193	358
Relatives of members of executive bodies	-	-	66	87
Screen Inc.	-	-	118	73
Hoopologie LLC	-	-	18	17
Total	**2**	**3**	**429**	**542**

	Receivables from related parties and companies		Liabilities to related parties and companies	
EUR k	**December 31, 2023**	**December 31, 2022**	**December 31, 2023**	**December 31, 2022**
Key management personnel	-	-	387	263
Galerie Neuendorf AG	-	-	514	450
Relatives of members of executive bodies	-	-	20	22
Screen Inc.	-	-	49	61
Hoopologie LLC	-	-	11	7
Summe	**-**	**-**	**982**	**803**

10.2. Remuneration paid to Key Management Personnel (Disclosures in Accordance with Section 314 (1) no. 6 HGB and IAS 24)

Management Board Remuneration
Jacob Pabst is the sole member of the Management Board of artnet AG and Artnet Worldwide Corp. In the 2023 and 2022 fiscal years, Jacob Pabst received the following remuneration from the Group:

EUR k	2023	2022
Fixed Salary	416	428
Value of additional payments (health insurance)	5	5
Fixed remuneration components	421	433
Bonus (variable compensation)	0	43
Total	421	476

The bonus of EUR 43k for 2022, which was to be paid out in 2023, was canceled in 2023. Mr. Pabst did not claim his bonus due to the difficult economic situation.

Supervisory Board Remuneration
In the 2023 fiscal year, the following individuals were Supervisory Board members:
Hans Neuendorf, founder, artnet AG: Berlin, Germany, re-elected as a member at the shareholders' meeting held on August 26, 2022.

Dr. Pascal Decker, Chair: Berlin, Germany, re-elected at the shareholders' meeting held on August 26, 2022. He is also Chair of the Supervisory Board of Tokugawa I.L.

Prof. Dr. Michaela Diener: Berlin, Germany, re-elected at the shareholders' meeting held on August 26, 2022.

Remuneration in the following amounts were paid to the members of the Supervisory Board in the 2023 and 2022 fiscal years:

	2023 EUR k	2022 EUR k
Hans Neuendorf	25	25
Dr. Pascal Decker	50	50
Prof. Dr. Michaela Diener	37.5	37.5
Summe	112.5	112.5

10.3. Auditor's Fee in Accordance with Section 314 HGB

The auditor's fee for the audit of the Annual and Consolidated Financial Statements in 2023 amounted to EUR 313k (2022: EUR 220k).

10.4. Earnings per Share

Basic earnings per share are calculated by dividing net income by the weighted average number of outstanding ordinary shares during the year. As there are no more potentially dilutive shares from stock options, diluted earnings per share are the same as basic earnings per share, as in the previous year.

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

EUR	2023	2022
Numerator (income): Consolidated net income for the fiscal year	(1,004,100)	120,513
Ordinary shares issued	5,706,067	5,706,067
Weighted average of treasury shares	-25,884	-78,081
Denominator (number of shares): weighted average number of ordinary shares used to calculate basic earnings per share (issued and fully paid-up ordinary shares)	5,680,183	5,680,183

The 78,081 treasury shares were sold on May 2, 2023. No further transactions involving ordinary shares or potential ordinary shares were executed in the period between the reporting date and the approval of the Consolidated Financial Statements for publication.

10.5 Contingent Liabilities and Other Financial Obligations

There were no contingent liabilities or other financial obligations as of the reporting date.

10.6 Events After the Reporting Date

Between December 31 and the publication of the Annual Financial Statements, the Artnet Group received a loan of USD 1 million (EUR 928k) from a third party. The loan has a term of one year and bears interest at a rate of 11.5%. No other significant events have occurred.

Berlin, August 30, 2024

Jacob Pabst
Management Board
artnet AG

Independent Auditor's Report

Independent auditor’s report To artnet AG, Berlin

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE GROUP MANAGEMENT REPORT

Audit assessments
We have audited the consolidated financial statements of artnet AG, Berlin, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2023, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year from January 1, 2023 to December 31, 2023, 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, Berlin, for the financial year from January 1, 2023 to December 31, 2023. In accordance with the German legal requirements, we have not audited the content of those parts of the group management report and of the annual report listed in the “Other information” section.

In our opinion, based on the findings of our audit

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as at December 31, 2023 and of its financial performance for the financial year from January 1, 2023 to December 31, 2023, and
- the accompanying Group management report as a whole provides a suitable view of the Group’s position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the group management report does not cover the content of those parts of the group management report listed in the “Other information” section that are not audited.

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 of 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 German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (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 companies 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. In addition, in accordance with Article 10 (2) (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 a basis for our audit opinions on the consolidated financial statements and on the group management report.

Reference to other facts
The consolidated financial statements and Group management report of artnet AG for the previous financial year ending December 31, 2022 were audited by another auditor who issued unmodified audit opinions on these consolidated financial statements and Group management report dated May 12, 2023.

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, 2023 to December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Accounting for transactions with related parties

Reasons for designation as a key audit matter
Various and diverse business relationships exist between the Artnet Group and some of the related parties and companies.

Due to the quantitative and qualitative complexity of the business relationships, there is a risk for the consolidated financial statements that the disclosures on related parties within the meaning of IAS 24 that are material for accounting purposes and required by the accounting principles applied are not fully and properly disclosed in the consolidated financial statements.

Auditing procedure
For the purpose of ensuring the complete and proper recording and presentation of information on related party transactions within the consolidated financial statements, we have, among other things, performed the following audit procedures.

We obtained an understanding of the process and control environment underlying the identification and recognition of related party transactions. We conducted oral and written inquiries of the Executive Board, the Supervisory Board and the management of the significant subsidiaries included in the consolidated financial statements and evaluated and assessed the results. We evaluated and assessed internal Group minutes and documents, such as Supervisory Board minutes and publicly available documents, such as register documents. We evaluated and assessed contracts underlying significant transactions with related parties with regard to their validity under corporate and civil law, their market conformity and, if necessary, their approval by the Supervisory Board. We performed further substantive audit procedures, such as analyzing the accounting records, to assess the completeness of the related party transactions presented in the consolidated financial statements.

Reference to related information
For information on related parties, please refer to the disclosures in the notes to the consolidated financial statements under “9.1 Transactions with related parties”.

Revenue recognition and accrual accounting

Reasons for designation as a key audit matter
The Artnet Group reports revenue of EUR 23,350 thousand (previous year: EUR 25,030 thousand). At the same time, payments received amounting to EUR 2,466 thousand (previous year: EUR 3,195 thousand) were recognized as contract liabilities as at the balance sheet date. The Group offers

contracts for IT services relating to the art market, which are concluded for various terms. The Group regularly receives advance payments from its customers for these contracts. The Group also generates revenue from brokering contracts for the purchase of artworks and from the publication of advertising on the Group's website.

Revenue is recognized at the time the performance obligation is fulfilled. In the case of service contracts, the Group recognizes revenue on a straight-line basis over the term of the respective contracts by reversing the contract liabilities accordingly. Both standard ERP systems and internally developed applications are used to calculate the reversal amounts.

Sales are therefore a significant item in the consolidated financial statements and are used as a key financial performance indicator for corporate management. In addition, sales are of central importance in capital market communication.

The risk for the financial statements is the inappropriate presentation of revenue recognition and, in particular, the understatement of contract liabilities. Revenue recognition was of particular significance for our audit due to the required deferral.

Auditing procedure
As part of our audit of the financial statements, we examined the company's internal methods, procedures and control mechanisms for recognizing revenue using the five-step process defined in IFRS 15.

We assessed the design and effectiveness of the accounting-related internal controls by tracing specific business transactions from their origination to their presentation in the consolidated financial statements. Our audit procedures included, among other things, a sample review of the contractual basis, in particular with regard to the fulfillment of performance obligations, the corresponding incoming payments and the timing of revenue recognition and its deferral. We also performed analytical audit procedures.

Reference to related information
The disclosures on revenue recognition and accrual accounting are contained in section 3 "Significant accounting policies" in the notes to the consolidated financial statements and in the section "Results of operations, financial position and net assets" in the Group management report.

Capitalization of development costs

Reasons for designation as a key audit matter
Internally generated intangible assets in the amount of EUR 6,230 thousand (previous year: EUR 5,761 thousand) are reported in the consolidated financial statements of artnet AG as at December 31, 2023. Development costs of EUR 1,820 thousand were capitalized in the past financial year.

The Artnet Group capitalizes intangible assets if the recognition criteria of IAS 38 are met. These are internally generated software and software components that are identified as independent development projects. These projects are divided into the research phase and the development phase on the basis of certain milestones. The costs eligible for capitalization, which primarily include the costs for in-house developers and expenses for external consultants and are incurred in the development phase, are then broken down into the identified projects in order to determine the amount to be capitalized.

The risks for the financial statements are that the recognition requirements of IAS 38.57 are not cumulatively met or cannot be proven at the time of capitalization and that the production costs in accordance with IAS 38.66 were not calculated correctly.

Auditing procedure
Using a risk-based audit approach, we based our audit opinion on substantive audit procedures.

As a first step, we obtained knowledge of the process regarding the capitalization of development costs and their measurement. In order to assess the appropriateness of the recognition and initial measurement, we conducted observations and interviews. Our audit procedures included, in particular, discussions with the legal representative and the head and employees of the development department.

In addition, we assessed on a test basis whether the recognition criteria were met at the time of addition and whether the amount of the addition was measured correctly.

We have verified compliance with the recognition criteria of IAS 38 for the material intangible assets capitalized in the past financial year by means of case-by-case audit procedures. We assessed internal accounting memoranda, which include the objective and purpose of the individual projects as well as the specific benefit for the Artnet Group.

We verified the amount of capitalized costs with the help of case-by-case audit procedures. Essentially, we recalculated the client's calculations and reconciled them with other audit evidence, such as documents from personnel accounting. In this regard, we assessed in particular whether the allocation and deferral of production costs was performed correctly.
Reference to related information

Information on capitalized development costs can be found in the notes to the consolidated financial statements in sections "7. Significant accounting policies" and "26. Intangible assets", and in the Group management report in the sections "Research and development", "Results of operations, financial position and net assets" and "Risk report".

Other information
The legal representative or the Supervisory Board is responsible for the other information. The other information comprises

- the remuneration report in accordance with Section 162 AktG, to which reference is made in the "Remuneration report" section of the Group management report,
- the assurance pursuant to section 297 (2) sentence 4 HGB on the consolidated financial statements and the assurance pursuant to section 315 (1) sentence 5 HGB on the Group management report ("balance sheet oath") contained in the annual report,
- the corporate governance statement published on the company's website, to which reference is made in the Group management report in the section "Corporate governance statement (Section 289 f HGB/Section 315 d HGB)",
- the "Report of the Supervisory Board" contained in the Annual Report,
- the "Governance and Organization" section of the Annual Report,
- the "Corporate Governance Report" reproduced within the Annual Report, including the declaration pursuant to Section 161 AktG contained therein,
- the "ESG Report" contained in the Annual Report,

- the information not contained in the Group management report in the section “Risk management system and internal control system (ICS)” and there in the section “Non-audited information on the appropriateness and effectiveness of the internal control system (ICS) and the risk management system”,
- the remaining parts of the published annual report, but not the consolidated financial statements, not the audited disclosures in the group management report and not our auditor’s report thereon.

The Supervisory Board is responsible for the report of the Supervisory Board. The legal representative and the Supervisory Board are responsible for the declaration pursuant to Section 161 AktG on the German Corporate Governance Code, which forms part of the corporate governance declaration published on the company’s website, to which reference is made in the “Corporate Governance Declaration (Section 289 f/Section 315 d HGB)” section of the management report and which is also included in the “Corporate Governance Report” in the annual report. In all other respects, the legal representative is responsible for the other information.

Our 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 opinion or any other form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information referred to above and, in doing so, consider whether the other information

- are materially inconsistent with the consolidated financial statements, with the audited disclosures in the group management report or our knowledge obtained in the audit, or
- otherwise appear 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 context.

Responsibility of the legal representative and the Supervisory Board for the consolidated financial statements and the Group management report
The legal representative is responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (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. Furthermore, the legal representatives are responsible for the internal controls that they have determined to be necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e. accounting fraud or fraudulent misrepresentation) or error.

In preparing the consolidated financial statements, the legal representative is responsible for assessing the Group’s ability to continue as a going concern. Furthermore, they are responsible 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, management 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 legal representative is responsible for such arrangements and measures (systems) as he has 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 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 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 the Group management report.
We exercise professional judgment and maintain professional skepticism throughout the audit. In addition

- Identify and assess the risks of material misstatement of the consolidated financial statements and of 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 opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of accounting estimates and related disclosures made by the executive directors.
- Conclude on the appropriateness of the legal representative's 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 opinions. We draw our conclusions on the basis of 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 Section 315e (1) HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the audit of the consolidated financial statements. We are 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 directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management 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 opinion on the forward-looking statements or on the underlying assumptions. There is a significant unavoidable risk that future events will differ materially from the forward-looking statements.

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 provide those charged with governance with 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 actions taken or safeguards applied to address independence threats.

From the 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 STATUTORY AND OTHER LEGAL REQUIREMENTS

Report on the audit of the electronic reproduction of the consolidated financial statements and the Group management report prepared for publication purposes in accordance with Section 317 (3a) HGB

Audit opinion
We have performed a reasonable assurance engagement in accordance with § 317 Abs. 3a HGB to obtain reasonable assurance about whether the information contained in the provided file "artnet_ESEF_KA_LB_2023-12-31.zip"(SHA-256 checksum: 626d1e9c06ea7212f729ff10c98470067e3eb41ce00f03de0c1ff390fd14b64d) and the reproduction of the consolidated financial statements and the group management report (hereinafter also referred to as "ESEF documents") prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this audit 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 does not extend to the information contained in these reproductions or any other information contained in the above-mentioned file. In accordance with these requirements, our audit also does not extend to the voluntary disclosures made by the Company in the notes to the consolidated financial statements.

In our opinion, the reproduction of the consolidated financial statements and the group management report contained in the above-mentioned file provided and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format. Beyond this audit opinion and our audit opinions on the accompanying consolidated financial statements and on the accompanying group management report for the financial year from January 1, 2023 to December 31, 2023 contained in the “Report on the Audit of the Consolidated Financial Statements and of the Group Management Report” above, we do not express any audit opinion on the information contained in these reproductions or on the other information contained in the above-mentioned file. We also do not express an opinion on the above-mentioned voluntary disclosures made by the Company in the notes to the consolidated financial statements.

Basis for the audit opinion
We conducted our audit of the reproduction of the consolidated financial statements and of the group management report contained in the above [provided] file in accordance with Section 317 (3a) HGB and the IDW Auditing Standard: Audit of the Electronic Reproduction of Financial Statements and Management Reports Prepared for Publication Purposes in Accordance with Section 317 (3a) HGB (IDW PS 410 (06.2022)) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibilities under those standards are further described in the “Auditor’s responsibilities for the audit of the ESEF documents” section. Our audit practice complies with the quality management system requirements of the IDW Quality Management Standard: Requirements for Quality Management in the Auditing Practice (IDW QMS 1 (09.2022)) have been applied.

Responsibility of the legal representative and the Supervisory Board for the ESEF documents
The legal representative 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 section 328 (1) sentence 4 no. 1 HGB and for the tagging of the consolidated financial statements in accordance with section 328 (1) sentence 4 no. 2 HGB.

Furthermore, the company’s management is responsible for such internal control as it determines is necessary to enable the preparation of ESEF documents that are free from material non-compliance, whether due to fraud or error, with the requirements of Section 328 (1) HGB for the electronic reporting format.

The Supervisory Board is responsible for overseeing the process of preparing the ESEF documents as part of the financial reporting process.

Auditor’s responsibility for the audit of 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 Section 328 (1) HGB. During the audit, we exercise professional judgment and maintain professional skepticism. In addition

- Identify and assess the risks of material non-compliance with the requirements of Section 328 (1) HGB, 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 opinion.

- Obtain an understanding of internal control relevant to the audit of the ESEF documentation in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these controls.
- we assess the technical validity of the ESEF documents, i.e. whether the file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815 in the version applicable at the reporting date for the technical specification for this file.
- Evaluate whether the ESEF documents enable an XHTML reproduction with content equivalent to the audited consolidated financial statements and the audited group management report.
- we assess whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with Articles 4 and 6 of the Delegated Regulation (EU) 2019/815 in the version applicable at the reporting date provides an adequate and complete machine-readable XBRL copy of the XHTML reproduction.

Other information pursuant to Article 10 EU-APrVO
We were elected as group auditor by the annual general meeting on August 30, 2023. We were engaged by the Supervisory Board on October 31, 2023. We have been the group auditor of artnet AG, Berlin, since the financial year 2023.

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

OTHER MATTERS - USE OF THE CERTIFICATION MARK

Our audit opinion should always be read in conjunction with the audited consolidated financial statements and the audited Group management report as well as the audited ESEF documents. The consolidated financial statements and the group management report converted into the ESEF format - including the versions to be filed in the company register - are merely electronic reproductions of the audited consolidated financial statements and the audited group management report and do not replace them. In particular, the ESEF report and our audit opinion contained therein can only be used in conjunction with the audited ESEF documents provided in electronic form.

RESPONSIBLE AUDITOR
The German Public Auditor responsible for the engagement is Stefan Mattner.

Berlin, August 30, 2024

Rödl & Partner GmbH
Auditing company

Storbeck, Auditor
Mattner, Auditor

Useful Information for Shareholders

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 Artnet AG
Jacob Pabst, CEO

Artnet Worldwide Corporation
Jacob Pabst, CEO
Albert Neuendorf, CSO
Quentin Rider, CTO
Bill Fine, President

CEO Artnet UK Ltd.
Jacob Pabst, CEO

Addresses

Artnet AG
Niebuhrstr 78
10629 Berlin
info@artnet.de
T: +49 (0)30 209 178-0
F: +49 (0)30 209 178-29

Artnet Worldwide Corporation
373 Park Avenue South
New York, NY, 10016
Info@artnet.com
T: +1-212-497-9700
F: +1-212-497-9707

Artnet UK Ltd.
4 Cromwell Place
South Kensington
London SW7 2JE
T: +44 (0)2077290824
F: +44 (0)2070339077

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

Stock Market Information
WKN A1K037
ISIN DE000A1K0375
LEI 391200SHGPEDTRIC0X31

Investor and Shareholder Relations
The Artnet Group places great value on a positive and fruitful exchange with its stakeholders. We look forward to staying in touch with you. Please find all relevant information for investors, the financial statements, and updates at artnet.com/investor-relations.

If you have further queries, please don’t hesitate to get in touch:
Sophie Neuendorf, Vice President, Investor Relations
sneuendorf@artnet.com

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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