artnet

Artnet AG
2021
Annual Report

Artnet
The Art World Online

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 has revolutionized the way collectors, professionals, and art enthusiasts discover and collect art today. Artnet's founder, Hans Neuendorf, provided a clear vision from the outset: to create the leading online resource for the international art world – a trusted and transparent global marketplace to buy, sell, and research fine art.

As the art market continues its digital transformation, our purpose remains more relevant now than ever. 2021 saw the continued drive towards a truly digitally enabled art market, with the transition of 2020 that was catalyzed by the global pandemic taking hold and solidifying. The art market had seemingly been one the last bastions resisting the adoption of online commerce. Now, we have witnessed a radical shift in mentality in the industry, and Artnet's long held vision of a transparent, global, digital art market is starting to become a reality.

With that in mind the future is looking very bright. Artnet continues to strive towards its vision, and is valued by the market as the industry's key independent information provider and market aggregator. Artnet has worked hard to earn the trust of its clients, which is rooted in its values and long term corporate vision. These values run through the entire company and are shared by all that work at Artnet. They are what drives our performance and ensures Artnet's longevity, while keeping the Company attuned and connected to the global cultural landscape.

2021 set a foundation for accelerated growth, and Artnet is positioned to lead and guide the market in its shift towards a digital art market, as it has done since its founding.

Artnet at a glance

14% revenue growth
in 2021

200 million
pageviews in 2021 from 55 million users

51% market share
Artnet News has a 51% market share of fine art content providers, larger than the next 4 competitiors combined

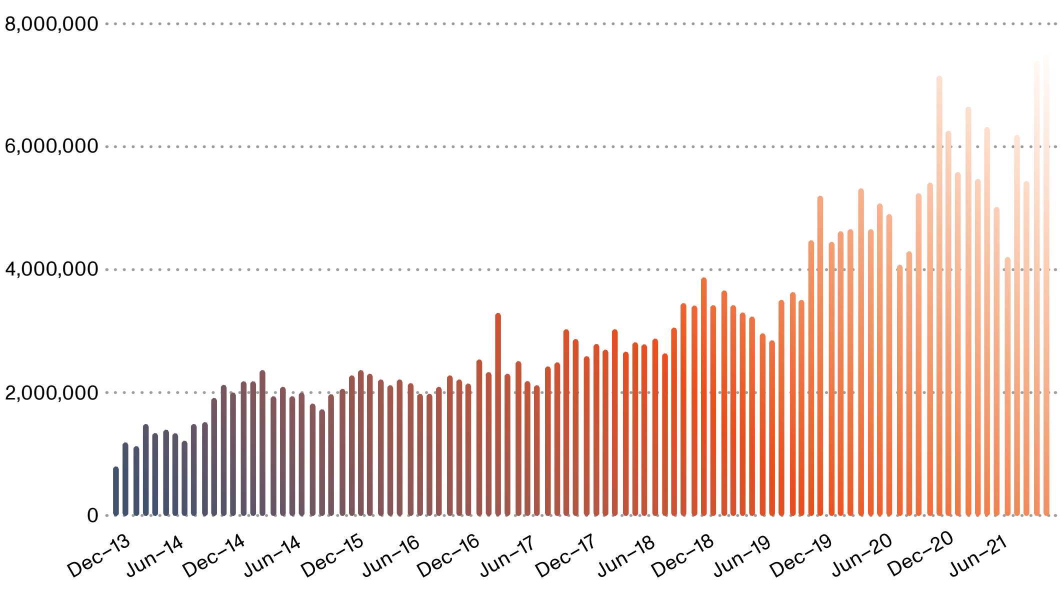
15 million
auction results in the Price Database

25 million USD
of fine art sold on artnet auctions in 2021

250,000 artworks
Artnet has 250,000 artworks for sale on the platform, with a total estimated value of 3.4 billion

30% audience growth
in 2021

Artnet Website Users



Unprecedented Advertising Growth
Advertising on Artnet returned with a blast. Luxury Advertising grew by an **astonishing 65%**, while Endemic Advertising on Artnet News grew strongly by 37%.

♦

Sponsorships Launch
Artnet News launched the Artnet NFT 30 Report, 2021 was a big year for sponsorships which will play an increasing role in 2022.

♦

Humboldt University Partnership
Artnet's Data Science team partnered with the Humboldt University of Berlin to start **capturing NFT data**, with the view of capturing this new facet of the market in the Price Database.

♦

Artnet News Pro Launch
In May 2021, Artnet News Pro was launched, a members only area of Artnet News with **expert analysis** of the art market for industry professionals and leading collectors. Within the first six months there are already over **3,000 members.**

♦

ArtNFT Launch
In December 2021, Artnet Auctions launched a fully On-Chain, Ethereum Compatible NFT Platform. The first NFT sale **ArtNFT: Beginnings**, generated over 500k USD in sales.

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

Seize the Initiative

Dear Shareholders,

The past year has seen unprecedentedly rapid change in our industry as we have adapted to the challenges brought about by the global pandemic, fundamentally shifting the ways in which we discover, evaluate, and trade fine art and collectibles. As the art community embraces this new digital-first era, we at Artnet have endeavored to provide a platform for you all that makes the art market transparent, efficient, and empowering.

Crises are decisive moments, where strategies are put to the test and trends accelerate. At Artnet, we met the challenges caused by the pandemic with optimism and vigor. We worked to take advantage of the opportunity the shift to digital presented while ensuring the safety of our international team. As the results of the Artnet AG 2021 Annual Report demonstrate, this led to the achievement of important milestones. The commitment shown by all of our team has been remarkable, and I would like to recognize and thank them for their dedication.

In 2021, Artnet News continued its strong upward trajectory, achieving record growth and further solidifying our position as the dominant media vertical in the industry. In a further evolution to better serve our core audience of art world professionals, we also launched Artnet News Pro to provide mission-critical insights on how to navigate the art market. I am happy to say we already have over 3,000 subscribers, who we look forward to offering expanded amenities in 2022 as part of our broader unification strategy.

I would also like to thank our international network of galleries and auction house partners, who together make Artnet a dynamic, global, and diverse marketplace with over 250,000 carefully selected artworks to discover. And, at Artnet Auctions, our innovative online-only model continues to prove its worth. By focusing on curation, liquidity, and low transaction costs, Artnet Auctions has become a significant player in the global auctions market.

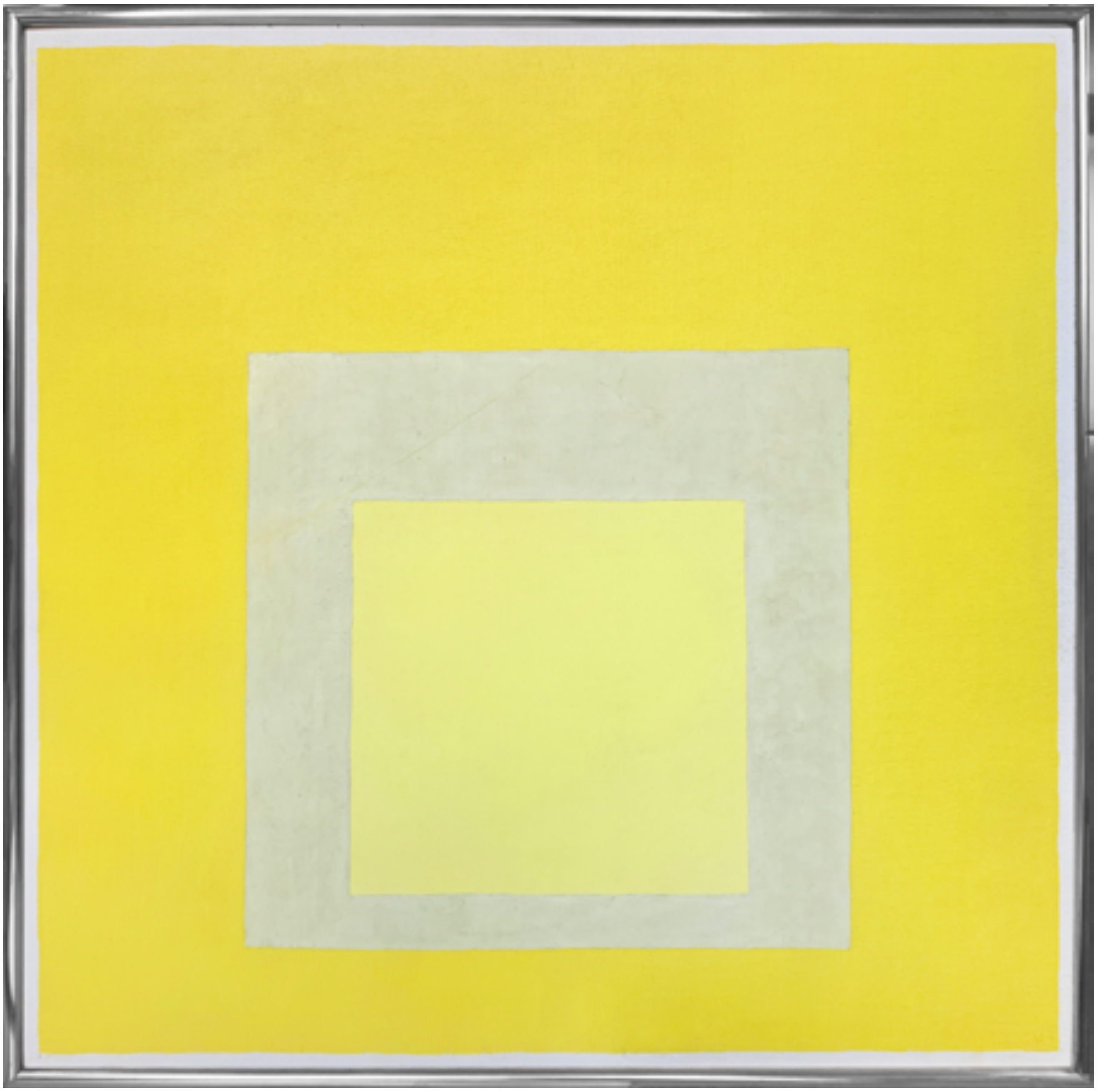
This year, we also witnessed the seemingly unstoppable growth of the NFT market. True to our digitally native heritage, Artnet will continue to guide and inform our community through this period of transformation, having also launched ArtNFT, our Web3 enabled NFT auction platform in December. This year also saw the launch of exciting new data partnerships, broadening our data sources and solidifying our position as the dominant data provider.

Artnet has made significant strides forward in 2021, and its foundations are solid. In 2022 we look forward to the completion of major technology developments and innovations that will position Artnet for strong growth. It needs to deliver on its future goals of substantial profitability.

Sincerely,

Berlin, May 4, 2022

Jacob Pabst
Chief Executive Officer



Josef Albers, *Study for Homage to the Square: Yellow Climate,* 1961 – sold on Artnet – 264,000 USD

Frank Stella, *Rozdol I*, 1973 – sold on Artnet – 1,100,000 USD

Supervisory **Board**

Dr. Pascal Decker

Hans Neuendorf

Prof. Dr. Michaela Diener

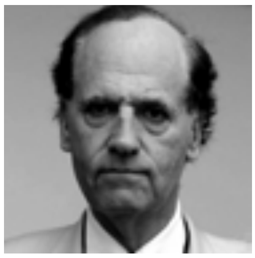
Executive **Team**

Jacob Pabst
Chief Executive Officer

Alanna Lynch
Chief Operating Officer

Albert Neuendorf
Chief Strategy Officer

Quentin Ryder
Chief Technology Officer



William B. Fine
President

Damien Hirst, *Spring Intensity*, 2008 – sold on Artnet – 600,000 USD

Message from the Chief Operating Officer **Alanna Lynch**

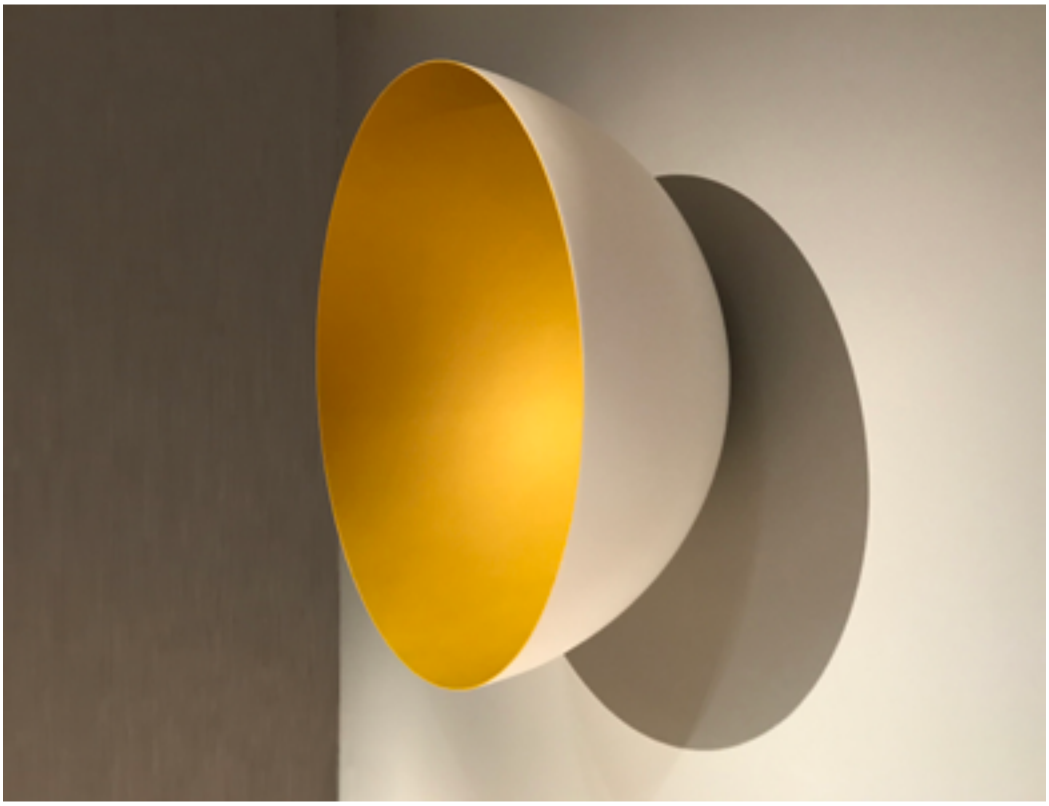
‘We remain focussed on revenue growth as much as we are on ensuring the highest level of client service and satisfaction.’

2022 is shaping up to be an incredibly transformative year for Artnet as we look to unify our core business segments of Data, Media and Marketplace.

Aligned to a shared vision and clear company goals, we are beginning to decentralize our organizational structure as we find more efficient and effective ways to grow our audience and provide exponential value for our clients.

Throughout this transformation we remain focussed on revenue growth as much as we are on ensuring the highest level of client service and satisfaction, all while continuing to manage and optimize operating costs.

We are incredibly proud of the team we have assembled, including critically acclaimed journalists, industry leading specialists and some of Silicon Valley's most sought after engineers. This dedicated and high performing team has a proven track record of success, and will form a strong foundation as we continue to attract best in class talent from around the world to help us provide a unique and frictionless experience for the modern collector.



Anish Kapoor, *Untitled*, 2013 – sold on Artnet – 300,000 USD

Robert Mapplethorpe, *Ken Moody and Robert Sherman,* 1984 – sold on Artnet 83,636 USD

As we enter a **new chapter of our growth** in 2022, we will continue to pioneer the art market of the future.

Our vision is to be the **leading online resource** for the international art world – a trusted and transparent **global marketplace** to buy, sell, and research fine art.

Core Statement and **Vision**

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

Artnet has an unparalleled 55 million 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 15 million auction results and AI- and ML-driven analytics providing transparency and insight into the art market. Artnet's independence as an objective information provider is key to the trusted reputation it has built.

Data:
Artnet has an unparalleled 55 million 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 15 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 a global audience, offering a curated selection of over 250,000 artworks for sale worldwide. A core element of the Marketplace, Artnet Auctions, the pioneering online-only auction platform, offers unprecedented reach, liquidity, and efficiency for buyers and sellers.

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

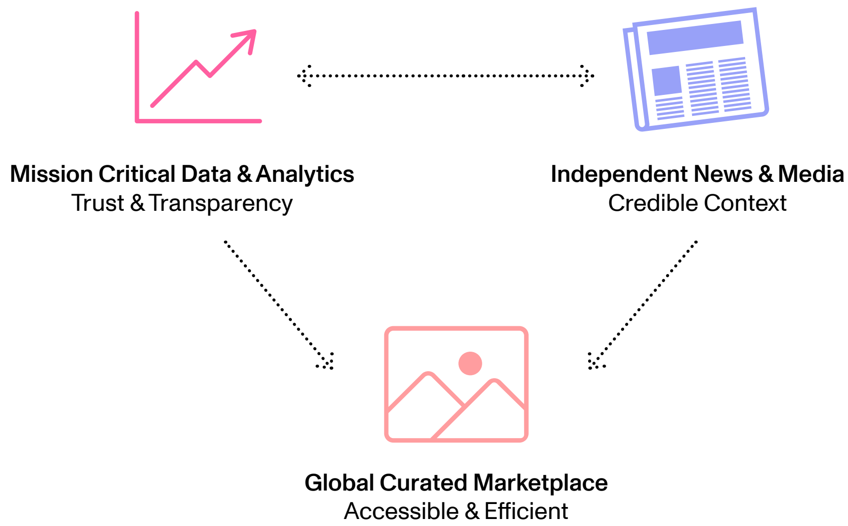
Together, Artnet's unique, synergistic product offering, Data, Marketplace, and Media, provide a comprehensive ecosystem that drives and informs the modern art market - executing on this vision forms a key element of our strategy for 2022 and beyond.

As we enter a new chapter of our growth in 2022, we will continue to pioneer the art market of the future. Our vision is to be the leading online resource for the international art world - a trusted and transparent global marketplace to buy, sell, and research fine art.

In 2022 we will begin our transformation into a fully unified platform, creating a unique destination and frictionless experience for the modern collector to buy, sell and research fine art online.

2022 Mission
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.



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

Message from the Chief Strategy Officer **Albert Neuendorf**

‘As we look to the future, our next objective is to unlock Artnet’s full potential by realizing the strong synergies that exist between each of our segments’

Since 1989, Artnet has pioneered digitization and driven innovation in the art world. We envisioned a globally integrated, accessible, and frictionless industry and have been a disruptive force in making that a reality. As the art market accelerates its digital transformation, Artnet is perfectly positioned to continue driving that change and delivering on its mission.

With our Data, Media, and Marketplace segments, we have built three powerful digital pillars of the art industry – each a critical tool for the global market. As we look to the future, our next objective is to unlock Artnet’s full potential by realizing the strong synergies that exist between each of our segments. Our breadth of service uniquely positions us to generate a holistic ecosystem for the market that provides transformative efficiency and accessibility. By leveraging the combined strength of our business segments, we will create a unified experience for our clients wherein our data and news products provide critical information and relevant context to ensure complete trust and transparency in their marketplace decision making.

The major trends of 2021 showcased that the future of the art and luxury collectibles markets are online. Artnet has built the foundations of a truly efficient, global art market, and we look forward to providing the platform that delivers its digital future.

2021 Business Highlights

Accelerated Growth

Key **Figures**

24,7 million USD	210 Million pageviews	16,100 USD
Revenue	Traffic	Average Transaction Value

Highlights

74	15 Million	250,000
Online Auctions per Year	Auction Results	Artworks

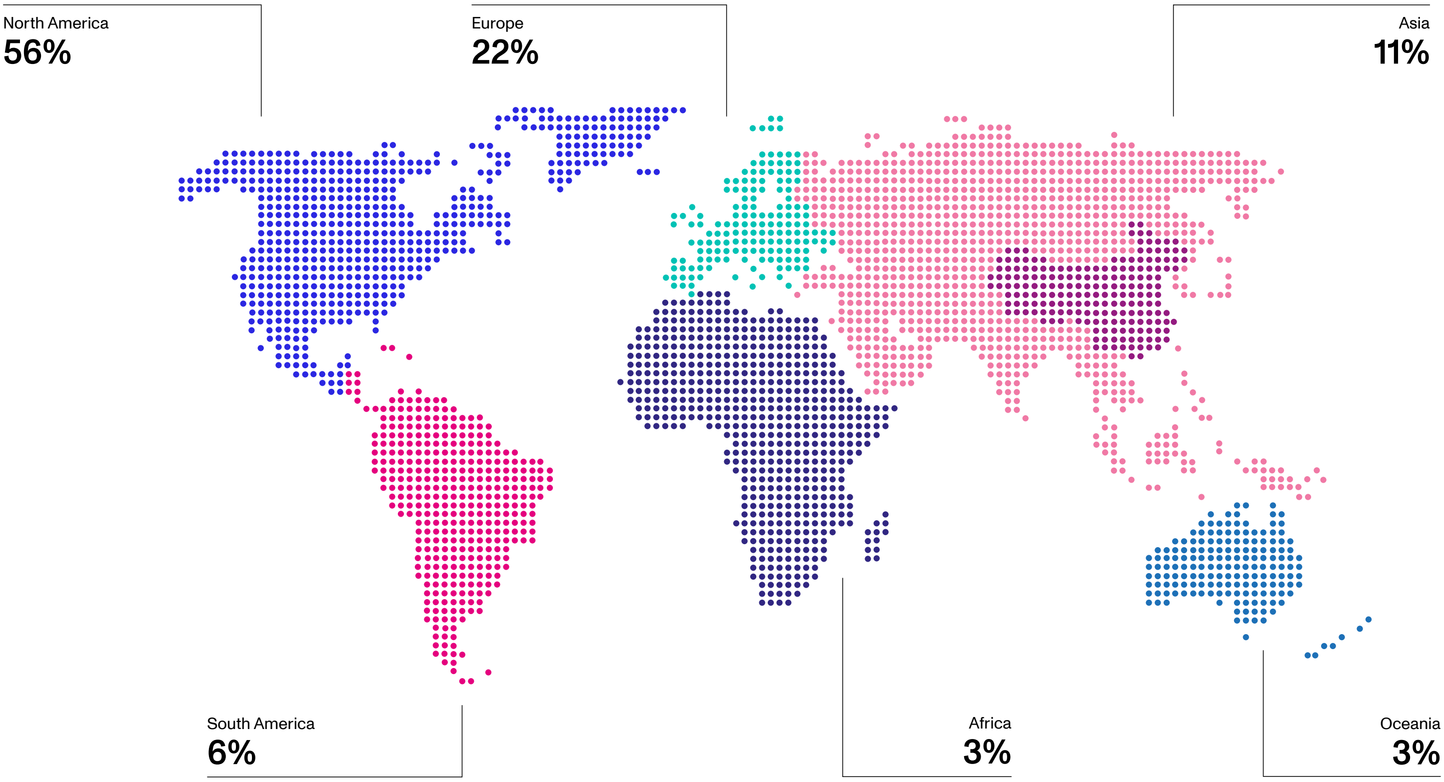
Revenue per Segment

27%	31%	46%
Media	Data	Marketplace

127 Employees

8	115	4
Berlin	New York	London

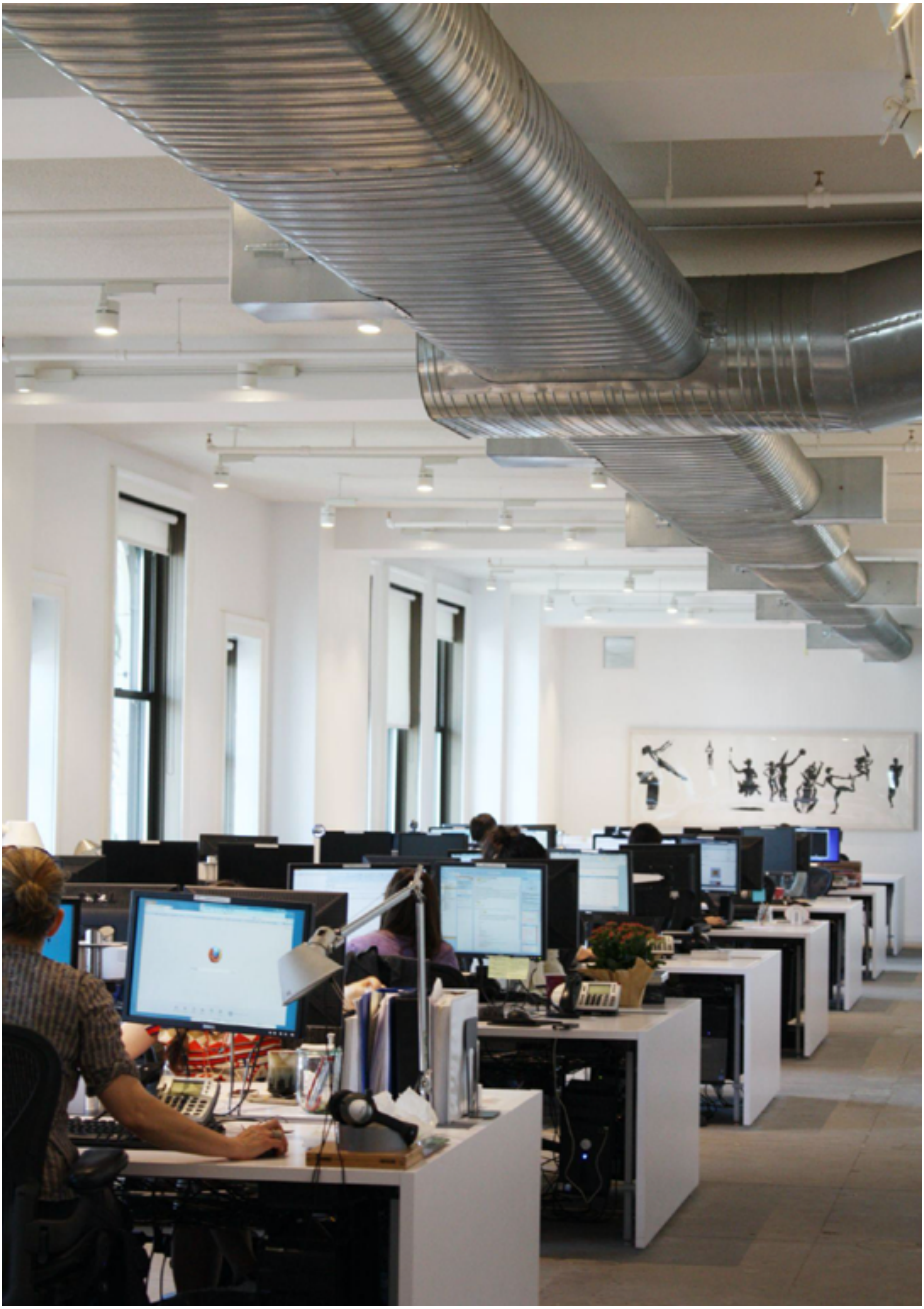
Audience
Geographic Breakdown



3.3 Million
Followers across social media

16.3 Million
Pageviews per month

1.3 Billion
Pageviews since 2005



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Artnet AG Share Price Development

Artnet Share Price in Euro

€54m	€11,80	€5,75	+89%
Market Cap	52 Week High	52 Week Low	12 Months

2021
Company Development

Artnet AG has built its reputation on a unique, synergetic product offering, providing independent, global access to the art world.

2021 saw the beginning of accelerated growth at Artnet. The Company achieved growth in all segments and completed key components of its technology infrastructure rebuild, setting the foundation for transformative platform renewals and robust continued growth.

2021 saw the beginning of accelerated growth at Artnet. The Company achieved growth in all segments and completed key components of its technology infrastructure rebuild, setting the foundation for transformative platform renewals and robust continued growth.

Artnet News continued its strong upwards trajectory and solidified its dominant position as the industry's leading content vertical, achieving 27% traffic growth and reaching a key milestone of 100 million pageviews. In May, Artnet launched a new subscription product, Artnet News Pro. 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. Artnet News Pro provides an additional revenue stream, ensuring Artnet can maintain its high journalistic standards while also paving the way to increased profitability. The growth in traffic allowed for unprecedented advertising revenue growth of 40% to 6.2 Million USD during the 2021 financial year.

2021 was a steady, yet notable year for Artnet's Data segment. Key strategic partnerships were launched that enabled Artnet to broaden its data sources and provide deeper insight into the art market. Most importantly, a partnership with the Humboldt University of Berlin is permitting Artnet to develop its inclusion of NFT Data in the Price Database. Price Database revenue increased by 4% to 7.7 million USD in 2021.

Artnet ended the year with the launch of its NFT platform, ArtNFT, and its inaugural NFT sale. ArtNFT offers a bridge between the NFT community and the traditional art industry. As a curated web3-enabled, ethereum-compatible platform of the art industry, it permits the minting and purchasing of NFTs and also offers a transparent overview of the market through interviews with key NFT collectors and data driven analyses of the NFT market. Artnet's international network of galleries and auction house partners make Artnet a global, and diverse marketplace with over 250,000 artworks for sale. Artnet Auctions' online-only model also showed robust results. In 2021, Artnet launched 'Buy-Now', offering curated selections of artworks available for immediate purchase. Artnet Galleries grew by 6% to 5.1m USD despite key challenges, and Artnet Auctions also achieved 6% growth to 5.1m, solidifying and building upon the 25% YoY growth it achieved in 2020.

In 2021 Artnet also broadened its executive team to include Albert Neuendorf as Chief Strategy Officer, Alanna Lynch as Chief Operating Officer, Quentin Rider as Chief Technology Officer, and William B. Fine as President. Together they are poised to execute on Artnet's strategy, ensure operational efficiency, and execute on the company's development for the years to come.

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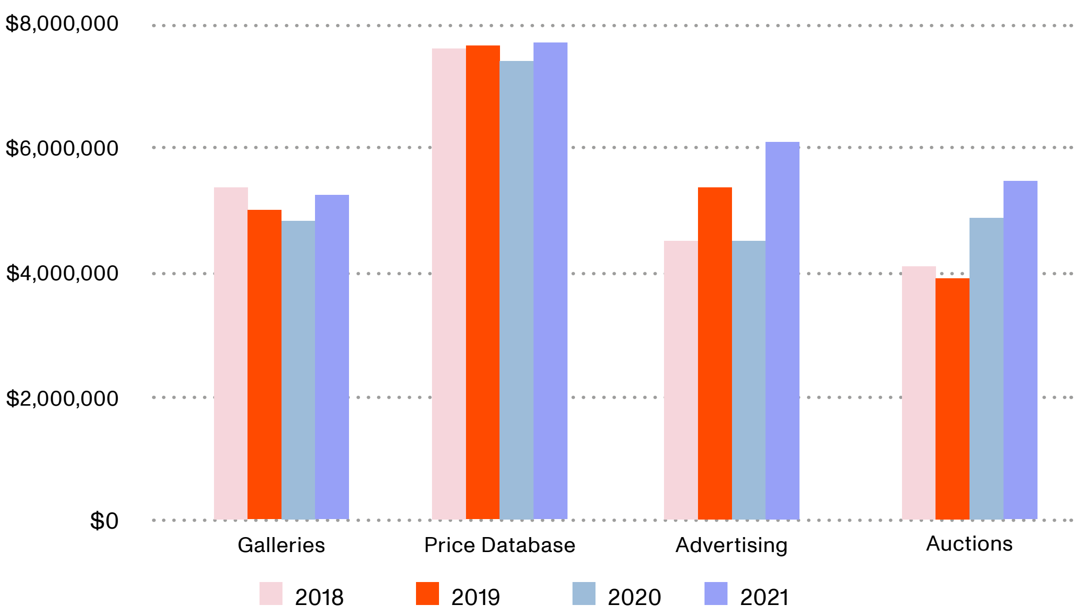
Revenue per Segment k USD



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.

Andy Warhol, *Campbell's Soup II,* 1969, Complete set of 10 (Detail) – sold on Artnet Auctions – 456,000 USD

Message from the Chief Technology Officer **Quentin Rider**

Delivering meaningful, agile, and robust technological advancements.

Artnet provides art connoisseurs and investors with the tools they need to make informed decisions. Our goal at artnet is to elevate technology in the art world. We are working to enrich our users by creating a highly curated end-to-end progressive experience through the unification of our data, media, and marketplace segments. The strong synergies that exist between these units will be unlocked in an integrated platform that will reshape the way the art market operates.

Artnet is creating meaningful, agile, and robust technological advancements to build a foundation and set the pace for years to come. Our technology team is focused on developing strong talent and leadership that is diverse and inclusive. We are driven by utilizing the full potential of each member of our team and are rooted in the belief that our collective actions drive exponential results. Our aim will be to set the standard for technology in the digital-first art world in 2022 and beyond, and to utilize our robust data warehouse to organize the art world's information, making it universally accessible and useful, adding more value and contribution for our customers than ever before.

Our information is the best in the industry. Serving multiple sides of the market means we get to see it all, and our customers can be confident that the information they are receiving is extremely accurate and up to date.

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

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

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

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.

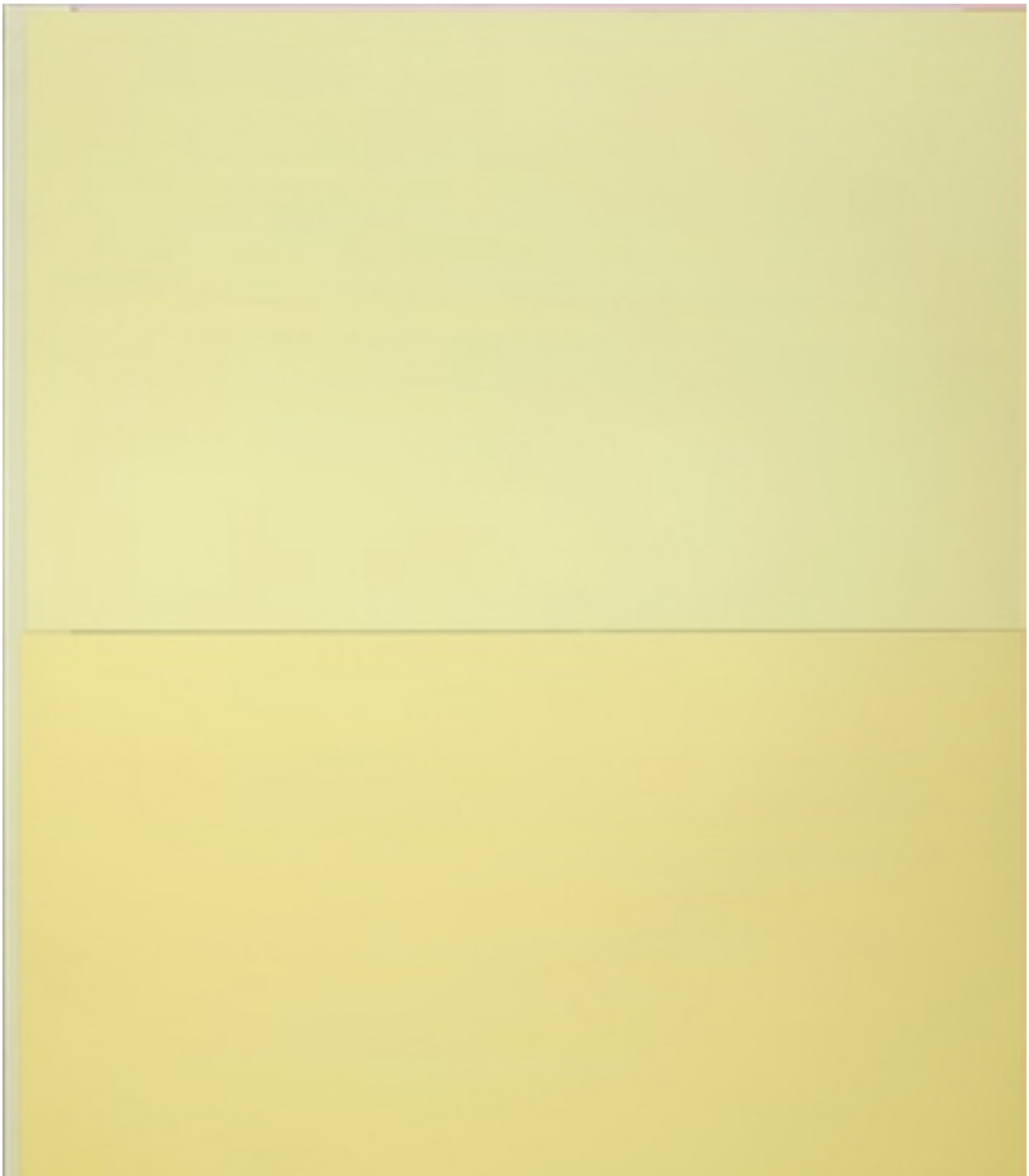
Directors Dealing Transactions & Shareholdings of Managing Directors & Supervisory Board Members

During the financial year 2021, certain employees of Artnet, as authorized by the Management Board, Supervisory Board, and executives who have had access to the Company's information and who are authorized to make material entrepreneurial decisions, had the opportunity to purchase or sell. During the 2021 financial year, there were no transactions with a combined total of above 20k EUR. As of March 31, 2021, the Management Board and Supervisory Board held no shares.

Relationship with Shareholders

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

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.



Imi Knoebel, *Chateau Lagrezette*, 2000 – sold on Artnet – 180,000 USD

Our **Products** and **Services**

Artnet comprises three main business segments: Media, Marketplace and Data.

Data

The Data segment includes Artnet's industry-leading Price Database as well as Artnet Analytics and Market Alerts. Artnet has gradually built up its information services and transactional platform around its first product, the Price Database, which was created as a response to the opaque and inefficient art market of the late 1980s and has fundamentally altered the way the modern industry functions. The Price Database provides a global standard of comparison, listing fine art, design, and decorative art auction results from more than 378,000 artists and designers. Today, the Price Database contains more than 15 million auction results from more than 1,878 international auction houses, dating back to 1985. Complementing the Price Database are the Market Alerts and Analytics. 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, Artnet Analytics provides AI and ML driven insights into the art market, delivering in-depth analyses and decision driving intelligence.

Media

In 2014, Artnet launched a 24/7 global art newswire: Artnet News. Artnet News is a destination for the events, trends, and people that shape the global art market, providing up-to-the-minute analysis and commentary.. With a global team of acclaimed journalists, Artnet News has become the most widely-read publication within the art industry, achieving over 100 million pageviews in 2021, more than the top four competitors combined. Artnet News Pro, a paid content subscription, offers data driven analysis and insider commentary for art market professionals. Artnet offers Advertising to selected clients from within the art Industry, as well as luxury brands and financial institutions.

Marketplace

Artnet's Marketplace includes Artnet Auctions, ArtNFT, and Artnet Galleries. The synergies between these three B2B and B2C products have produced the most highly visited online fine art transactional platform. Created in 2008, Artnet Auctions was the first online-only platform dedicated to buying and selling art. With the launch of the ArtNFT platform, Artnet continues its tradition of spearheading positive change and innovation. With approximately 1,100 galleries and over 250,000 artworks by nearly 23,000 artists from around the globe, Artnet Galleries is the leading curated platform for Galleries. Through the Marketplace, Artnet has developed from a pure information service provider to a transactional platform.

Message from Artnet President **William B. Fine**

William B. Fine and Hans Neuendorf

'The story of Artnet News is just one example of Artnet's pioneering impact on the art world, and we're looking forward to continuing our efforts for the good of the art community in 2022 and beyond.'

Art changes the way we look at the world.

From the very beginning Artnet's founder, Hans Neuendorf, recognized the importance of identifying emerging artists, new trends, technologies, and innovations - all with the aim of expanding and improving the art industry. With this in mind, the Artnet Magazine, the precursor to Artnet News, was born in 1996 at a time when reading art criticism and reviews online was an anathema to many traditional collectors.

In the beginning, the audience was minuscule. However, fast forward to present, with over 100 million pageviews in 2021, Artnet News has editors on four continents producing most of the original content that art professionals, artists, and collectors rely on for daily reading and decision making. Additionally, and most importantly, the content supports the entire Artnet ecosystem, not only our gallery partners, but also Artnet Auctions and the Price Database as well.

Fiscal support for Artnet News comes mostly from international and endemic advertising sponsors, and 2021 saw strong growth, even in the face of global challenges. In fact, advertising revenue increased a record 40%.

The story of Artnet News is just one example of Artnet's pioneering impact on the art world, and we're looking forward to continuing our efforts for the good of the art community in 2022 and beyond.

Report of the **Supervisory Board**

Dr. Pascal Decker
Chairman of the
Supervisory Board

In the reporting year 2021, the Supervisory Board performed the duties required by law and the Articles of Association, monitoring the Executive Board.

There were no personnel changes on the Supervisory Board during the reporting year 2021. The board was formed by Dr. Pascal Decker as Chairman, Prof. Dr. Michaela Diener as the Deputy Chairman, and Hans Neuendorf. The sole member of the Management Board of Artnet AG during the reporting period was Jacob Pabst, who has worked for the company since 2000.

During the reporting period, the Supervisory Board initiated the expansion of the Management Board in order to spread management responsibility over broader shoulders in the future and, in particular, to strengthen the areas of technology and strategy development.

In the financial year 2021 and up to the publication of the Annual Report 2021, the Supervisory Board held sixteen meetings, all of which were attended by all members of the Supervisory Board.
At the meeting on January 11, it was suggested that an impetus be given to the development of new business areas / editions. The possibility of paying dividends to shareholders was also discussed. PR measures and the development of an innovative and sustainable social media strategy were discussed at our February 1, 2021 meeting. At both the February 22 and March 22 meetings, we addressed the budget plan for fiscal 2021. We also discussed the position of Chief Strategy Officer, which is to be filled in the near future.

On March 31, 2021, we held the meeting to approve the financial statements with the auditors from Ebner Stolz GmbH & Co. KG, Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Hamburg, by conference call.

Following the publication of the 2021 Annual Report, we discussed the governance structure of the Company at our April 19 meeting, and on May 3 we formed an Audit Committee –

consisting of 2 of 3 Supervisory Board members - and decided to take certification courses for the 2 members of the Supervisory Board.

At our May 31 meeting, we discussed the Company's structure and reviewed C-suite application materials.

At its meeting on June 28, the Supervisory Board dealt in depth with the new requirements under the Financial Market Integrity Strengthening Act. In addition, the organizational chart was approved and project plans were discussed.

At the meeting on July 19, a decision was made in favor of a provider of certification courses for Supervisory Board members and topics relating to the Annual General Meeting in September were discussed.

At its meetings on August 17 and 26, the Supervisory Board discussed in detail possible improvements in the area of investor relations.

At our meetings on August 30 and September 27, we discussed with the Executive Board the effects of the application for a special audit.

At our meeting on November 15, we discussed the possible candidates for the positions of Chief Technology Officer and Chief Content Officer, as well as the topic of the special audit and the agenda for the Annual General Meeting.

In our last meeting of 2021 on December 13 (via video), we discussed filling the vacant position of Chief Administrative Officer and prepared for the Annual General Meeting.

At its meeting on January 31, 2022, the Supervisory Board reviewed the Annual Report of the Executive Board and compared the offers regarding the special audit.

The meeting on March 21, 2022, prepared the adoption of the annual financial statements with the auditors Mr. Riedl and Mr. Kohlschmitt from Ebner Stolz. The report of the Executive Board was then discussed together with the Executive Board (connected by video).

For the purpose of monitoring the Executive Board, the Supervisory Board received oral and written reports with detailed information on business development, corporate strategy and all important measures. The management reports with key figures on the Company, which the Executive Board sent to all members of the Supervisory Board on a monthly basis, were essential for reporting. The management reports, the quarterly communications and the 2021 half-year report were discussed with the Executive Board. The Board of Management regularly exchanged views with the Supervisory Board on issues of fundamental importance for business policy and corporate strategy.

During the regular reports of the Management Board on FALCON, the project for the complete renewal of the IT infrastructure, the Supervisory Board pointed out that technology leadership is of central economic importance for the company Artnet AG. The Supervisory Board also received reports on improvements in the performance of websites and products during the year.

At the Company's Annual General Meeting on December 23, 2021, the Supervisory Board reaffirmed the objective for the Executive Board to make the Company capable of paying dividends in the coming years in order to allow shareholders to participate in the Company's success in an appropriate manner by paying a dividend. Already the consolidated loss carried forward for 2021 in the amount of 52,952k USD (2020: 55,145k USD) does not contradict this goal, as it does not reflect the current value creation of the Group. The loss carryforward included in the financial statements of Artnet AG is significantly lower at 1,737k USD (2020: 2,122k USD) and does not technically prevent Artnet AG from paying a dividend to its shareholders due to the retained earnings, which are reported in the financial statements at 2,819k USD (2020: 2,819 TEUR). However, the revenue reserves must first be released and offset against the accumulated loss.

In order to position the company with its given shareholder structure for the future, the Supervisory Board has decided to subject the company to an external audit by an auditor to verify the correctness of its economic management in the past years. Shareholders were informed of this step at the Annual General Meeting on December 23, 2021. The review will take place in 2022.

The annual financial statements prepared by the Executive Board for fiscal 2021 in accordance with the German Commercial Code (HGB) and the consolidated financial statements prepared in accordance with IFRS, together with the management report and the Group management report, were audited by the auditing firm Ebner Stolz GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Hamburg.

The Supervisory Board satisfied itself of the independence of the auditors. The auditors came to the conclusion that both the annual financial statements prepared in accordance with the German Commercial Code (HGB) and the consolidated financial statements prepared in accordance with IFRS give a true and fair view of the net assets, financial position and results of operations for the fiscal year and issued an unqualified audit opinion in each case. Following completion of the audit, the auditors attended a Supervisory Board meeting on April 25, 2022 to discuss the annual and consolidated financial statements and explain the preliminary results of their audit.

The Supervisory Board approved the results of the audit by the auditor. The Supervisory Board examined the annual financial statements and the consolidated financial statements of Artnet AG as well as the associated management reports. Following the final results of its own detailed examination, the Supervisory Board raised no objections. The Supervisory Board approved the annual financial statements of Artnet AG prepared by the Management Board in the version audited by the auditing firm by resolution dated May 4, 2022. The annual financial statements as of December 31, 2021 are thus adopted.

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

Berlin, May 4, 2022

For the Supervisory Board, Dr. Pascal Decker

Carmen Herrera, *La Mañana*, 2006 – sold on Artnet – 132,000 USD

Nick Brandt, *Lion before Storm, 2006* – sold on Artnet – 66,000 USD

Corporate **Social Responsibility**

Corporate
Social Responsibility

The publication of Artnet's Corporate Social Responsibility Report highlights the group's longstanding tradition of ethical and philanthropic commitments.

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

The report was prepared in accordance with globally accepted reporting standards and provides information on Artnet's objectives and measures relating to different stakeholders, which include our clients, employees, suppliers, shareholders and society and the environment in general. We present the general guidelines of our sustainability vision and some of the Key Performance Indicators related to our non-financial report for the year 2021.

This is the summarized, non-financial ESG (Environmental, Social, Corporate Governance) statement for the year 2021, 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.

Business Model of Artnet AG
Artnet AG is a holding company listed in the Prime Standard of the Frankfurt Stock Exchange. Artnet AG's principal holding is its wholly owned subsidiary Artnet Worldwide Corporation, which was founded in New York in 1989. Artnet AG ("Artnet" or the "Company") and Artnet Worldwide Corporation ("Artnet Corp.", together the "Artnet Group", the "Group" or the "Company") operate under the name "Artnet". Artnet Worldwide Corp. has a wholly owned subsidiary, Artnet UK Ltd. based in London. Artnet is the leading art market platform with over 200 million page views in 2021. Providing up-to-date information on market movements, galleries, price trends, exhibitions, news and reviews, it enables art lovers, collectors and art professionals to navigate the art market in the best and most efficient way.

Artnet has three primary business segments: Data, Marketplace and Media.

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

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

CSR Mission Statement

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

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

ESG Goals and Strategy

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

In 2020, Artnet adopted a CSR strategy, defined key areas of responsibility, and set concrete goals for 2025. This 2021 report continues with and expands on the strategy set last year. The CSR strategy is based on its vision for a more sustainable art business, corporate responsibility and social engagement.

Steve McCurry, *Sharbat Gula*, Afghan Girl, 1984– sold on Artnet – 43,320 USD

Indicators

127 Employees

Berlin 8 New York 115 London 4

64%

of employees are women

65%

of employees in management and C-Suite positions are women

57%

of employees would very likely recommend Artnet as a workplace

Employees

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

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

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

- 50% of our employees value the ease ofworking with colleagues highest within their office experience.
- 94% of employees value the flexible combination of being able to work from home and the office.
- 94% of employees are working from home more efficiently, or just as efficiently than before.
- 93% of employees have established a good working routine at home due to COVID-19 related restrictions. This is primarily due to the active support and steady communication from the management and Human Resources.
- 57% of employees are very likely to recommend Artnet to a friend/colleague — indicating a high level of employee satisfaction and a significant increase from 2020.

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

Artnet strives to promote equality, diversity, and opportunities within the workplace and has a zero-tolerance policy for any type of discrimination, harassment, or bullying.
The employee data exemplify Artnet's commitment to an equal opportunity, diverse workplace:

- 81 women employed, which represents 79.4% of employees. In comparison, 77 were women employed in 2020, which represented 65.8% of employees.
- 21 women in management and executive positions, which represents 65% of these positions. In comparison, 19 women were in management and C-suite positions in 2020, which represented 63.3% of these positions.
- 7 Interns were employed last year. Artnet employed 34 interns across all offices over the past three years.
- 13 employees were supported during maternity leave over the past three years.

Costs for employee training/education over the past three years

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

2018: 28,023 USD
2019: 65,345 USD
2020: 14,368 USD
2021: 20,152 USD

Goals: In 2020, Artnet set itself the goal of increasing employee satisfaction to 70% by 2025. The company already achieved this goal in 2021. For the 2022 financial year, Artnet aims to stabilize the high level of employee satisfaction. By 2025, employee satisfaction is expected to increase to 80%. As Artnet has transitioned to working from a home office in response to the COVID-19 pandemic, it is especially important to assess employee satisfaction on a regular basis. Employee satisfaction is measured by the percentage of employees who would recommend Artnet to others.

Artnet will regularly (at least semi-annually) assess employee satisfaction through anonymous surveys and encourage employees to share their ideas, wishes, and concerns.

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

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

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 1.5 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.

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

Artnet also partnered with Free Arts NYC for a Virtual Art Party! Free Arts NYC is an organization that empowers underserved youth through arts and mentoring programs to develop their creativity, confidence, and skills to succeed. Our support helps Free Arts NYC to carry out their important work, providing the healthy escape that art-making provides to their youth who have been impacted by the pandemic at an outsized rate.

Goals: We aim to provide financial or non-financial support to at least two local charities in all cities where we have operations by 2025.

In addition to working with charitable organizations, Artnet also uses its own resources to fulfill its social responsibility... We donate a portion of the proceeds from our online auction platform to charitable organizations. The following auctions benefited various charities that promote equality, help the homeless, and support emerging artists.

Philanthropy

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

Queer Legacy

June/July 2021

Launched during Pride month in June, which was presented in collaboration with curator Eric Shiner, the former Director of the Andy Warhol Museum. This sale of artwork spanned decades of creativity. It included groundbreakers like Andy Warhol, Diane Arbus, David LaChapelle, David Hockney, Robert Mapplethorpe, and Keith Haring

Artnet donated a portion of the proceeds from the sale to an organization working within and on behalf of the LGBTQ+ community, GLSEN. It is an organization based in New York, creates safe and affirming schools for all K-12 students, regardless of sexual orientation, gender identity, or gender expression.

Art in General

February/March 2021

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

NY / NY

February/March 2021

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

Goals: Artnet aims to expand its charitable initiatives by offering at least five charity auctions 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.

Products and Services

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

Goals: Artnet's goal is to provide its B2B customers with a sustainable platform through which they can conduct much of their business. The word "sustainable" is used here to describe a platform whose product is not only more cost-efficient, but also more environmentally friendly (than, for example, retail store sales) and designed for longevity. Using Artnet to market, appraise, and sell art and collectibles is more environmentally sustainable and efficient than the current brick-and-mortar retail business model. Our B2B customers reduce their energy consumption by interacting with their customers virtually instead of physically.

Data Protection and Compliance

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

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

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

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

Environment

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

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

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

During the 2022 financial year, Artnet aims to supplement its ArtNFT ecosystem by using Tezos, an eco-friendly blockchain technology which is gaining popularity. Unlike Proof-of-

Work blockchains like Bitcoin or Ethereum, Tezos' Proof-of-Stake requires significantly less energy and cost to operate, making it an ideal alternative platform for building blockchain applications that are eco-friendly.

In an effort to apply sustainable business practices, offering Tezos as a payment system aligns with Artnet's ESG goals and initiatives.

Cost of electricity consumption (amount consumed in the past four years): The decrease resulted from efficient storage of data and the pandemic-related switch to home offices. As Covid 19 restrictions have been relaxed, some employees have chosen to spend limited time in the office. However, Artnet is considering reducing office space in line with this change in work culture. The reduction will also reduce office electricity consumption and Scope 3 emissions from employees commuting between home and work.

The increased costs, as seen below, are also due to higher energy prices.

2018: 67,822 USD
2019: 70,267 USD
2020: 57,372 USD
2021: 60,974 USD

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

In terms of scope 3 emissions further down the value chain, Artnet aims to educate our B2B clients about the governmental suggestions and benefits of sustainable business practices within the art industry. To that end, Artnet will publish guidelines for clients periodically, as well as educate them with the help of our client services team. Scope 3 emissions include greenhouse gas emissions from business travel, waste disposal, and commuting to work. With geopolitical tensions between NATO and Russia on the rise, Artnet wants to educate its B2B customers about the benefits of doing business virtually - and the savings it can bring.

Risk and Opportunities

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

We have identified cybersecurity, specifically data breaches and data theft, as the main area of risk facing us this year. With art businesses globally pivoting online in response to the COVID-19 pandemic, the risk in terms of cybersecurity has increased dramatically. Having said this, during 2020 and 2021, our systems continued to be state of the art, were cloud-based and 100% operational, despite the very strong traffic increase to the website.

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

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

NASA, *Iconic View of the rising earth as seen by the Apollo 8 astronauts*, 1968 – sold on Artnet – 48,000 USD

Corporate **Governance**

Declaration of Corporate Governance Pursuant to Section 161 AktG of the German Commercial Code

Artnet attaches great importance to corporate governance.

The legally required annual declaration of compliance with the German Corporate Governance Code was last issued by the Management Board and Supervisory Board of Artnet AG. The declaration has the following wording.

The Management Board and Supervisory Board of artnet AG hereby declare, pursuant to Section 161 of the German Stock Corporation Act (AktG), that since the last Declaration of Conformity on March 22, 2021, artnet AG has complied and will continue to comply with the recommendations of the German Corporate Governance Code (Code) as amended on December 16, 2019, published in the Federal Gazette on March 20, 2020, with the following exceptions. The Management Board and Supervisory Board of Artnet AG have adopted the Declaration of Conformity with the Code listed at the end of this report. It is published on the website at artnet. de/investor-relations/.

1. Age limit for members of the Board of Management (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 when electing imembers of the Management Board.

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

3. Formation of committees (D.2, D.4 sentence 2 and D.5 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 themselves have to consist of at least three members. However, Section 107 (4) Sentence 2 AktG, as amended by the Financial Market Integrity Strengthening Act (FISG) of June 3, 2021, stipulates that a three-member Supervisory Board is also the Audit Committee. Against this background, the Company now considers recommendations D.3 and D.4 sentence 1 of the Code concerning the formation of an audit committee to be fulfilled, unlike in previous years. However, this is accompanied by the fact that the Chairman of the Supervisory Board at artnet AG is also the Chairman of the Audit Committee in accordance with section 107 (4) sentence 2 of the AktG, which represents a deviation from recommendation D.4 sentence 2 of the Code (no identity of the Chairman of the Supervisory Board and the Chairman of the Audit Committee).

4. Recommendations on Management Board Compensation (G.1 to G.16 of the Code)
The current compensation system for the Management Board corresponds to the service agreement currently concluded with the CEO, which still has a remaining term until 2024. This system was presented at the Annual General Meeting on December 23, 2021, but was not approved by it. The Supervisory Board will take this as an opportunity to thoroughly review the existing compensation system. In doing so, the Supervisory Board will also aim to achieve the greatest possible conformity with the recommendations of the Code, to comprehensively reflect the expectations of 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, which has been reviewed and revised in this way, will then be presented again for resolution at the Annual General Meeting in 2022.

Berlin, May 4, 2022

Jacob Pabst	**Dr. Pascal Decker**
CEO	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, March 31, 2022

Berlin, May 4, 2022

Jacob Pabst
Chief Executive Officer, Artnet AG

Management Report 2021

Business Model and **Artnet Group** Organization

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

Artnet Corp. has a wholly-owned subsidiary, Artnet UK Ltd., based in London. With over 200 million page views in 2021 across its domains, Artnet is the leading art market platform. The provision of timely information about market movements, galleries, price developments, exhibitions, news, and reviews enables art enthusiasts, collectors, and art professionals to navigate the art market in the best possible and most efficient way.

Previously, and also for the 2020 Annual Report, the Group reported four segments ("Artnet Galleries", "Artnet Price Database", "Artnet Auction" and "Artnet News"). As part of a reorganization and change in internal reporting, three segments were formed. The following reporting relates mainly to these new segments, with references to the previous segmentation being made in each case in order to facilitate or enable a comparison with the previous year.

The new three primary operating segments of the Artnet Group are: Data, Marketplace, and Media.

Data

The data segment of the company includes the Price Database, Artnet Analytics, Market Alerts, and partnerships with key data providers.

The **Price Database** is an online database of more than 15 million (2020: 14.3 million) color-illustrated auction results from more than 1,878 leading international auction houses. Composed of the Price Database Fine Art and Design and the Price Database Decorative Art, this product brings price transparency to an otherwise inaccessible market. Subscribers to the database receive access to upcoming auction information, recent auction results, and auction records dating back to 1985, as well as the up-to-date and impartial appraisal value of artworks. Subscribers include B2B as well as B2C customers, including appraisers, dealers, auctioneers, financiers, banks, family offices, and private and government institutions (including the IRS and the FBI).

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

Partnerships with **Artfacts** for Primary Market Data as well as Berlin’s renowned **Humboldt University** for NFT-related data, provides a well-rounded overview of the market – such as no other art data company is currently capable of providing.

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

Artnet Analytics also forms part of the Data segment. Reports created by the Data Science team analyze the market development of artists, art movements, art genres or a unique selection of artworks. All of these can be compared to other assets, such as gold, real estate, or the S&P500.

Artnet Price Database & Analytics Highlights 2021

15 million Auction Results
In 2021 the Price Database reached the milestone of 15 million illustrated auction results. It remains the gold standard for mission critical data in our industry.

♦

Photo Recognition & More
Amongst numerous projects, Artnet's Data Science team have developed photo recognition technology that will be a key feature of the coming mobile friendly version of the Price Database.

♦

ArtFacts Partnership
In 2021 Artnet launched its partnership with ArtFacts, the leading primary market information source, with over 900,000 historical exhibitions.

♦

Humboldt University Partnership
Artnet's Data Science team partnered with the Humboldt University of Berlin to start capturing NFT data, with the view of representing this new facet of the market in the Price Database.

Marketplace

Artnet's Market segment includes Artnet Galleries as well as Artnet Auctions and the ArtNFT Platform. Offering B2C as well as B2B transactions, the Marketplace is the industry's leading transactional platform for fine art and design.

Artnet Galleries represents approximately 1,100 (2020: 1,100) of the world's most prestigious galleries from 61 countries. Member Galleries are indexed by specialty and location, with approximately 250,000 artworks featured on the platform in 2021.

In addition to Modern and contemporary fine art, Artnet Galleries also offers decorative art and design objects from the 1st century BC to the present. Concurrently, Auction House Partnerships offer auction houses a way to gain international exposure for their sales and drive a high volume of potential buyers directly to their proprietary sites. With a partnership, auction houses have the flexibility to post complete or partial sales on Artnet, with the option of linking every lot on Artnet back to the same lot in their online catalog. All upcoming sales are listed on our **Events** page and rank high on both Artnet and external search engines, such as Google. Auction House partnerships are the ideal tool for auction houses to expand their auctions' international presence and direct a large number of potential buyers directly to their website.

With Artnet Auctions, Artnet has become a leading transactional platform. The main advantages for buyers and sellers are the low commission structure, fast end-to-end execution time for transactions, and an intuitive user experience. Through Artnet Auctions, artworks by sought-after modern, Post-war, and contemporary, as well as NFT artists regularly sell in the five- to six-figure dollar range.

Developed and launched in Q4 of 2021, artnet's ArtNFT platform offers a bridge between the NFT community and the traditional art industry. As the only web3-enabled, on-chain, ethereum-compatible platform of the art industry, it is perfectly positioned to not only enable the minting and purchasing of NFTs, but also offers a transparent overview of the market. Including interviews with key NFT players and editorial about the market, it is a hub for the emergence of this new market.

Artnet Auctions & Galleries
Highlights 2021

ArtNFT Launch
In December 2021, Artnet launched a fully On-Chain, Ethereum Compatible NFT Platform. The first NFT sale ArtNFT: Beginnings, generated over 500,000 USD in sales.

♦

Artist Alert Growth
In 2021 the recently launched Artist Alert, which allows users to receive email updates on artists they follow, grew exponentially. There are almost 25,000 artists followed and the alerts have an astounding Open Rate of 45%.

♦

Rising Sell Through Rates
The average lot sold value on Artnet Auctions increased to 16,100 USD, up 13% YoY and a drastic increase to Artnet Auctions' starting point around 3,000 USD. Sell through rates are also increasing due to the tight curation of sales by the specialists teams. Prints & Multiples achieved an extraordinary 85% sell through rate by value.

♦

Buy Now Launch
In 2021 we launched Buy Now, an additional sale category on Artnet Auctions focused on tightly curated releases of unique works & editions available for immediate purchase.

Media

Artnet's Media segment covers Artnet News, Artnet News Pro, Advertising, and Sponsorships

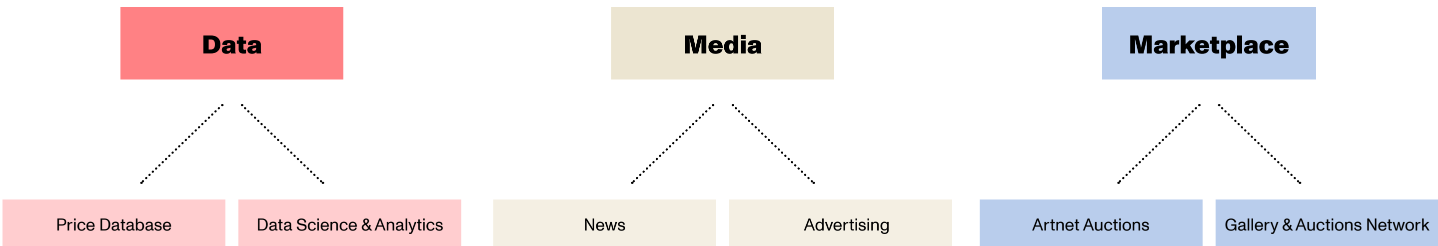
Artnet News is the world's dedicated 24-hour international online art market newswire. This platform informs, engages, and connects members of the art community to the events, trends, and people shaping the market and global art industry through timely articles and insightful opinion pieces.

With the launch of Artnet News Pro, a new partial paywall, Artnet News offers its subscribers critical, data-driven editorial. Harnessing Artnet's Data, our journalists work with the Data Science team to give our readers an unparalleled level of insight into the art market.

Artnet News and Artnet News Pro have a larger audience than our top four largest competitors combined, and the partial paywall had a positive effect on audience development.

Given the art world's exclusivity, Artnet News attracts a niche audience that is a desirable target market for fashion and luxury brands running advertising campaigns and for art-related businesses. **Luxury Advertising revenue grew 65% through 2021**, which is the best result the company has ever achieved.

With **sponsors** such as Justin Sun's **ApeNFT** and **Morgan Stanley**, Artnet is increasing its relationship with corporate sponsors – while maintaining its impartial and transparent journalistic standards.



Artnet News & Advertising Highlights 2021

Artnet News Pro Launch

In May 2021, Artnet News Pro was launched, a members only area of Artnet News with expert analysis of the art market for industry professionals and leading collectors. Within the first six months there are already over 3,000 members.

♦

Unprecedented Advertising Growth

Advertising on Artnet returned with a blast. Luxury Advertising grew by an **astonishing 65%**, while Endemic Advertising on Artnet News grew strongly by 37%.

♦

100 Million Pageviews – Artnet News

In 2021 Artnet achieved the historic milestone of 100 million pageviews, a **27% increase** to 2020. This makes Artnet News the most widely read fine art publication by far.

♦

Sponsorships Launch

Artnet News launched the Artnet NFT 30 Report, 2021 was a big year for sponsorships which will play an increasing role in 2022.

Objectives and **Strategies**

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

Artnet is a pioneer within the art market and is spearheading its digitization. Artnet's primary objective has always been to overcome inefficiencies in the art market through technology and the unparalleled reach the internet offers. Utilizing cutting-edge technology and artificial intelligence, Artnet's dedicated team of specialists and experts continues to transform the art market. Every day, Artnet's online services provide market transparency, insights, frictionless transactions, and liquidity for millions of users around the world. Artnet operates both as a business-to-consumer and business-to-business company, offering a wide range of products and services to a varied group of clients, thereby diversifying its revenue sources. Financial stability and independence is a key objective for the Group, which is ensured by a detailed budget and the close monitoring of all financial performance indicators throughout the year. Generating profits to invest in product development and product improvements continues to be a priority. Artnet operates in a highly competitive market and is keen on offering customers the best user experience at competitive price points. Artnet intends to pay a dividend as soon as all segments are profitable.

Control System

A standardized controlling and reporting system has been put into place for the value-based management of the Group and the management of individual segments. For the individual segments, revenues and the Contribution Margins are determined and assessed as key financial indicators compared to the budget and prior-year figures. Earnings before interest and taxes (EBIT) are of major importance to the result of operations.

Concerning the financial position, the Group focuses on the availability of liquid assets. Therefore, the financial performance indicators within the meaning of DRS 20 are revenue and operating results.

Furthermore, non-financial early indicators that may impact the business are continuously monitored and evaluated. For the Marketplace, these indicators include the customer life cycle, sell-through rate by volume and value, as well as the average price of lots sold.

The following leading indicators are essential for the Price Database: the number of subscribers; the number of auction houses whose auction results are added; the time it takes the team to add data before and after an auction; and the total number of added auction results.

An essential aspect of the management control system is the ongoing monitoring of traffic to each site, in which essential patterns are evaluated and analyzed. Artnet evaluates site visits daily, weekly, and monthly to obtain information about each segment and product development. This analysis continues to grow in importance for billing advertising contracts based on traffic performance. Important indicators of Internet advertising analyzed by Artnet are the price for 1,000 impressions (cost per mille (CPM)), actual impressions, and the ad's visibility on the site.

2022
Tech Roadmap

Single Sign On

Unification of different sign-on protocols across News, PDB, and Auctions will set the basis for unifying platform and enhancing data capture.

Price Database Rebuild

A total rebuild of the price database, making it mobile first and including key upgrades to usability and design.

Artnet News Upgrade

A series of updates to Artnet News that will enhance traffic, improve reader experience, and increase advertising viewability.

Unified Navigation

Creating a unified experience across Artnet sites by having all sites run under one master Navigation.

Artwork Pages / Artist Pages

A full rebuild of the UX/UI of Artist Pages / Artwork Pages to improve dwell time, SEO, and user experience.

Marketplace Upgrade

Key Improvements to Auctions payment systems and post-sale processes that help set the foundation for a modern marketplace.

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 as well as improve and develop new products to enhance the user experience. In this regard, Artnet developers and engineers use software based mostly on Microsoft technology, which gives the flexibility to adapt applications to customers' ever-changing needs.

In the 2020 fiscal year, Artnet reached a technological milestone with the migration of the applications and IT systems that run its website and offices to the Google Cloud. As a result of the Cloud migration, Artnet's IT systems have become much more secure and resilient. The Google Cloud migration was part of Artnet's ongoing technology revamp (project FALCON) to outsource non-essential business activities. By not running its own data centers anymore, Artnet is also able to operate much more cost-efficiently.

During the Spring of 2021, Artnet launched its partial paywall, Artnet News Pro. The new partial paywall offers its subscribers critical, data-driven editorial - as well as a new source of revenue for the Company. In Q4 of 2021, Artnet developed and Shipped the ArtNFT platform. As a fully integrated, Ethereum compatible, on-chain platform, ArtnetNFT is the first to provide collectors with a transparent, efficient, trustworthy, and digitally native experience with NFTs.

The above technological roadmap sees completion of several new products and improvements through 2022, with new management and a strengthened team making strong headway as Artnet transitions into front-end product development.

FALCON

In 2020, the Artnet engineering team focused on building on cloud infrastructure to support our next generation platform, FALCON. Key pieces were containerization, orchestration, and deployment pipelines. Subscriptions and billing functionality were also key focus areas to help better serve the customers.

Following in 2021, Artnet integrated and deployed an Identity Provider (IDP) that will serve as the central hub to how Artnet manages users as they arrive at the platform. This is a foundational piece that sets the company up to serve consumers through a variety of channels (web, mobile, API, etc).

In 2022 thus far, the focus has been building the remainder of the core pieces of the next generation platform. The front-end architecture, API delivery channels, and data architecture have all been critical pieces being addressed through Q1 and Q2. The first of products to be released on the new platform is our Price Database. The company anticipates giving a subset of users a sneak peak in Q2 2022 and then delivering in Q3.

In terms of the greater Artnet engineering team, early 2022 has really been about process and technology choices. The company is currently undergoing an Agile transformation and moving away from the waterfall approach that Artnet has traditionally used. Rapid development and short iteration cycles are core principles of Agile with the goal being to get product enhancements into the hands of customers sooner. With Agile and the new architecture the aim is to rapidly innovate while at the same time getting accurate measurements of where development and the business are at. This will allow Artnet to rapidly pivot based on market conditions or user insights. Cost effectiveness and streamlining delivery are big reasons for the switch.

In regards to technology, for Artnet it is about selecting the right technology and partners for the job; off-the-shelf, open-source, or otherwise. It is important that Artnet is using standardized technology as it reduces the total costs needed to run the operation. The recoverable amount of the development costs due to the above changes are subject to an impairment test at least once a year, provided that the asset has not been used yet or if there are any indications of impairment over the year. With regard to FALCON, the first criterion was relevant.

ArtNFT Site

During the 2021 fiscal year, Artnet developed and shipped a leading curated on-chain, web3-enabled, ethereum-compatible NFT platform. The platform forms part of Artnet's Marketplace segment and is a hub for news, information, minting, and transacting in NFTs (Non Fungible Tokens). The project was completed in Q4 of 2021.

During the 2022 financial year, Artnet aims to supplement its ArtNFT ecosystem by using Tezos, an eco-friendly blockchain technology which is gaining popularity. Unlike Proof-of-Work blockchains like Bitcoin or Ethereum, Tezos' Proof-of-Stake requires significantly less energy and cost to operate, making it an ideal alternative platform for building blockchain applications that are eco-friendly.

In an effort to apply sustainable business practices, offering Tezos as a payment system aligns with Artnet's ESG goals and initiatives.

Economic Report

Global Economic Situation

After the COVID-19 pandemic caused a severe collapse of the global economy during 2020, the year 2021 saw a return to growth. Technology businesses especially benefited from increased demand, and Artnet was poised to capitalize from the strong demand for online experiences and transactions.

While it is still too soon to take stock of the crisis, which is not completely behind us, we have definitely learned a great deal. It underscored the importance of being able to adapt to an abrupt shift in market conditions affecting demand, working methods, and the usual production and consumption cycles. Fiscal stimulus, accommodative monetary policy, the reopening of businesses, and the increased adoption of information technology – particularly in advanced economies – have contributed to a stronger than expected economic recovery in the second half of the fiscal year.

The global economy enters 2022 in a weaker position than previously expected. Rising energy prices and supply-chain disruptions have resulted in higher and more broad-based inflation than anticipated, notably in the United States. Socio-political instability caused by the conflict between Russia and the Ukraine have added to market fluctuations, rising oil prices, and supply chain disruptions.

Global growth is expected to moderate from 5.9 in 2021 to 4.4 percent in 2022—half a percentage point lower for 2022 than in the October World Economic Outlook (WEO), largely reflecting forecast markdowns in the two largest economies. A revised assumption removing the Build Back Better fiscal policy package from the baseline, earlier withdrawal of monetary accommodation, and continued supply shortages produced a downward 1.2 percentage-point revision for the United States. In China, pandemic-induced disruptions related to the zero-tolerance COVID-19 policy and protracted financial stress among property developers have induced a 0.8 percentage-point downgrade. Global growth is expected to slow to 3.8 percent in 2023.

In the eurozone, prolonged supply constraints and COVID disruptions produced a less severe revision of 0.4 percentage point—led by a markdown of 0.8 percentage point for Germany largely due to the economy's exposure to supply chain shocks. Mobility restrictions imposed toward the end of 2021 are expected to drag on growth in the euro area in early 2022. In the United Kingdom, disruptions related to Omicron and supply constraints (particularly in labor and energy markets) mean that growth is revised down by 0.3 percentage point to 4.7 percent.

Art Market Development

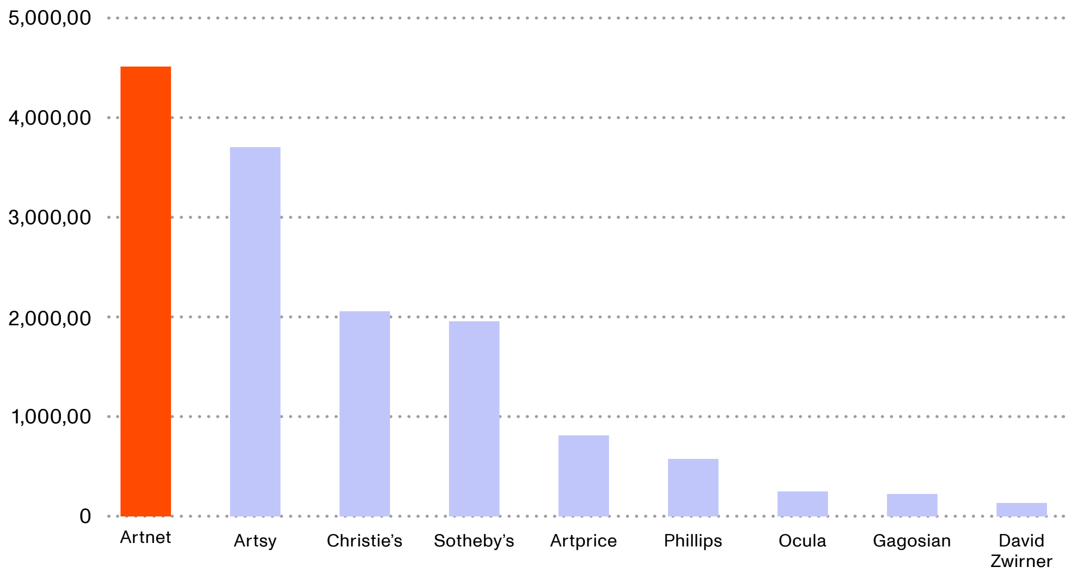
The art market, like many other industries, has gone through a challenging and transformative period since early 2020 and well into 2021, as the COVID-19 pandemic created new and unexpected demands for galleries and dealers. This saw a 35% decline in the global auction market in 2020. Along with the difficulties it presented, the crisis also created a huge opportunity for restructuring and innovation in the sector, with a strong focus on online transactions - of which Artnet has already profited and is poised to benefit further, having pioneered online research and transactions.

The trends in the auction market are generally influenced by global economic trends.The art market saw a strong recovery in 2021, with growth in line with pre-pandemic numbers. Signaling a shift in purchasing patterns, online art sales saw over 33% growth during 2021 in the dealer sector (Source: UBS & Art Basel Art Market Report 2021). In terms of online art sales, sales increased 7% in 2021 (Source: UBS) with the top 4 auction houses in 2021 included Sotheby's, Christie's, Philips, and Artnet Auctions (Source: Artnet Data Science Team).

Monetary policy stimuli boosted buyer confidence, and saw the art market grow as fine art auction sales totaled over $65.1 Billion during 2021 (Source: UBS),slightly surpassing the equivalent period in 2019, a pre-pandemic year. Experts attribute the growth to low interest rates, which have stimulated the economy at large as well as the art market; fears of inflation, which are prompting consumers to allocate their money in tangible assets; and that the distribution of wealth favored the highest percentile considerably during the pandemic. (In the United States, the top 1% of households saw their wealth increase 23% between late 2019 and early 2021, according to a recent study from Oxford Economics. Those in the bottom fifth saw only a 2.5% gain.) In a testament to growing demand, sell-through rates climbed to near-decade highs in every major category.

The positive performance also reflects fine art increasingly being seen as a viable alternative asset, and a secure hedge against possible inflationary pressure.

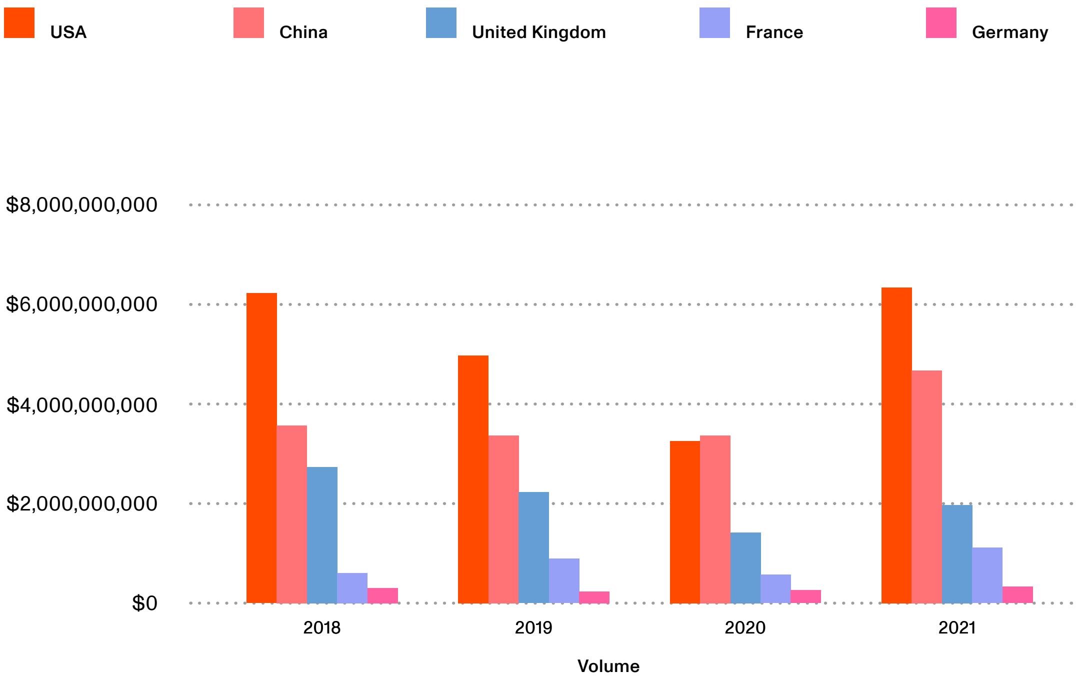
Average Monthly Users



58% Artnet's average overall traffic has grown 58% since 2019

55 million Artnet has more than 55 million unique users annually, more than any other company in the fine art market globally

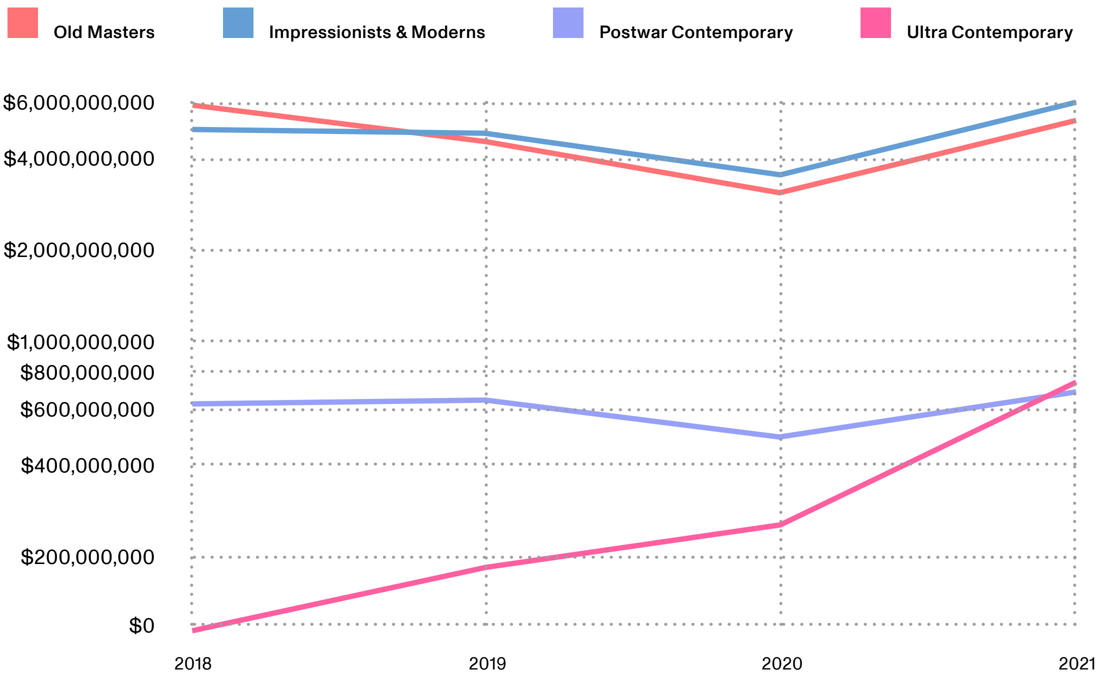
Volume (in USD) at Auction



On the list of the world's biggest auction markets for fine art, the US, Artnet's core market, recovered most from the 2020 downturn, as seen in the above chart – closely followed by China. Art dealers in China reported an 18% increase in sales in 2021 versus the same period in 2020. (source: UBS). The UK's sales volume also recovered, showing a slight increase in volume as well as a 7% increase in mean price to 31k USD.

The United States, China, and the United Kingdom together still account for 80% of the global market share for art auctions. The number of works of fine art offered at auction increased by nearly 23% Year over Year – and the sell through rate increased by 73%. The number of lots sold in 2021 increased by 31% year-over-year following an economic rebound.

Old Masters, Impressionists/Moderns, Postwar/Contemporary and Ultra Contemporary

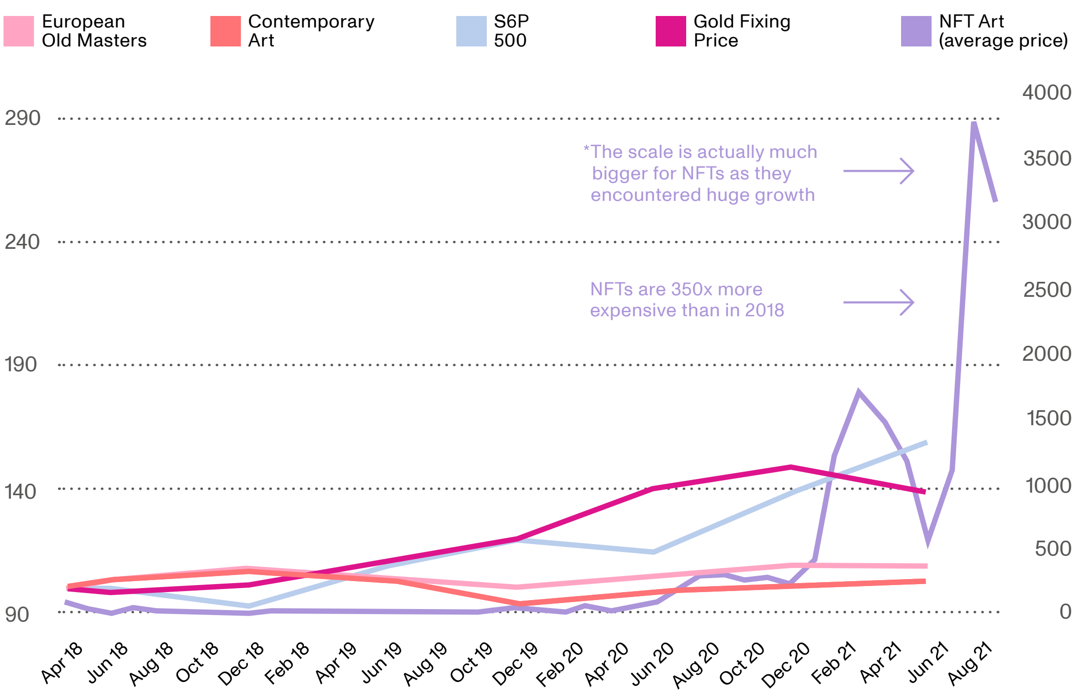


Among art genres, the sales value for Impressionist and Modern works decreased by 8.86% since 2018.

Post-War and Contemporary art sales increased by 22.41% since 2018. The sales value of Ultra-Contemporary works, a focus at Artnet Auctions, rose by almost 545%, a record high. As the art market took pace again in 2021, some of the most significant sales were by Jean-Michel Basquiat. Astonishingly, 5 Basquiat artworks sold for more than $30 million each at auction in the initial half of the year. In total, art by the late market dynamo generated $302.7 million, more than any artist but Pablo Picasso.

Interesting as well is that several NFT lots sold for more than $4 million each at auction in the opening half of the year, led by Beeple's $69.3 million Everydays: the First 5,000 Days. Altogether, these digital assets generated 25 Billion USD in 2021 (Source: Reuters).

Price Indices Comparison (NFT prices on the right axis)



Among other significant sales was a painting by elusive but ubiquitous British artist Banksy. It shows a boy playing with a superhero nurse doll and fetched a record $23 million, almost five times its high estimate, which benefitted charities supporting the U.K.'s National Health Service.

Result of Operations, Financial Position, and Net Assets

Artnet generates its revenue primarily in US dollars. The headquarters of Artnet's subsidiary, Artnet Worldwide Corp., is located in New York, the global center of the art market, and thus incurs its expenses mainly in US dollars. Therefore, the Group presents its results in US dollars.

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

Result of Operations

The Group's revenue in the 2021 fiscal year totaled 24,697k USD, showing stronger growth than management expectations. This is due to exceptionally strong performance in the Marketplace and Media segments, which generated the highest revenue in the segment's history.

Income from operations decreased to -890k USD YoY (2020: 217k USD). This was primarily due to strong ongoing investments (not activated) in technology and R&D.

Revenue Growth

In 2021, Artnet's total revenue increased to 24,697k USD compared to 2020 (21,594k USD). A significant increase in Media revenue along with solid results in the Marketplace segment accelerated overall growth. Luxury brands, financial services, and endemic businesses bolstered their marketing budgets as restrictions were lifted, which increased demand for Advertising. In the 2020 financial year, the Marketplace became the largest revenue generator for Artnet, and this trend continued into 2021. The Data segment experienced solid growth and the Media segment experienced record-breaking growth during the 2021 financial year.

Data

Price Database

The Price Database, Artnet's core segment, remained an essential and coveted research tool for art market participants. Revenue in 2021 increased, as expected, by 4% to 7,721k USD (2020: 7,397k USD). These are robust results and underscore both the art markets' trust in Artnet's brand as well as increased demand for data and growth of art as an asset class. This year also marked a milestone for the Price Database: over 15 Million auction results recorded.

The Price Database's unique quality was again highlighted with the publication of the biannual Artnet Intelligence Reports — published for the 2021 spring and fall auction seasons. The Data Science team creates these mission-critical reports of current art market trends in collaboration with journalists from Artnet News, thereby leveraging the synergies of Artnet's broad product portfolio and expertise.

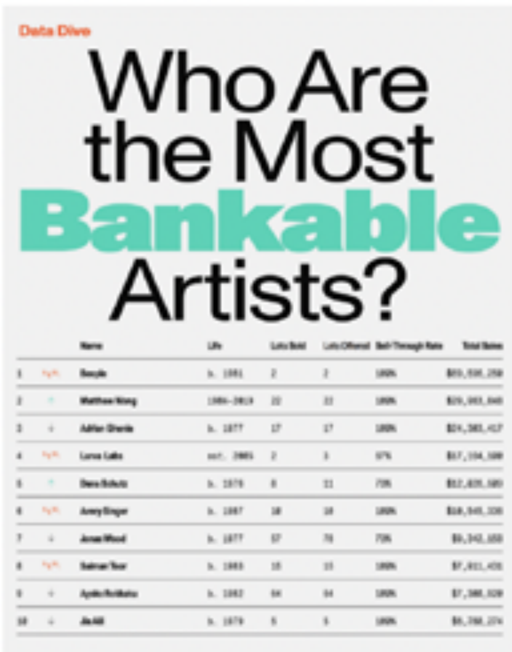


Image: Artnet Intelligence Report

Artnet Analytics
Leveraging insights gained from the Price Database, Artnet's Data Science team creates custom reports for auction houses, banks, insurance companies or wealth managers, among others. Valued between 500 USD and 5,000 USD per report, Artnet revenue from this product was 40,321 USD in 2021 (2020: 43,100 USD)

Marketplace
Artnet Auctions

Artnet Auctions' fee-based revenue increased by 6% to 5,158 USD compared to the previous year (26% to 4,875k USD). Thus, the expectation of a substantial increase in revenue was not fulfilled. Total revenue from the Marketplace increased 6% to 10,292k USD. Defying the general downturn of the worldwide auctions business in the wake of the pandemic, Auctions had a record-breaking year in 2020 and continued this trend in 2021. With Average Transaction Values increasing 13% YoY, Artnet excelled in its core price segment for works between 10k USD and 1 million USD, while increasing the volume of works sold at high price points.

The pandemic caused the cancellation of brick-and-mortar sales right at the beginning of the traditional Spring sale season. Despite the initial panic and volatility in the art and financial markets, the Auctions team decided against postponing or canceling sales, sending a clear signal to the market that Artnet's online platform remains operational and is one of the few options to buy and sell art effectively, even in a challenging environment.

There were many highlights during 2021, with over 70 artist, category, and auction records set during the course of the year. A total of 74 sales were hosted on Artnet Auctions in 2021, of which 20% were in new categories. Selected top lots included Andreas Gursky's Pyongyang III (2007) which sold for **400,000 USD**, Marc Quinn's Bubble Nebula (in the night garden) (2010) which sold for **87,500 USD** and Robert Indiana's Love (1966–2000) which sold for **288,000 USD**. In May, the highly anticipated marquee Post-War & Contemporary Art sale achieved **335,000 USD** and was also the highest grossing sales in the business's history.

ArtNFT

Launched in the fourth quarter of 2021, the ArtNFT platform forms part of Artnet's Marketplace segment. Its inaugural sale- ArtNFT: Beginnings- featured historic works from the NFT space including: Ponderware's MoonCat #21, Kevin McCoy's Quantum Leap, and Spells of Genesis' Satoshi Card. As a fully integrated, Ethereum compatible, on-chain platform, ArtNFT is the first to provide collectors with a transparent, efficient, trustworthy, and digitally native experience with NFTs. With a buyer's premium of only 10%, Artnet is one of the most cost-effective, curated NFT auction platform in the traditional art market.

ArtNFT's fee-based revenue was over 54k USD in 2021, in line with expectations. Top lots sold included Jennifer & Kevin McCoy's 'Quantum Leap' for 44 ETH and Pindar van Arman's 'Emerging Faces' for 55 ETH .

Artnet Galleries

Artnet Galleries revenue increased by 6% to 5,134k USD (2020: 4,839k USD), as more galleries harness the power of Artnet's online viewing rooms and marketplace. During 2021, Artnet Galleries added new members as gallerists worldwide turned to Artnet to boost their online visibility and facilitate transactions. Higher-tier memberships offering more exposure proved particularly attractive. To help drive traffic to gallery members, the tech team quickly created and launched the new Artist Alerts in May 2020. Collectors and professionals receive email alerts about their selected artist when they become available at galleries, auction houses or online sales.

Media

Advertising

Advertising revenue increased by 40% to 6,297k USD (2020: 4,482k USD), a record-breaking year for the Media segment - far surpassing expectations. Both luxury advertisers and art-related businesses increased their marketing budgets, in line with encouraging monetary policy and interest rates. This positively affected Artnet News in particular, which contributes 80% to total advertising revenue.

Artnet advertising clients

Artnet News

Simultaneously, traffic at Artnet News markedly increased to record-breaking highs. The number of pageviews on the Artnet News site jumped 27%.

Market participants turned to the site for its in-depth coverage of the industry, the emergence of NFTs, the digital transformation of the art world, and the inside track on movements shaping the gallery and fair landscape. In total, Artnet News published more than 3,100 (2020: 2800) stories ranging from data-heavy reports on market movements, to mission critical insights, and reports on current events in the industry - such as BLM, MeToo, NFTs, and key breaking stories.

Artnet News benefits from its reputation as the leading source for exclusive information and commentary about the events, trends, and people shaping the art market. Major international publications repeatedly quote its stories which strengthens the Artnet brand overall. The editorial focus on quality and original reporting has boosted page views over the years and made Artnet News a sought-after advertising platform. The Fall Intelligence Report, a collaboration between Price Database analysts and editors at Artnet News was sponsored by a renowned wealth-management firm, providing a proof of concept for the productization of additional Media formats. As the economic recovery gained steam, advertising revenues increased dramatically.

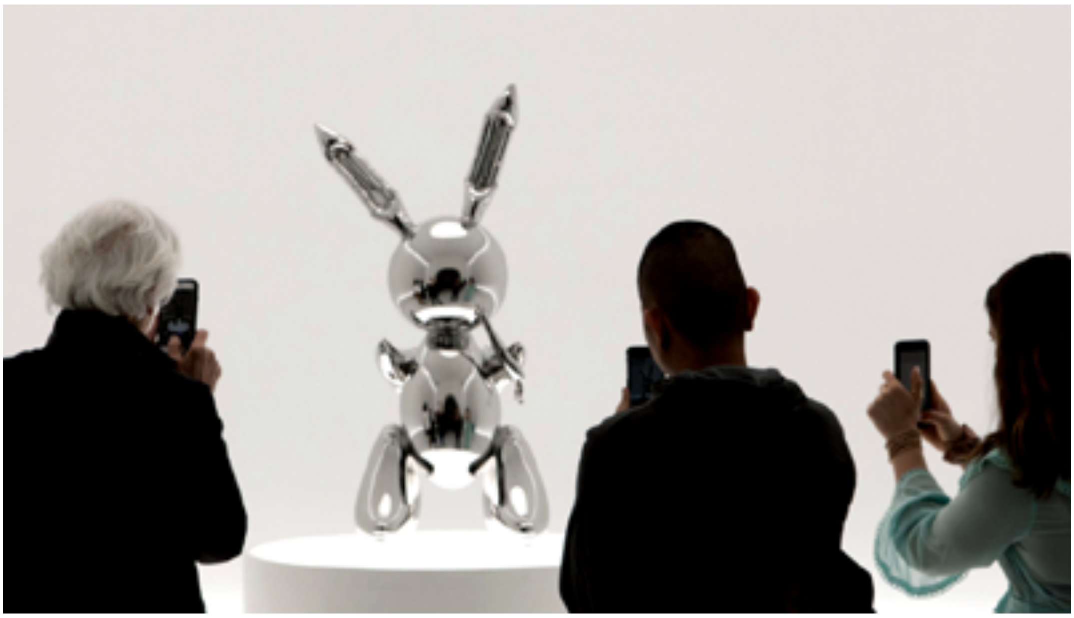
Launched Artnet News Pro

Artnet News Pro

With the launch of Artnet News Pro, a new revenue stream was added to the Media segment of the group. A partial paywall, Artnet News Pro provides subscribers with mission-critical journalism and data insights into the art industry. Subscription revenue from Artnet News pro totaled 387k USD in 2021.

Decision-driving intelligence for the evolving art market

artnet news pro



Changes in Costs and Results

Gross profit in 2021 increased 7% to 14,364k USD compared to the previous year (2020: 13,372k USD), due primarily to increased revenues from the Media and Marketplace segments. This was partly offset by cost of sales, which increased by 2,111k USD. Cost of sales increased in 2021 due to increased product development costs and the hiring of new employees in key positions.

Sales and marketing expenses increased to 6,909k USD (2020: 6,200k USD), mainly due to increased marketing efforts related to the launch of Artnet News Pro as well as the ArtNFT platform.

Expenses for product development increased by 1,164k USD to 3,653k USD in comparison to the previous year (2020: 2,489k USD). In 2021, Artnet continued development of its FALCON project while simultaneously deploying resources for research and development of Artnet News Pro and its ArtNFT platform, among others. The product development costs, which were simultaneously capitalized as an intangible asset, amounted to 796k USD (2020: 984k USD).

General and administrative expenses increased slightly to 4,692k USD (2020: 4,467k USD). These costs primarily include the salaries of administrative staff and management compensation of 2,257k USD (2020: 1,851), depreciation of the right-of-use asset and ancillary rental costs of 1,285k USD (2020: 1,318k), legal and consulting fees, as well as travel expenses.

Operating expenses increased to 15,254k in comparison to the previous year (2020: 13,155k USD), primarily due to higher product development and marketing expenses.

As a result, as expected, operating income decreased to -890k USD as compared to the previous year (2020: 217k USD), the decrease is in line with the expected forecasted operating loss of 0.8 million to 0.1 million USD in 2021.

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.

Group Profit or Loss

The operating income of -890k USD (2020: 217k USD) is slightly reduced by interest expenses of 63k USD (2020: 113k USD), which are almost exclusively attributable to the interest on lease liabilities.

Other income/expenses included in 2020, in particular, a 1,667k USD loan granted by the U.S. Small Business Administration which, as of Q1 2022, is entirely forgivable; as well as foreign currency expenses of 147k USD (2020: 147k USD), including consolidation differences attributable to currency translations. The loan was part of the U.S. Federal government's Paycheck Protection Program (PPP), which provides loans to help businesses keep their workforce employed during the Coronavirus crisis. In addition, the provision for a lawsuit for 222k USD in 2020 was reversed as a settlement was reached with the plaintiff and recognized as Other income.

In 2021, loss from revaluing of deferred tax asset of 38k USD (2020: gains 161k USD) were additionally recognized.

As a result, the Group's Net Profit decreased to -941k USD (2020: 2,193k USD) year-over-year mainly due to the decrease in the operating results and other Income.

The Group's result of -887k (2020: 2,096k USD) was also influenced by foreign currency exchange effects in the amount of 54k EUR (2020: 98k 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, 2021. Throughout 2021, the average exchange rate was 0.846 USD/EUR compared to 0.877 USD/EUR during the 2020 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, 2021, the rate was 0.879 USD/EUR compared to 0.818 USD/EUR on December 31, 2020.

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 2021 and 2020, the Group generated approximately 15% of its revenue in euros and about 8% in British pounds, respectively.

In 2020 as well as 2021, the Group's financial performance in the reporting currency of the euro was significantly influenced by exchange rate effects due to the appreciation of the euro against the US dollar. In euros, revenues increased to 20,889k EUR (2020: 18,943k EUR). 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. The Group generated a negative operating profit of -753k EUR compared to a positive operating profit of 190k EUR in the previous year. In 2021, net loss of -796k EUR as compared to the previous year (2020: 1,924k EUR).

Financial Position

In 2021, operating cash flow decreased to 648k USD (2020: 3,107k USD). The loan of 1,667k USD granted in May 2020 by the U.S Small Business Administration to support the business during the pandemic contributed to the higher operating cash flow in 2020. The decreased operating cash flow also stemmed from the increase in Accounts Receivable in 2021.

Cash outflow from investing activities amounted to 800k USD in comparison to the previous year (2020: 1,014k USD). The payments for intangible assets relate almost exclusively to FALCON, and the decline was mainly due to Artnet's focus shift to non-FALCON projects in 2021.

The 2021 cash outflow from financing activities increased to 1,024k USD compared to 738k USD in 2020.

Cash and cash equivalents decreased to 675k USD as of December 31, 2021 (December 31, 2020 1,796k USD). The difference is mainly due to the loan of 1,667k USD granted by the U.S Small Business Administration in 2020 as a measure to support businesses during the recession, as well as increased operating costs.

In euros, the cash flow changes from operating, investing, and financing activities 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, 2020, to December 31, 2021, cash and cash equivalents increased by 122k USD. In euros, the positive currency effect amounts to 165k EUR since the holdings in US dollars depreciated.

Therefore, the liquidity portfolio of the Group decreased by 60% to 593k EUR as of December 31, 2021 (December 31, 2020: 1,469k 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, 2021, the liquidity per share totaled 0.17 USD (0.14 EUR) based on an average number of 5,627,986 outstanding shares compared to 0.32 USD (0.26 EUR) on December 31, 2020.

Financial Status

Consolidated total assets amounted to 12,315k USD on December 31, 2021, compared to 13,302k USD on December 31, 2020, representing a decrease of 7.0% The decrease is mainly due to a decrease in cash, and a decrease in Property, Plant and Equipment from the scheduled depreciation of the right of use assets for the offices in New York City and Berlin, and was partially offsetted by increase in accounts receivable and intangible assets.

Accounts receivable increased to 2,986k USD (2020: 1,905k USD) mainly due to outstanding Marketplace receivables.

The Group's non-current assets are primarily held in US dollars. Fixed assets, which are comprised of intangible and tangible assets, decreased by 770k USD to 6,096k USD. This decrease was mainly due to the depreciation of the right-of-use asset. It was offset by the capitalization of development costs for intangible assets in the amount of 796k USD (2020: 984k USD) mostly relating to the technology infrastructure's upgrade and significant improvement with the project FALCON.

Total current liabilities increased to 6,955k USD (2020: 5,962k USD). This was primarily due to deferred revenue.

Following an increase in accounts receivable, deferred revenue increased from 2,090k USD as of December 31, 2020 to 2,499k as of December 31, 2021.

Long-term liabilities in the reporting year decreased to 352k USD as of December 31, 2021 in comparison to 1,444k USD as of December 31, 2020. This decrease was mainly due to repayment of the lease liabilities and the loans.

The Group's consolidated equity decreased to 5,009k USD as of December 31, 2021 (December 31, 2020: 5,896k USD). This was primarily due to the decrease of net loss.

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

Accumulated Deficit

The accumulated deficit of 52,952k USD (2020: 55,145k USD) does not reflect the Group's current value creation, as it arose in particular following the IPO of Artnet AG in conjunction with a severe market crash. In addition, a carried forward loss is common, especially for companies with a strong focus on 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 significantly lower at 1,737k USD (2020: 2,122k USD) and, due to the earnings reserves, which are reported in the annual financial statements in the amount of 2,819k USD (2020: 2,819k USD), 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.

The deferred tax assets of 1,540k USD (2020: 1,579k USD) recognized in the financial position of the consolidated statement, make the positive economic effect of the tax loss carryforwards and the deductible temporary differences of Artnet Corp. visible. They embody the expected tax relief that can probably be realized within the next three financial years.

Sam Francis, *Untitled,* 1964 – sold on Artnet – 106,000 USD

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

While the 2020 fiscal year was, globally, unlike any other in recent history, the year 2021 saw a return to growth. It underscored the importance of being able to adapt to an abrupt shift in market conditions affecting demand, working methods and production cycles. Fortuitously, the Artnet Group had already anticipated these changes and prepared for them with alacrity. Within the art industry, galleries, auction houses, and museums harnessed the numerous benefits provided by digitization. Thus, online transactions in the Artnet Marketplace and the content provided by the Media segment were more in demand than ever. With the industry at large signaling a shift in consumer behavior, the past year has proven that the digitization of the art market is here to stay.

During the 2021 financial year, the art market rebounded from the global health crisis and financial shock of the previous year. Supportive monetary policy created an optimistic market environment from which the industry benefited.

Within the marketplace segment, Artnet Auctions' fee-based revenue increased by 6% to 5,158 USD compared to the previous year (26% to 4,875k USD). Total revenue from the Marketplace increased 6% to 10,292k USD. With the launch of Artnet's ArtNFT site in Q4 of 2021, Artnet continues its ethos of positive change and innovation. Artnet Galleries also experienced growth, highlighting the synergies between all segments of the group. Network members easily transact via the marketplace as well as harness the power of the Data segment and reach of the Media segment.

In line with the industry's return to growth in the wake of the pandemic, the Data segment experienced more demand than ever, with a 23.5% increase in fine art data points added during the year. The management team thus moved to revamp the Data segment, with a focus on UX/UI and AI-powered technologies – with a tentative ship date in Q2 of the 2022 financial year.

Within the Media segment, Artnet News experienced record-breaking growth, capturing over 49% market share. With over 100 Million pageviews during the year, Artnet News published over 3,000 articles, reaching a global audience of art collectors and professionals. The team also executed plans to launch Artnet News Pro in May 2021, a partial paywall with over 3,000 subscribers delivering a new revenue stream for the Media segment. Advertising revenue increased 40% YoY, a record for Artnet, primarily driven by the increased market share of the Media segment and the global economy's return to growth.

Equity was reduced mainly due to the loss, which was primarily due to strong ongoing investments in technology and R&D, such as the ArtNFT site as well as the Artnet News Pro paywall.

In 2021, Artnet has been partly shifting its focus to non-FALCON projects which are not capitalizable, as well as building up the product team. The technology team is responding to issues caused by the legacy system, projects such as new tax reconciliation, security on an ongoing basis, as well as operational requirements.

Total revenue increased 14% primarily due to strong growth within the Media and Marketplace segments. Operating income decreased to -890k USD, due to investments into new products and services, as well as marketing and operational expenses. A strategically expanded executive team, aimed at streamlining and improving operations and execution, also contributed. The expanded executive team include Albert Neuendorf as Chief Strategy Officer, Alanna Lynch as Chief Operating Officer, Quentin Rider as Chief Technology Officer, and William B Fine as President. With this focus on new talent, Artnet is perfectly positioned to accelerate growth and development during the 2022 financial year and beyond.

During the 2022 financial year, Artnet's priority will be executing on the vision and strategy developed during the past year. An important aspect of this will be a revamp of the Data Segment with improved UX and UI, as well as accelerating developments in AI and ML driven data science – especially as inflationary pressure is increasing the desirability of fine art as an alternative asset. During the course of this year, Artnet will deploy platform updates which will drastically improve the user experience, introducing a new look and feel with a focus on harnessing the synergies between Artnet's product offering.

The past two years accelerated the digitization in many industries and markets. It was an inflection point for e-commerce in the art market. Artnet is leading this trend in the art market and is poised to benefit from the growing demand for online transactions and services.

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

Non-Financial Performance Indicators

Employees

As of December 31, 2021, the Group employed 127 full-time staff members. Additionally, six part-time employees worked for the Group in 2021. In Sales and other departments, the Group employed six paid interns.

Personnel expenses (including social insurance contributions) totaled 16,850k USD in 2021 (2020:14,232k USD). The increase is primarily due to the hiring of key employees in key positions such as Operations and Technology.

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. Artnet's management closely tracks a broad range of key performance indicators in order to continuously assess the progress and optimize across segments.

Within the Marketplace segment, there are over 250,000 artworks for sale with a total value of over 3.4 Billion USD. At Artnet Auctions' – following the strategic decision to focus on higher-value lots offered - average transaction value in 2021 increased 13% to 16,100 USD, in comparison to 14.2k USD in 2020.

In line with the strategy to raise ATV (Average Transaction Value) and maintain the high quality criteria for all lots offered on Artnet Auctions, the number of lots offered on Artnet Auction decreased by 4% to 2,713. The sell-through rate increased by one percentage point by volume and by two percentage points by value in the past year, with sharper increases in STRs (Sell Through Rates) in Prints and Multiples.

Artnet Galleries is continuously monitored through a careful selection of performance indicators that provide detailed insight into client acquisition, satisfaction, and retention.. Indicators include user inquiry data, activity levels and engagement of each member, and traffic insights for each member site. Membership cancellations, and acquisitions are monitored and recorded weekly. In 2021, total cancellations decreased to 17% as compared to approximately 41% in 2020. A change in consumer behavior favoring online discovery and transactions facilitated the increased popularity of the platform as a sales and marketing tool.

At the same time, the number of new contracts increased by 17%. Galleries are shifting their focus towards online exposure because of the lockdowns, achieving more visibility online during and in the wake of the Covid-19 pandemic.

Within the Data segment, the Artnet Price Database indicators, which include data on subscribers, searches, and data entry , is also monitored weekly. In 2021, the average amount of searches per month increased nearly 7% to 195, 570 as compared to the previous year (2020: decrease of 15%).

The number of auction results added to the Fine Art Database increased by 23.55%, in comparison to 7% the previous year. On average, auctions were added to the Price Database around ten days ahead of the sale, unchanged from the previous year. The year 2021 marked an important milestone for the Data segment, which now boasts over 15 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 daily. Product improvements and daily content updates to the site have attracted over **55 million visitors, a 30% increase during 2021**.

Disclosure of Takeover Provisions

Composition of Capital Stock

Artnet AG's fully paid-in capital stock, as of December 31, 2021, 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, 2021, the Group held 78,081 treasury shares, which remains unchanged from the previous year. For further reference, see the notes to the consolidated financial statements.

Voting Limits or Assignment Limits

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

Direct or Indirect Shareholdings which Exceed 10% of Voting Rights

Direct or indirect shareholdings exceeding 10% of voting rights for Artnet AG are held by Galerie Neuendorf AG at 26,97%, and Weng Fine Art AG at 25,59%, as of December 31, 2021.

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.

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.

Risks & **Opportunities**

Risk and Opportunity Report

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

Risk Report

Risk Management

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

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

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

Early Warning System ensures identification of potential risks

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

Dealing with Major Potential Risks

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

Compliance Management System

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

Accounting-Related Internal Control System with Regard to the Group Accounting Process
The Management Board has set up an internal control system for the wide range of organizational, technical, and economical workflows in the Group.

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

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

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

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

The Group has identified the following risks:

External Risks
Art Market Economic Trends

The Group can be subject to fluctuations in the art market. Changing conditions in local and global economies affect the art market, but it is unclear to what extent these developments will shape the market in the future. The recovery of the art market, which began in Q2 of 2021, resulted in record sales across the industry. However, inflationary pressure and a tightening of monetary policy during the 2022 financial year may lead to a contraction of the market.

Well-funded competitors have intensified competition in recent years and put pressure on the Group's market share. Despite the increasing interest in the art market, no competitor could adopt a business model which offers such product diversity and unique synergies, as Artnet's. The synergies between the core products offer a quality of service and benefits that are unparalleled.

Downside risks remain, including geopolitical tensions between Russia and the EU, fraught relations between the United States and its trading partners, and the uncertain long-term consequences of the global coronavirus pandemic. The outbreak of the pandemic in 2020 had a significant and negative impact on the global economy and the art market. Travel restrictions and health concerns caused the cancellation or postponement of major art events, such as auctions and art fairs openings in 2020 and well into the year 2021.

The United Kingdom left the European Union on January 31, 2020, (Brexit) and after an 11-month transition period entered into a new free trade agreement. The U.K. is the third-largest art market in the world, after the U.S. and China. Potentially negative consequences of Brexit, such as higher costs for cross-border transactions or currency fluctuations, could also affect the art market and hence Artnet. During the 2021 financial year, the UK recovered from the 2020 art market collapse, coming in third behind the United States and China in terms of volume sold (Source: Artnet Price Database). The exact ramification of Brexit onto the art market have not yet been ascertained.

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

Operating Risks

Technology System Infrastructure

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

Project FALCON, the rebuilding of Artnet's technology infrastructure, has increased the usage of third-party systems, allowing for higher flexibility which reduces in-house development and maintenance risks. The project is scheduled to be completed by the end of Q2 of 2022. In the 2020 fiscal year, Artnet migrated the applications and systems that run its website and offices to the Google Cloud (Google Data Center). Google uses the latest security standards and is also continuously developing them, so Artnet does not have to develop them anymore in-house. The migration to the Google Cloud allowed Artnet to switch off its own data centers and save on costs. The technology system has become much more secure as a result.

Even though Artnet is now depending on a third party, it is less likely to be subject to potential power outages or catastrophes, damages or disruption from flooding, fire, or interruptions to services due to terrorist attacks, computer viruses, cyber attacks and other rare and difficult to predict events.

Artnet is highly visible as an international brand in the online art market. Third parties could attempt to attack the website in order to compromise its functionality or copy the Price Database. Artnet has improved protective measures in 2021, including the implementation of new anti-virus scanners and firewall systems. In fiscal year 2021, Artnet was repeatedly exposed to such attacks, although third parties were not able to disrupt business operations or steal any data.

Product Development

The Group's future success in great part depends on adjusting to technological changes, shifts in consumer purchasing patterns, and new industry standards. Therefore, the Group observes and analyzes market trends.

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

The risk that market participants might not immediately accept product innovation, and further product development cannot be fully eliminated. As a result, the associated goals might not be met. If revenue is lower than anticipated, the Group's result of operations would be adversely impacted by increasing product development costs and higher ongoing costs. There are also risks in product development from competing startups in the market, some of which are directly competing with one or more of Artnet's product segments.

Traffic to the Website

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

Legal Risks

Trademark Laws

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

Copyright Laws

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

KYC (Know Your Customer) Risks
Since the launch of Artnet's ArtNFT platform, Artnet has increased its due diligence specifically with regards to Cryptocurrencies and Blockchain technology. Artnet protects itself from risks associated with KYC by engaging in thorough due diligence and also employing a renowned company specialized in KYC. These risks include attempts at money laundering, terrorism funding, and tax evasion, among others.

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

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

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

Tax Risks
Due to its international positioning, Artnet operates in many tax jurisdictions (particularly the United States, the United Kingdom, and Germany), each with different requirements. A violation of tax laws (both income and transaction taxes) could negatively affect Artnet. Also, Artnet is exposed to possible risks from changes in tax legislation for e-commerce.

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

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

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

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

Liquidity risk is the risk that Artnet will not be able to meet its payment obligations when due. Artnet covers its current costs and investments from existing liquidity and operating cash flow and does not have any credit lines. As of December 31, 2021, cash and cash equivalents in US dollars decreased to 675k compared to the previous year (2020: 1,796k USD). In euros, cash and cash equivalents decreased to 593k EUR (2020: 1,469k EUR.) Artnet fulfilled all payment obligations in the reporting year and expects to do so again in the 2022 financial year.

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

Other Risks

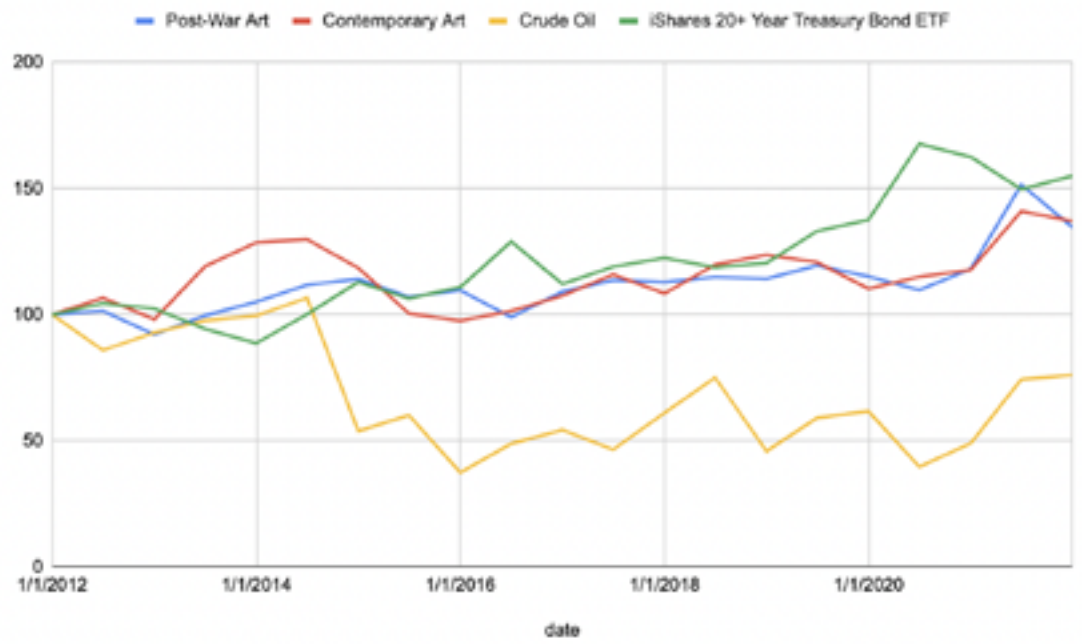
Key Employees

The labor market for qualified and motivated executives in the art world is very competitive. Given Artnet's relatively small size, the loss of key employees could have a temporary impact on day-to-day operations. As the Group has a highly qualified experienced middle management, only a minor efficiency loss is expected in such a case. Nevertheless, in order to mitigate this risk, Artnet invested in several key employees during the 2021 financial year, thereby ensuring optimal opportunity for performance and growth.

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

Opportunities

The online art market is increasingly dynamic and has grown exponentially over the past two years, offering new opportunities for Artnet's online products and services. The short and agile decision-making processes allow the Group to respond nimbly to changing environments and trends while weighing potential risks. Opportunities can arise from changes in the internal or external environment.



Art as an Asset Class

Americans stand to inherit nearly $73 trillion over the next 25 years (Source: Bloomberg), 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. These individuals consider art as a passion project as well as an asset class or a collectible for investment. With Artnet's industry-leading data, analytics, and Marketplace, the Group is poised to be a mission-critical tool in the valuation, information, and purchasing process.

Consumer Behavior

E-commerce is a very important growth market in the luxury and fine art segment, with over 30% of fine art transactions now happening online (Source: UBS Report). Collectors have embraced online-only auctions as an easy, efficient, and cost-effective method of buying and selling mid and high-priced fine art. Artnet's Marketplace consistently achieves high prices and sell-through rates with its clear focus on savoir-faire, quality and transparency, indicating strong growth potential in this dynamic segment.

Artnet is also gaining market share, and is among the top 5 international auction houses in terms of sales volume, right after Sotheby's, Christie's, and Bonham's (Source: Artnet Price Database).

Artnet Auctions is particularly successful in the categories Prints & Multiples, Photography and Post-War & Contemporary art. With the launch of Artnet's ArtNFT site, Artnet is expanding its collector-base - with 300 new collectors during the inaugural NFT sale - and launching a new revenue stream. The overlap between traditional and NFT collectors is a promising growth opportunity.

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 ease, speed and efficiency of Artnet's marketplace makes fine art even more liquid and tradable as an asset class than ever before. Barriers to entry are falling, and the confidence in fine art investments is growing exponentially.

In our B2B segment, Galleries showcase their artists and works online in the Artnet Gallery Network. Artnet thus offers these businesses essential alternatives to maintain their business throughout the year and reach a global audience. In this way, the company could attract new clients and users and convince them of the advantages of online transactions. Online transactions, interactions, and immersive experiences are paramount for galleries; Artnet's experience and excellent reputation make it a popular and attractive partner for collaborations and advertising.

Economic Trends
The international art market is traditionally closely linked to the Macroeconomic developments of industrialized countries. During market fluctuations or uncertainties, fine art is often seen as a stable alternative asset - underscoring the longevity and potential of Artnet's Data and Marketplace products.

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 site attracts more readers than all of its direct competitors combined, over 200 Million pageviews during 2021. The platform's quality journalism, exclusive stories and original reporting has increased page views and made News a sought-after advertising platform for luxury brands, financial services, and art-related businesses. Artnet's vast social media are also being leveraged for advertising campaigns. This trend will continue as advertising budgets are increasingly reserved for online channels and social media and move away from traditional print media.

In order to increase its client-base, Artnet has also built new revenue streams by attracting advertisers beyond the immediate art industry, such as luxury brands and financial services companies. Companies in these industries run advertising campaigns on the Artnet website and engage in sponsorships, such as Morgan Stanley or Justin Sun's ApeNFT.

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

Synergies Within the Company
The Company's different segments, Marketplace, Media, and Data, offer unparalleled opportunities for synergies within the Group. A unique product suite, these synergies give Artnet an edge and will ensure growth opportunities through 2022 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 ArtNFT platform. This seamless integration and experience is absolutely unique.

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 already taken steps to realize this potential, introducing a partial paywall at Artnet News - As well as

leveraging the trust and expertise of the Artnet Auctions team to launch the ArtNFT site.
Brand Opportunities: Artnet is a renowned and respected brand

Artnet's focus on high quality, unparalleled user experience, data transparency, and trust in all segments is strengthening Artnet's brand internationally. This will lead to growing revenue from marketplace transactions, subscriptions, memberships, auction fees, and advertising. A strong brand has made and 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
Given its business model, Artnet is able to employ staff decentralized around the globe.
Artnet experienced continued and in many cases increased productivity of its employees during the Covid-19 pandemic. Now, after successfully working remotely during the Covid-19 pandemic, Artnet staff have expressed their preference for non-traditional, flexible work environments - And the Group is inclined to update its working environment to reflect this global change in conducting business.

Artnet offices/headquarters, Broadway, New York, NY

FALCON
Artnet has improved its site and is rebuilding its technology infrastructure with project FALCON. Project FALCON ensures that Artnet has the right technology foundation to successfully compete and grow in a rapidly changing business environment. It will make Artnet faster, more agile, and more efficient. Operational and personnel costs will be lower, productivity will increase, and new products will be developed and launched more quickly. Project Falcon will be completed by the end of Q2 2022 - and the first product to be launched with Falcon will be the revamped Price Database.

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

In the fiscal year 2021, FALCON was temporarily interrupted because Artnet was increasingly exposed to hacker attacks, which the Tech Department reacted to. In this context, the process organization of FALCON was also restructured in 2021, as previous developments in the so-called waterfall system could not react agilely enough to rapidly changing conditions.

Statement from the Management Board Concerning Risks and Opportunities
Management monitors and reasonably evaluates all risks and opportunities with the greatest care. The scope of the recent and ongoing economic crisis has not increased any of the listed risks. Management, therefore, considers the established business model and its strategy to be solid. In comparison to the previous year, the added risk category is KYC in conjunction with ArtNFT platform's sale of NFTs on Ethereum basis. However, having employed a reputable firm specializing in KYC, management sees this as a minor risk.

Summary and Judgement of Risks
Furthermore, the risk profile has changed only insignificantly compared to the previous year. Artnet has proven to be incredibly resistant to crisis. In the risks most relevant to Artnet (data protection and IT infrastructure, cyber attacks, copyright infringements), there is no known acute threat and the risk mitigation measures are considered appropriate. No directly quantifiable risk, nevertheless hindering business, is the Company's lack of capital, both in equity (e.g., due to lack of conditional or authorized capital) and in debt (currently no borrowing). This may weaken the ability to invest in new and innovative software.

The central role played by the Internet and e-commerce in the current crisis has led to fundamental changes in consumer behavior. As the market leader, Artnet will benefit from opportunities in the marketplace, data, and media segments.

Artnet is capitalizing on the increasing digitization of the industry and seizing the opportunity to enhance the synergies between its unique products and services to deliver an unparalleled user experience.

Artnet is ideally positioned to continue to seize the opportunities that have emerged over the past two years. These include the global interest in art, the establishment of Fine Art as a profitable asset, the growing affluence of the Millennial generation, and the international acceptance of online transactions.

Management therefore concludes that the opportunities far outweigh the risks and is optimistic about Artnet's future.

Subsequent Report

There were no material events from December 31, 2021 to May 4, 2022 that could have a significant impact on the Group's financial position or result of operations.

NFT, Pindar Van Arman, *Emerging Faces,* 2020 – sold on ArtNFT – 55 ETH

Outlook 2022 Strategy and Positioning

Outlook

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

After the global pandemic continued to cause downward pressure on the global economy through 2020, the year 2021 saw a gradual return to normality and growth.

As we enter 2022, the global recovery appears mired by economic and geopolitical issues. Inflationary pressure caused by rising oil prices and supply chain problems is dampening forecasts, with the IMF predicting Global growth of 4.4 percent, down from 5.9 percent in 2021 and down from the 4.9 percent predicted in mid 2021. Additionally, tensions between NATO and Russia increase uncertainties around economic recovery.

Following rising inflationary pressures across developed economies, monetary policy responses are tightening. There is some early concern that increasing interest rates will lower demand in the fine art and luxury collectibles market, although no indication of that has been recorded as of yet.

Indeed, the art market showed a return to growth in 2021 following its biggest recession in 10 years, nudging ahead of 2019, pre-pandemic levels with $64.4Bn in sales (Source: UBS & Art Basel Art Market Report 2021). Importantly also, the online art market grew slightly, solidifying its unprecedented gains of 2020. This showcases that while the pandemic catalyzed the adoption of digital solutions, there has been a fundamental shift in mentality towards online transactions that seems set to remain and will continue to develop.

In 2021 Artnet accelerated its growth and increased revenue across all segments. Following a record breaking year in 2020, the Marketplace was able to continue on its upward trajectory and the Media segment was able to achieve record breaking growth.

Looking ahead to 2022, Artnet's management is forecasting significant revenue growth as it looks to expand its market share across segments. Despite broader economic uncertainties, the development of the platform and further investments in the team will continue to strengthen the Company at a time where it is vital to pursue growth in order to develop towards profitability.

Data: Price Database revenue increased moderately in 2021 due partially to the strong recovery of the auction market. Management expects steady revenue growth for the Price Database and Artnet Analytics in 2022 as it gears towards stronger growth in 2023. In 2022 Artnet will relaunch the Price Database following a complete rebuild that will feature a revamped user experience, mobile first design, and a new API enabled data architecture. Strategic Partnerships established in 2021 will gain traction in 2022, ensuring that Artnet remains the mission critical research tool for art market professionals, collectors, and financial institutions alike.

Marketplace: Within this segment, Artnet Auctions became Artnet's second-largest revenue source in 2020 - and this trend continued through 2021- accounting for more than 21% of total revenue. The international art market has adopted online-only auctions as an efficient and cost-effective way to transact, with top lots at Artnet Auctions regularly selling for six-figure dollar amounts. As compared to the previous year, the average lot price of sold artworks increased by 13% to 16,100 USD. Artnet Auctions has placed a strategic focus on a frictionless, trustworthy, and transparent user experience.

In 2022, management expects accelerated growth in this segment as important platform updates are completed and the synergies between Artnet Auctions and Artnet Galleries. Artnet Galleries is set to grow as product improvements will lead to more engagement. Management continues to focus on hiring the best talent and building strong relationships with Artnet's partners and consigners.

Forming part of the Marketplace segment, ArtNFT is the first NFT platform to provide collectors with a transparent, efficient, trustworthy experience. With a buyer's premium of only 10%, Artnet is the most cost-effective, curated NFT auction platform in the traditional art market. Management anticipates strong growth for this new product through 2022.

Media: As this year's as well as last year's annual reports show, Artnet News has become the leading online platform for news, commentary, and data-driven reports on the art market. With over 100 Million pageviews in 2021, it has more reach than the top four competitors combined. In the Spring of 2021, Artnet introduced Artnet News Pro, a subscription content arm focussed on Artnet's most engaged readers. Artnet News Pro provides collectors, art professionals, and art enthusiasts with the tools to navigate this high-stakes terrain through exclusive market news, analysis, opinion, insights from industry insiders, and clear-eyed investigations driven by Artnet's Data. The focus on quality editorial and original reporting resulted in increasing visitors and growing advertising revenue. The success and high brand recognition of Artnet News has a very positive effect on the Artnet brand. Management expects this positive trend to continue and forecasts continued strong growth in this segment.

Along with the complete rebuild of the Price Database there are important additional improvements that will already have an effect on revenues in 2022. A unified navigation, a full revamp of Artnet News, and important key page redesigns will significantly increase not only the usability of the Artnet platform, but also help realize the synergies between Media, Marketplace, and Data.

Based on the expectations for the individual segments, Management predicts an increase in total revenues in 2022 to a range of 27 million USD to 29 million USD. Management expects income from operations (=EBIT) of between 0,8 million USD to 1.03 million USD. The 2021 financial year has made clear how volatile the broader economic climate is. Despite this, accelerated growth can be expected as management seeks to expand the influence of Artnet and increase its market share with a view to achieving higher operating leverage, widening margins as significant scale is reached.

2021 highlighted the opportunities that are achievable within Artnet's core segments of Data, Marketplace, and Media in the current online art market climate. Management believes that Artnet has the foundational brand strength and broad product suite to lead the online art market for years to come and is making the necessary investments to obtain long term market share and profitability.

Berlin, May 4, 2022

Jacob Pabst
CEO, Artnet AG

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

Consolidated Financial Statements 2021

artnet AG Consolidated Balance Sheet As of December 31, 2021

Operating Expenses	Notes No.	2021 USD	2020 USD	2021 EUR	2020 EUR
Current Assets					
Cash and Cash Equivalents	3	674,591	1,796,307	592,965	1,469,020
Trade Receivables	4	2,986,013	1,904,630	2,624,705	1,557,606
Other Current Assets	5	650,800	732,490	572,053	599,030
Total Current Assets		**4,311,404**	**4,433,427**	**3,789,723**	**3,625,656**
Non-Current Assets					
Property, Plant, and Equipment	6	1,497,425	2,711,222	1,316,237	2,217,237
Intangible Assets	7	4,598,457	4,154,468	4,042,044	3,397,524
Other Non-Current Assets	5	367,818	424,544	323,312	347,192
Deferred Tax Assets	8	1,540,226	1,578,542	1,353,859	1,290,932
Total		8,003,926	8,868,776	7,035,452	7,252,885
Total Assets		**12,315,330**	**13,302,203**	**10,825,175**	**10,878,541**
Equity and Liabilities					
Current Liabilities					
Accounts Payable	9	927,626	730,054	815,383	597,038
Accrued Expenses and Other Liabilities	10	1,764,028	1,508,528	1,550,581	1,233,674
Liabilities from finance leases	11	1,764,279	1,633,221	1,550,801	1,335,648
Deferred Revenue	12	2,498,907	2,090,389	2,196,539	1,709,520
Total Current Liabilities		**6,954,840**	**5,962,192**	**6,113,304**	**4,875,880**
Long-Term Liabilities					
Long-Term Liabilities from Finance Leases	11	351,585	1,443,619	309,043	1,180,592
Total Long-Term Liabilities		**351,585**	**1,443,619**	**309,043**	**1,180,592**
Total Liabilities		**7,306,425**	**7,405,811**	**6,422,347**	**6,056,472**
Shareholders´ Equity					
Common Stock	13	6,032,262	6,032,262	5,706,067	5,706,067
Treasury Stock	13	(269,241)	(269,241)	(264,425)	(264,425)
Additional Paid-In Capital		52,547,769	52,547,769	51,118,251	51,118,251
Accumulated Deficit		(52,952,049)	(55,145,288)	(51,812,939)	(53,736,962)
Current Net Profit		(941,003)	2,193,239	(795,901)	1,924,023
Foreign Currency Translation		591,167	537,652	451,775	75,115
Total Shareholders´ Equity		**5,008,905**	**5,896,393**	**4,402,828**	**4,822,070**
Total Liabilities and Shareholders' Equity		**12,315,330**	**13,302,203**	**10,825,175**	**10,878,541**

artnet AG Consolidated Income Statement For the Fiscal Year from January 1 to December 31, 2021

	Notes No.	2021 USD	2020 USD	2021 EUR	2020 EUR
Revenue					
Artnet Marketplace		**10,291,761**	**9,714,546**	**8,704,777**	**8,522,104**
Artnet Galleries		5,133,772	4,839,133	4,342,147	4,245,139
Artnet Auctions		5,157,989	4,875,413	4,362,630	4,276,965
Artnet Data		**7,720,523**	**7,397,139**	**6,530,023**	**6,489,154**
Artnet Price Database		7,720,523	7,397,139	6,530,023	6,489,154
Artnet Media		**6,684,577**	**4,482,082**	**5,653,819**	**3,931,915**
Artnet Advertising		6,297,168	4,482,082	5,326,148	3,931,915
Artnet News Subscriptions		387,409		327,671	
Total Revenue	22	**24,696,861**	**21,593,767**	**20,888,619**	**18,943,173**
Cost of Sales		10,333,194	8,221,714	8,739,821	7,212,514
Gross Profit		**14,363,667**	**13,372,053**	**12,148,798**	**11,730,659**
Operating Expenses					
Selling and Marketing		6,909,284	6,200,002	5,843,876	5,438,964
General and Administrative		4,691,766	4,466,701	3,968,298	3,918,422
Product Development		3,652,531	2,488,546	3,089,313	2,183,082
Total Operating Expenses		**15,253,581**	**13,155,249**	**12,901,487**	**11,540,468**
Operating Income		**(889,914)**	**216,804**	**(752,689)**	**190,191**
Interest Expenses	20	63,031	113,043	53,312	99,167
Interest Income	20	4,428	-	3,745	-
Other Income/(Expenses)	20	58,690	1,945,015	49,640	1,706,268
Earnings Before Taxes		**(889,827)**	**2,048,776**	**(752,616)**	**1,797,292**
Income Taxes	8	(12,861)	(16,535)	(10,878)	(14,505)
Deferred Tax Benefit/(Expense)	8	(38,315)	160,998	(32,407)	141,236
Net Profit		**(941,003)**	**2,193,239**	**(795,901)**	**1,924,023**
Other Comprehensive Income					
OCI Recycled:					
Differences from Foreign Currency Translation		53,516	(97,708)	376,660	(473,811)
Total Comprehensive Income		**(887,487)**	**2,095,531**	**(419,241)**	**1,450,212**
Result per Share					
Basic and Diluted	19	0,16	0,39	0,14	0,35

artnet AG Consolidated Statement of Cash Flows For the Fiscal Year/Period from January 1 to December 31, 2020

	Notes No	2021 USD	2020 USD	2021 EUR	2020 EUR
Cash Flow from Operating Activities					
Net Profit		**(941,003)**	**2,193,239**	**(795,901)**	**1,924,023**
Adjustments to Reconcile Net Profit to Net Cash provided by Operating Activities:					
Depreciation and Amortization	6,7,22	1,569,309	1,551,263	1,379,423	1,360,849
Impairments/Write-Offs for Receivables	4	258,403	398,860	227,136	326,188
Changes in Deferred Tax Assets	8	38,316	(160,998)	33,679	(141,236)
Other Non-Cash Transactions			(222,240)		(241,585)
Changes in Operating Assets and Liabilities					
Trade Receivables	4	(1,339,786)	202,817	(1,177,671)	165,864
Other Current Assets	5	81,690	238,114	71,806	194,730
Security Deposits		56,726	(1,428)	49,862	(1,168)
Accounts Payable	9	197,572	(304,451)	173,666	(248,980)
Provisions	11		(569,751)		(500,000)
Accrued Expenses and Tax Liabilities	10	255,500	(270,853)	224,585	(174,234)
Deferred Revenue	14	408,518	(60,142)	319,371	(49,184)
Interest Portion of Lease Liability		63,031	113,043	53,312	99,167
Total Adjustments		1,589,279	914,234	1,355,168	790,410
Cash Flow Provided by Operating Activities		**648,276**	**3,107,473**	**559,267**	**2,714,433**
Cash Flow from Investing Activities					
Purchase of Property and Equipment	6,12	(3,574)	(30,123)	(3,142)	(11,720)
Purchase and Development of Intangible Assets	7,12	(795,927)	(984,275)	(699,620)	(863,456)
Payment for acquisition of consolidated companies					
Cash Flow Used in Investing Activities		**(799,501)**	**(1,014,398)**	**(702,762)**	**(875,176)**
Cash Flow from Financing Activities					
Repayment of Finance Leases	12	(960,976)	(639,884)	(844,698)	(523,297)
Loan repayment	13		(450,000)		(382,873)
Loans	13		250,000		219,313
Exercise of Share Options	18		214,546		177,528
Interest for Leases		(63,031)	(113,043)	(53,312)	(99,167)
Cash Flow Used in Investing Activities		**(1,024,007)**	**(738,380)**	**(898,010)**	**(608,496)**

artnet AG Consolidated Statement of Cash Flows For the Fiscal Year/Period from January 1 to December 31, 2020

	Notes No.	2021 USD	2020 USD	2021 EUR	2020 EUR
Effects of Exchange Rate Changes on Cash		**53,516**	**(97,707)**	**165,450**	**(242,113)**
Changes in Cash and Cash Equivalents		**(1,121,716)**	**1,256,988**	**(876,055)**	**988,649**
Cash and Cash Equivalents—Start of Year	3	**1,796,307**	**539,318**	**1,469,020**	**480,371**
Cash and Cash Equivalents—End of Year	3	**674,591**	**1,796,307**	**592,965**	**1,469,020**
Supplemental Discosures of Cash Flow					
Income Tax Receipts/(Payments)	8	(12,861)	266,319	(10,878)	233,629
Interest Payments	22	(63,031)	(113,043)	(53,312)	(99,167)
Interest Receipts	22	4,428			

artnet AG, Consolidated Statement of Changes in Shareholders Equity (USD) For the Fiscal Year from January 1 to December 31, 2021

	Issued Shares	Amount	Treasury Stock	Additional Paid-In Capital	Accumulated Deficit	Foreign Currency Translation	Total
Balance As Of 12/31/2020	**5,631,067**	**5,941,512**	**(269,241)**	**52,423,972**	**(55,145,288)**	**635,359**	**3,586,314**
Exerice of Share Options	75,000	90,750		123,797			214,547
Net Income/Loss					2,193,239	(97,708)	2,095,531
Balance As Of 12/31/2020	**5,706,067**	**6,032,262**	**(269,241)**	**52,547,769**	**(52,952,049)**	**537,651**	**5,896,392**
Net Income/Loss					(941,003)	53,516	(887,487)
Balance As Of 12/31/2021	**5,706,067**	**6,032,262**	**(269,241)**	**52,547,769**	**(53,893,052)**	**591,167**	**5,008,905**

artnet AG, Consolidated Statements of Changes in Shareholders Equity (EUR) For the Fiscal Year from January 1 to December 31, 2021

	Issued Shares	Amount	Treasury Stock	Additional Paid-In Capital	Accumulated Deficit	Foreign Currency Translation	Total
Balance As Of 12/31/2020	**5,631,067**	**5,631,067**	**(264,425)**	**51,015,723**	**(53,736,962)**	**548,926**	**3,194,329**
Exerice of Share Options	75,000	75,000		102,528			177,528
Net Income/Loss					1,924,023	(473,811)	1,450,212
Balance As Of 12/31/2020	**5,706,067**	**5,706,067**	**(264,425)**	**51,118,251**	**(51,812,939)**	**75,115**	**4,822,069**
Experience of Share Options					(795,901)	376,660	(419,241)
Balance As Of 12/31/2021	**5,706,067**	**5,706,067**	**(264,425)**	**51,118,251**	**(52,608,840)**	**451,775**	**4,402,828**

Notes to the Consolidated Financial Statements 2021

Notes to the Consolidated Financial Statements 2021

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1. Corporate Information and Statement of Compliance

Artnet AG (hereinafter referred to as “Artnet AG” or the “Company”) is a publicly traded corporation headquartered in Berlin, Germany. The address of its registered office is Oranienstraße 164, 10969 Berlin, Germany. The company is entered in the Commercial Register of Charlottenburg District Court under HRB 980060 B.

Artnet AG holds 100% of the shares in Artnet Worldwide Corporation (“Artnet Corp.”), which is located in New York, NY, USA. Artnet Corp. holds 100% of the shares in London based Artnet UK Ltd.(“Artnet UK”) Artnet AG, Artnet Worldwide Corp.,and Artnet UK are referred to as the “Artnet Group,” the “Group,”, the “Company”, or “Artnet.”

The Group’s goal is to provide collectors, galleries, publishers, auction houses, and art enthusiasts with an all-in-one platform to buy, sell, and research fine art. Users can find artworks that are currently available for sale in the Gallery Network, Auction House Partnerships, or on Artnet Auctions, an online transaction platform. Artnet News, the 24-hour newswire, informs users about the events, trends, and people shaping the global art market. Applying § 315e of the German Commercial Code (HGB), accompanying the consolidated financial statements as of December 31, 2021, financial statements for the parent and subsidiary companies were prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations of the International Accounting Standards Board (IASB) effective within the EU. The consolidated financial statements were authorized for issuance by the CEO on May 4, 2022.

2. Summary of Significant Accounting Policies

Basis of Accounting and Reporting Currency

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

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

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

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

The balance sheet date is December 31, 2021. The principal accounting policies adopted are set out below.

The consolidated financial statements as of December 31, 2021 have been prepared under the assumption that the Company will continue operations, as the Company assumes that the due payment obligations in 2022 can be fulfilled. The Group expects no liquidity risks resulting from the coronavirus crisis.

Basis of Consolidation and Consolidated Companies

The consolidated financial statements include the legal parent company, Artnet AG, its wholly owned subsidiary Artnet Corp., as well as Artnet UK. A company determines whether it is a parent by assessing whether it controls one or more investees. Control over a company that leads to its inclusion in the consolidated financial statements is deemed to exist if Artnet is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Artnet AG has decision-making powers over a company if it has rights that give it the current opportunity, either directly or through third parties, to control the relevant activities of the investee. The relevant activities are those which, depending on the type and purpose of the company, have a material influence on its returns. Such returns must have the potential to vary as a result of the investee's performance and can be positive, negative, or both. Variable returns include dividends, fixed and variable interest rates, fees and charges, fluctuations in the value of investments, and other economic benefits.

The contribution of the shares of Artnet Corp. made on February 23, 1999, was treated by Artnet AG in the consolidated financial statements in accordance with IFRS 3.B1 et seq. as a reverse acquisition by Artnet Corp. Therefore, the initial consolidation was carried out in such a way that Artnet AG—the legal acquirer of the subsidiary Artnet Corp.— was consolidated as a subsidiary since Artnet Corp. was technically considered the economic acquirer.

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

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

Reporting Period

The consolidated financial statements were prepared for the reporting period from January 1, 2021 through December 31, 2021. The financial year for all Group companies coincides with the calendar year.

Accounting Principles of General Importance for Artnet

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

Impairment

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

If the recoverable amount of the cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized as an expense as soon as it occurs. The asset's value in use, either at an independent level or at a cash-generating unit level, is basically measured by discounting the asset's estimated future cash flow. Alternatively, the value in use is also determined on the basis of expected lower cash outflow, which in turn is discounted.
If there is an indication that the reasons that caused the impairment loss no longer exist, the Group will assess the need to reverse all or a portion of the impairment, as long as it does not exceed the original carrying amount. In 2021 and 2020, no impairment or attribution of tangible or intangible assets has been recorded.

Foreign Currency Translation and Business Transactions
The currency of the primary economic environment in which the Group operates is US dollars, which is the fuctional currency for the subsidiary Artnet Corp. Transactions in currencies other than US dollars are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Gains and losses from foreign currency transactions are recognized as other income or expenses.

On consolidation, the assets and liabilities of the Group's operations are also translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. The accumulated gains and losses resulting from translation are recorded as a separate component of the Group's equity.
If the conditions of IAS 21.15 are met, intercompany loan receivables are classified as part of a net investment. Accordingly, exchange differences on the loan amount in euros will be recognized in the foreign currency adjustment item in equity at closing dates (including interim reports). The amount recognized in the foreign currency adjustments is reflected in the profit or loss of the Group, if and when the ownership interest is dissolved in full or partly.
Currency exchange rates significant to the Group, are the translation of US dollars to euros, and of US dollars to British pounds (GBP). The following exchange rates have been used for the currency translation in the years presented:

	USD to EUR		USD to GBP	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Current Rate Year End	0.8790	0.8790	0.8790	0.8790
Average Rate for the Year	0.8458	0.8773	0.7272	0.7799

New and Amended Standards and Interpretations for the Fiscal Year
The following new or amended standards and interpretations, for which the application was mandatory in the 2021 fiscal year, did not have any material impact on the Company's consolidated financial statements.

New Features and Changes in Accounting		
Amendments of Standards	Coming into Effect	Date of EU Endorsement
Amendment to IFRS 16: COVID-19-Related Rent Concessions	6/1/2020	10/9/2020
Amendment to IFRS 16: COVID-19-Related Rent Concessions	1/1/2021	12/15/2020
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform - Phase 2	1/1/2021	1/13/2021

Not Yet Applied New or Revised Standards and Interpretations

Future Features and Changes in Accounting

New Standards	Coming into Effect	Date of EU Endorsement
IFRS 17: Insurance Contracts	1/1/2023	11/19/2021

Amendments of Standards	Coming into Effect	Date of EU Endorsement
Amendments to IFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021	4/1/2022	8/30/2021
Amendments to IFRS 3, IAS 16, IAS 37 and Annual Improvements 2018-2020	1/1/2022	6/28/2021
Amendments to IAS 8: Definition of Accounting Estimates	1/1/2023	3/2/2022
Amendments to IAS 1 and IFRS Practice Statement: Disclosure of Accounting policies	1/1/2023	3/2/2022
Amendments to IAS 1: Classification of Liabilities as Current or Non-current	1/1/2023	Open
Amendments to IAS 8: Definition of Accounting Estimates	1/1/2023	3/2/2022
Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1/1/2023	Open
Amendments to IFRS 17: Initial Application of IFRS 17 and IFRS 9 - Comparative In-formation	1/1/2023	Open

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

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

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

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

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

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

4. Accounts Receivable

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

Accounts receivable consist of the following:

	12/31/2021 k EUR	12/31/2020 k EUR
Gross Accounts Receivable	2,825	1,758
Gross Contract Assets	413	417
Subtotal	3,238	2,176
Less: Allowance for Value Adjustment Accounts Receivable	(613)	(619)
Receivables After Impairment	2,625	1,558

Allowance for value adjustment were exclusively recorded as of December 31, 2021, and December 31, 2020, respectively, for accounts receivable, as well as contract assets. Accordingly, only the simplified approach for accounts receivable is presented below. Default in accordance with IFRS 9 occurs when accounts receivable is more than 30 days past due. For other financial assets, in particular for cash and cash equivalents, it was not necessary to recognize loss allowances.

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

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

Receivables by maturity and expect credit loss:

	Loss Rate	Nominal Value k EUR	Valuation Allowance k EUR	12/31/2021 k EUR	12/31/2021 k EUR
Overdue But Not Impaired Receivables					
Between 0 and 60 Days	0%	2,107	0	2,107	1,616
Average Rate for the Year	0.8458	0.8773	0.7272	0.7799	
Carrying Amounts of Receivables					
Overdue Between 61 and 90 Days	10%	245	42	203	159
Overdue Between 91 and 180 Days	25%	284	60	224	88
Overdue More than 90 Days	90%	603	512	91	149
Total Overdue and Impaired Receivables		1,131	613	518	396
Receivables After Impairment		3,258	613	2,625	1,558

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

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

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

Allowance for doubtful accounts developed as follows:

	12/31/2021	12/31/2020
Balance at the Beginning of the Fiscal Year	619	717
Bad Debt Expenses for the Year	428	469
Write-Off of Bad Debts	(496)	(477)
Currency Exchange Differences	63	(90)
Balance at the End of the Fiscal Year	613	619

5. Other Assets

Other Current Assets

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

	12/31/2021	12/31/2020
Deposits and Prepayments	247	327
US Income Tax receivables	5	4
Restricted cash balances	239	205
Tax claims in Germany and the United Kingdom	39	55
Other	40	8
Total	572	599

The claim for reimbursement of alternative minimum tax ("AMT") in the amount of 252k EUR from 2019 was recognized in the 2020 income statement. The restricted cash balances are mainly related to defined contribution retirement plans and health plans.

Other Non-Current Assets
Other non-current assets include deposit claims in connection with credit card statements and rental agreements of 323k EUR (2020: 347k EUR).

6. Tangible Assets

Tangible assets are recorded at historical cost minus accumulated depreciation. The Group depreciates its assets over their estimated useful life using the straight-line method. Computer equipment, furniture, fixtures, and office equipment are depreciated over an estimated useful life of three to seven years. Leasehold improvements are amortized over the lesser of the term of the related lease or its estimated useful life, which is up to 10 years. Rights of use assets under leases are initially measured at cost, which is equivalent to the initial measurement of the lease liability, adjusted for payments made on or before the start of the lease term, plus any initial direct costs. The right-of-use assets is then depreciated on a straight-line basis from the date of commencement to the end of the lease term unless ownership of the underlying asset is transferred to Artnet at the end of the lease term or the cost of the right of use assets reflect the fact that Artnet will exercise a purchase option. In the balance sheet, the Group presents rights of use assets under tangible assets.
Maintenance expenses that neither enhance the value of an asset nor prolong the useful life are expensed as incurred.

Tangible assets in the 2021 and 2020 fiscal years developed as follows:

	Office Space (Right-of-use Asset) k EUR	Computer and Hardware k EUR	Operating and Office Equipment k EUR	Leasehold Improvement k EUR	Total k EUR
Acquisition Costs					
As of 12/31/2019	4,038	578	513	383	5,513
Exchange Differences	(310)	(45)	(41)	(31)	(427)
Disposals	–	–	–	–	-
Additions	–	12	–	–	12
As of 12/31/2020	3,728	544	472	352	5,097
Exchange Differences	260	39	34	26	359
Disposals	–	–	–	–	0
Additions	–	11	–	–	11
As of 12/31/2021	3,989	593	507	378	5,466
Deprecation for the Period	–	–	–	–	–

	Office Space (Right-of-use Asset) k EUR	Computer and Hardware k EUR	Operating and Office Equipment k EUR	Leasehold Improvement k EUR	Total k EUR
Acquisition Costs					
As of 12/31/2019	863	393	501	294	2,050
Exchange Differences	(126)	(36)	(40)	(27)	(229)
Disposals					
Deprecation for the Period	935	83	3	38	1,059
As of 12/31/2020	1,672	440	463	305	2,879
Exchange Differences	150	33	34	24	241
Disposals					
Deprecation for the Period	933	58	2	36	1,029
As of 12/31/2021	2,755	532	498	367	4,150
Carrying Amount					
Acquisition Costs					
As of 12/31/2020	2,057	103	9	47	2.217
Includes: Finance Leases	2,057	54			2.111
As of 12/31/2021	1,234	62	8	13	1.316
Includes: Finance Leases	1,234				1.234

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

As of December 31, 2021, the Group had no significant contractual obligations for the acquisition of intangible assets.

7. Intangible Assets

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

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

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

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

In 2021, 673k EUR (2020: 863k EUR) of the total development was capitalized. The main development project includes the process of upgrading the technology infrastructure and internal tools. The process of upgrading our technology infrastructure, the project FALCON, will improve quality assurance and efficiency for the whole company.

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

In 2020, the Artnet engineering team focused on building on cloud infrastructure to support our next generation platform, FALCON. Key pieces were containerization, orchestration, and deployment pipelines. Subscriptions and billing functionality were also key focus areas to help better serve the customers.

Following in 2021, Artnet integrated and deployed an Identity Provider (IDP) that will serve as the central hub to how Artnet manages users as they arrive at the platform. This is a foundational piece that sets the company up to serve consumers through a variety of channels (web, mobile, API, etc).

During 2021, the development of Project FALCON was temporarily disrupted in order for the team to focus on delivering tools in relation with the Covid-19 Pandemic, as well as to fend off attacks by hackers.

In 2022, the focus has been building the remainder of the core pieces of the next generation platform. The front-end architecture, API delivery channels, and data architecture have all been critical pieces being addressed through Q1 and Q2. The first of products to be released on the new platform is our Price Database. The company anticipates giving a subset of users a sneak peak in Q2 and then delivering in Q3.

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

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

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

Nevertheless, FALCON is taking significantly longer to develop than originally planned. With a new organizational structure, the goal is to complete FALCON in the 2022 financial year. If this is not successful, write-downs may be necessary irrespective of the continued economic viability (which also illustrate the recoverability of the product development in the context of sensitivities).

The amortization expenses for intangible assets are included in the cost of sales. Research costs and ongoing maintenance in the amount of 3,083k EUR (2020: 2,183k EUR) were recorded as a development expense in the period in which they were granted.

Intangible assets in the 2021 and 2020 fiscal years developed as follows:

	Development Costs k EUR	Software k EUR	Total k EUR
Acquisition Costs			
As of 12/31/2019	5,888	235	6,123
Exchange Differences	(540)	(19)	(560)
Disposals	–	–	–
Additions	863	–	863
As of 12/31/2020	6,211	216	6,427
Exchange Differences	491	16	507
Disposals	–	–	–
Additions	673	–	673
As of 12/31/2021	7,375	232	7,608
Amortization	–	–	–
As of 12/31/2019	2,800	193	2,993
Exchange Differences	(248)	(17)	(265)
Disposals	–	–	–
Additions	281	21	302
As of 12/31/2020	2,832	197	3,029
Exchange Differences	223	15	238
Disposals	–	–	–
Additions	284	13	298
As of 12/31/2021	3,340	226	3,565
Carrying Amount			
As of 12/31/2020	3,379	19	3,398
Includes: Finance Leases	–	13	13
As of 12/31/2021	4,035	7	4,042
Includes: Finance Leases	–	6	6

As of December 31, 2021, the Group did not have any material contractual obligations for the acquisition of intangible assets.

8. Taxes and Deferred Taxes

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

Income tax expense/benefit consists of the following:

	2021 k EUR	2020 k EUR
Current Income Taxes		–
Income Tax Payments in Great Britain	(2)	(5)
US Corporate Tax (Federal, State) and Income Tax Expenses of Other Consolidated Companies	(9)	(10)
Tax Returns from Previous Years		–
Total Current Income Taxes	(11)	(15)
Deferred Tax		–
Change in Deferred Tax Assets Based on Loss Carryforwards	(52)	(218)
Temporary Differences	115	247
Exchange Rate Differences	(95)	112
Total Deferred Taxes	(32)	141
Total Income Taxes	(45)	126

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

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

As of the 2021 balance sheet date, Artnet Corp. has a total of 1.0 million EUR (1.2 million USD) in federal carried-forward tax losses and 21 million EUR (23.8 million USD) in carried-forward state tax losses from the state of New York available to offset future profits. As of December 31, 2020, the carry forward tax losses for Federal tax was 2.8 million EUR (3.5 million USD) and 19.5 million EUR 23.9 million USD) for the State of New York which are applicable towards future profits. In the 2021 fiscal year, the carried-forward tax losses were utilized by achieving a taxable profit in the amount of 0.7 million USD and 0.1 million USD, respectively (2020: 2.1 million USD and 0.6 million USD, respectively). For the actual carried-forward tax losses and the deductible temporary differences of Artnet Corp., deferred tax assets of 1,354K EUR (2020: 1,291k EUR) were recognized in the consolidated balance sheet. In 2021, the increase in deferred tax assets by 63k USD was mainly due to exchange rate differences.

Following the adjustment of the apportionment to measure deferred taxes, the tax rate has been decreased from 27.76% to 26.5%, which is the average corporate tax rate for Artnet Corp. The recognition of deferred tax assets on carried-forward tax losses and on temporary difference from tax capitalization and amortization is based on a three-year plan. The federal carried-forward tax losses of Artnet Corp. can be used over a period of 20 years and expire in 2022 in the amount of 70k EUR (193k USD). The State of New York carried-forward tax losses expire only from the year 2035.

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

The loss carryforwards are therefore not capitalized. In the course of a tax audit, the current tax accounting of Artnet AG (tax-exempt dividend income - tax-effective operating expenses) was addressed and judged to be inappropriate. The Company has filed an objection in consultation with its tax advisors. Due to the lack of a balance sheet approach, the tax clarification has no effect on the balance sheet.

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

	Deferred Tax Assets 12/31/2021 k EUR	Deferred Tax Assets 12/31/2020k EUR
Deferred Tax Assets	225	278
Fixed Assets	251	370
Accounts Receivable	877	643
Total	1,354	1,291

Tax Rate Reconciliation

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

The tax rate of 26.50% (2020: 27,26%) is the average income tax rate of Artnet Corp., because Artnet Corp. is the main operating entity that generates the taxable income of the Group.

	2020 k EUR	2019 k EUR
Earnings Before Tax from Continued Operations	753	1,797
Expected Income Tax Expense/(Benefit) — Tax Rate 23%	199	499
Non-Taxable Income	9	407
Non-Deductible Expenses and Other Effects	(17)	(41)
Effect of Tax Rate Adjustments in the US	(61)	257
Reduction in Current Tax Expense Due to the Use of Tax Loss Carryforwards in the US	75	180
Non-Recognition of Deferred Tax Assets on Temporary Differences and Tax Loss Carry forwards in Germany and the US	(248)	178
Income Tax Expense / Tax Income as Per Statement of Comprehensive Income	(43)	127

9. Accounts Payable

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

10. Accruals and Other Liabilities

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

	Deferred Tax Assets 12/31/2021 k EUR	Deferred Tax Assets 12/31/2020 k EUR
Outstanding Invoices	857	695
Bonus Payments	275	176
401(k) Payments (Retirement Provisions in the US)	163	125
Remaining Vacation Days	56	43
Taxes and Social Security	126	130
Other	73	65
Total	1,550	1,234

11. Liabilities from Finance Leases

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

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

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

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

The lease liabilities developed in 2021 and 2020 as follows:

	2021 k EUR	2020 k EUR
Opening Balance	2,516	3,310
Payments	(859)	(622)
Interest	53	99
Exchange rate differences	149	(271)
Total	1,859	2,516

In the 2021 financial year, expenses amounting to 42k EUR for short-term leases were recognized directly as general and administrative expenses.

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

12/31/2021	Total k EUR	< 1 year	> 1–3 years k EUR
Present Value of Minimum Lease Payments	1,860	1,551	309
Fixed Assets	28	25	3
Accounts Receivable	1,888	1,576	312
12/31/2020	**Total k EUR**	**< 1 year**	**> 1–3 years k EUR**
Present Value of Minimum Lease Payments	2,516	1,336	1,181
Interest Portion	77	52	26
Minimum Lease Payments	2,593	1,387	1,206

12. Contract Liabilities and Revenue Recognition
In accordance with IFRS 15 revenue is recognized when Artnet transfers control of a good or a service.

With the exception of the Marketplace, all contracts include mostly one performance obligation. The allocation of the transaction price is based on these performance obligations. There are no material warranty obligations. For Gallery Network memberships and Auction House Partnerships (Marketplace), revenue is recognized when the Group meets its performance obligation and the respective member site is created, and thus is available on the Group's website. Revenue is recognized at the beginning of each performance or billing period and will be deferred on a monthly basis. Revenue from Price Database subscriptions are recorded by the same methodology. Revenue is realized in the period when the customer account is created. Revenue recognition of advertising contracts is based on the billing terms mentioned in the contract, with a distinction made between a fixed price and a performance-based model. Revenue from advertising contracts with a fixed price are recorded similarly to the revenue from gallery memberships and subscriptions to the Price Database: for the period in which banners appear on the website or in newsletters. Revenue recognition for performance-based advertising contracts will be recognized after the agreed performance indicators were evaluated and coordinated with the relevant customer. For Artnet Auctions and the ArtNFT site, buyer and seller commissions are realized at the moment when the Group has arranged the corresponding business successfully.

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

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

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

The outstanding performance obligations relate to the Price Database (1,428k EUR; 2020: 1,333k EUR), Galleries (320k EUR; 2020: 300k EUR), and Advertising (261k EUR; 2020: 76k EUR).

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 as of December 31, 2021, amounting to 2,009k EUR, as compared to 709k EUR in the previous year. The contracted liabilities as of December 31, 2019, were completely recognized as revenue in 2020. The recognized contract liabilities are not subject to any accounting estimates as they are based on the outstanding performance obligation.

The contract assets included under the accounts receivable amount to 413k EUR (2020: 417k EUR).

13. Equity

	2021	2020
Authorized No-Par Value Shares (accounting par value 1.00 EUR per share)	5,706,067	5,706,067
Issued and Fully-Paid No-Par Value Shares (accounting par value 1.00 EUR per share)	5,627,986	5,627,986
Treasury No-Par Value Shares	78,081	78,081

All Artnet AG shares are registered shares.

Authorized Capital
Currently, Artnet has no Authorized Capital.

Conditional Capital
Currently, Artnet has no conditional capital

Treasury Shares
As of December 31, 2021, Artnet AG held 78,081 of its own shares, as in the previous year, representing 1.4% of common stock. The Group's equity will be reduced by the acquisition costs of Artnet AG's treasury stock.

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

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

14. Capital Management

The capital structure for the Group consists primarily of current liabilities from current business transactions, lease liabilities and equity. Equity is attributable to the shareholders of the parent company and consists mainly of common stock, additional paid-in capital, and the accumulated results of the Group. The leasing liabilities arise in particular from the office rental agreements in New York and Berlin with terms until 2023 and 2022, respectively. Additionally, a loan of 1,667k USD was granted by the U.S Small Business Administration as part of the Paycheck Protection Program (PPP) in 2020 which is fully non-repayable pursuant to the notification received in March 2022.

15. Financial Instruments and Risks Arising from Financial Instruments

Financial Risk Management

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

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

Categories of Financial Instruments

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

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

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

In the 2021 and 2020 fiscal years, the Group did not use any derivative financial instruments.

Net Results from Financial Assets and Liabilities

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

	Net Results 2021 k EUR	Net Results 2020 k EUR
Financial Assets measured at Cost	(482)	(353)
Financial Liabilities measured at Cost	(59)	(105)
Total	(541)	(458)

The components of net results are gains or losses from exchange rate differences, bad debt expenses for doubtful accounts, write-offs and interest expense. Net income from financial liabilities includes interest expenses of 53k EUR (2020: 99k EUR).

Credit Risk

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

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

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

Liquidity and Interest Risk

Liquidity risk arises in the event that the Group could not meet financial obligations on their due date. Therefore, the aim is to provide sufficient liquidity to meet liabilities on time. To this end, the Group is reliant on generating a positive cash flow from operating activities. Liquidity risk is constantly reevaluated on a daily basis, using a deviation analysis of current and monthly cash equivalents as reported in the liquidity planning, which ensures a quick response to changes in the risk potential. Management expects a positive operating cash flow for the 2022 fiscal year. If revenue does not increase as expected, planned investments and project developments may be rescheduled, or their implementation may be extended.
There are no material interest rate risks in the Artnet Group. Other current liabilities and accrued expenses have a remaining term of less than one year.

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

12/31/2021	Carrying Amount k EUR	Gross Cash Flow k EUR	Gross Cash Flow k EUR	Gross Cash Flow k EUR
		Total	< 1 Year	> 1 Year
Liabilities at Amortized Costs	1,672	1,672	1,672	–
Liabilities from Finance Leases	1,860	1,888	1,576	312

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

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

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

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

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

	12/31/2021 k EUR	12/31/2020 k EUR	12/31/2021 k EUR	12/31/2020 k EUR
		Total	< 1 Year	> 1 Year
EUR	606	758	45	32
GBP	365	705	0	2

Additionally, the intragroup receivables validating in euros from Artnet Corp. against Artnet AG amounted to 1,735k EUR as of December 31, 2021 (2020: 1,520k EUR). This bears a theoretical currency risk for Artnet Corp., which will not be realized.

To minimize this currency risk, Artnet Corp. converted existing current intercompany receivables against Artnet AG in the amount of 1,500k EUR into a long-term intercompany loan. A settlement for this loan is neither planned nor likely to occur in the foreseeable future. Therefore, the intercompany loan qualifies as a net investment according to IAS 21.15. Accordingly, exchange differences from the loan denominated in euros will be recognized directly in equity, and will thus be accumulated in a separate component of equity until full or partial disposal of Artnet AG ownership interest in Artnet Corp.

In 2021, currency exchange effects in the amount of (108)k EUR were recognized as a net investment directly in "Foreign Currency Translation," which decreased equity (2020: 132k) EUR increasing equity). In total, the amounts recorded directly in equity are 158k EUR as of December 31, 2021 (December 31, 2020: (43k) EUR).

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

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

Against USD		12/31/2021 k EUR	12/31/2020 k EUR	12/31/2021 k GBP	12/31/2020 k GBP
	10%				
Result		(72)	(68)	(15)	(46)
Equity		61	76	(15)	(12)
	-10%				
Result		88	83	18	57
Equity		(95)	(93)	18	15

The value of the US dollar against the euro increased by 7% from 0.8178 EUR on December 31, 2020 to 0.8790 EUR on December 31, 2021.

Interest Rate Risk

As of December 31, 2021, and 2020, there are no liabilities with a floating interest rate. Therefore, the Group is not exposed to an interest rate risk.

16. Share-Based Remuneration

Stock Option Plan

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

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

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

17. Personnel Expenses

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

Personnel Expenses by Expense Category	2021 k EUR	2020 k EUR
Cost of Sales	4,820	4,420
Sales and Marketing	5,087	4,789
General and Administrative Expenses	1,909	1,623
Product Development	2,436	1,653
Total Personnel Expenses	14,252	12,485

The total personnel costs in the 2021 and 2020 fiscal years include social security expenses of 1,554k EUR and 1,451k EUR, respectively, and 401(k) expenses of 187k EUR and 161k EUR, respectively.

On average, the Group employed 127 full-time employees in 2021, as compared to 115 in the previous year. Additionally, the Group employed two part-time employees in 2021, the same as in the previous year. In Sales and other departments, the Group had four freelancers, as compared to four in the previous year.

Taking into account part-time and freelance employees, Artnet employed a monthly average of 127 and 121, respectively, in 2021 and 2020. The employees are allocated to the following expense categories:

	2021	2020
Cost of Sales	58	53
Sales and Marketing	41	42
General and Administrative Expenses	14	11
Product Development	13	15
Total Personnel Expenses	127	121

18. Defined Contribution Plans

The subsidiary Artnet Corp. offers a retirement plan to all qualifying employees, which qualifies under the 401(k) section of the Internal Revenue Code of the United States. The assets of this plan are held separately from those of Artnet Corp. and are managed by a trustee. Participating employees may contribute up to 100% of their annual salary, but not more than statutory limits. Artnet Corp. has a discretionary matching contribution each year. In 2021 and 2020, the matching contributions were 161k EUR and 124k EUR, respectively.

19. Earnings per Share

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

	2021 EUR	2020 EUR
Numerator (Earnings): Net income for the fiscal year	(795)	1,924
Denominator (Number of Shares): Weighted average number of ordinary shares used to calculate basic earnings per share (issued and fully paid ordinary shares)	5,627,986	5,559,338

20. Other Disclosures on the Consolidated Statement of Comprehensive Income Net Operating Income

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

	2021 EUR	2020 EUR
Scheduled Amortization/Depreciation	1,329	1,361
Personnel Expenses	14,252	12,485

Other Income and Expenses

In 2021, the realized and unrealized currency exchange rate losses amounted to 24k EUR (2020: currency exchange rate gain of 129k EUR). Additionally, a loan of 1,462k EUR was included in the other income. The loan was granted by the U.S Small Business Administration as part of the Paycheck Protection Program (PPP) in 2020. PPP loans are eligible for full forgiveness if certain conditions and requirements are met. Artnet's application for loan forgiveness is currently being reviewed by its lender.

21. Segment Reporting

The Group reports on the operating segments in the same way it reports this information internally to the Management and Supervisory boards. Internal reporting was changed at the end of 2021, with no impact on current reporting. In the future, the segments "Marketplace", "Data" and "Media" will be presented.

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

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

The segment reporting is shown in multilevel Contribution Margin calculations. In the first stage, the difference of the generated revenues and the direct attributable variable costs is Contribution Margin I (CM I). In a second step, variable indirect costs, which are not directly attributable to a segment, are subtracted from the CM I by allocating them to the segments with an allocation key. The so-determined Contribution Margin II (CM II) is the amount available by segment to cover the fixed costs.

Management decisions for segments are based on the CM II (revenue minus direct and indirect variable costs), which is therefore presented below as the segment result. Indirect attributable expenses are allocated to the segments using the ratio of headcounts and revenue for each segment. The segment reporting is presented, similarly to the internal communication, in US dollars.

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

2021	Revenue k USD	Contribution Margin II k USD
Artnet Galleries	5,634	2,722
Artnet Price Database	7,946	4,499
Artnet Auctions	5,175	135
Artnet News	5,943	592
Total	24,697	7,948

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

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

Reconciliation of Segments Contribution Margin II to the Operating Income	2021 k USD	2020 k USD
Contribution Margin II	7,948	7,214
Fix Costs included in Sales Expenses Including Depreciation 465k USD (Previous Year: 486k USD)	4,009	2,577
Fix Costs included in General and Administrative Expenses including Depreciation 1,103k USD (2020: 1,066k USD)	4,225	3,867
Fix Costs included in Product Development Expenses	604	552
Operating Income	(890)	217

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

2021	Revenue in Consolidated Income Statement k USD	Allocated Advertising Revenue k USD	Revenue by Segment k USD
Segments	–	–	–
Artnet Galleries	5,134	500	5,634
Artnet Price Database	7,721	225	7,946
Artnet Auctions	5,158	17	5,175
Artnet News	387	5,555	5,942
Allocated Advertising Revenue	6,297	(6,297)	–
Total	24,697	–	24,697

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

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

2021 k USD	Scheduled Depreciation/Amortization	Allowance for Bad Debts
Artnet Galleries	379	65
Artnet Price Database	402	75
Artnet Auctions	410	364
Artnet News	378	2
Total	1569	506

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

22. Information by Geographic 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 geographic market:

Revenue	2021 k EUR	2020 k EUR
US	12,097	11,030
Europe (excluding Germany)	4,834	4,367
Germany	1,448	1,370
Other	2,510	2,177
Other	20,888	18,943

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

As in the previous year, the Group's scheduled depreciation and amortization amounting to 1,332k EUR, is mainly allocated to assets in the United States 2020: 1,361k EUR).

23. Auditor's Fees
The auditor's fees for the audit of the annual financial statements of Artnet AG and the consolidated financial statements of the Artnet Group amounted to 96k EUR in 2021, of which 26k EUR related to the previous year. In addition, 17k EUR and 14k EUR were attributed to other services in fiscal years 2021 and 2020, respectively (audit-related consulting). All fees will be expensed in 2021 and 2020, respectively

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

Management Board

Jacob Pabst is the CEO of Artnet AG and Artnet Corp. In the 2021 and 2020 fiscal years, Jacob Pabst received the following remuneration from the Group:

	2021 k EUR	2020 k EUR
Fixed Salary	381	394
Value of Additional Payments (Health Insurance)	5	5
Fixed Remuneration Components	386	400
Bonus (Variable Compensation)	0	0-
Total	399	400

Supervisory Board

In the 2021 fiscal year, the following people were Supervisory Board members:
- Dr. Pascal Decker, Berlin, Germany, Chairman of the Supervisory Board of Aktiengesellschaft TOKUGAWA i.L.
- Hans Neuendorf, Berlin, Germany
- Prof. Dr. Michaela Diener, Berlin, Germany, Deputy Chairman

Remunerations in the following amounts were paid to the members of the Supervisory Board in the 2021 and 2020 fiscal years:

	2021 k EUR	2020 k EUR
Hans Neuendorf	25	45.1
Dr. Pascal Decker	50	35.3
Prof. Dr. Michaela Diener	37.5	9.3
Total	112.5	103.4

Other Transactions with Related Parties

During the fiscal year, Galerie Neuendorf AG sold one item on the Marketplace platform, Artnet Auctions. In accordance with the terms and conditions at the time of the auction, no commission was charged for the sales, as the value of the artwork exceeded 15k USD.

For related parties of Mr. Hans Neuendorf and related parties of Mr. Jacob Pabst (CEO), work or consulting services at standard market conditions totaling 376k EUR in 2021 and 299k EUR in 2020, respectively, were recognized as expenses.

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

25. Accounting Estimates and Judgements

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

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

Deferred Tax Assets

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

Capitalized Costs of Website Development
The capitalization of website or software development costs relates to new products, material additions, or improvements to the website that the Group anticipates will lead to revenues or cost savings in the future. The revenue and cost projections for these new products and developments are based on Management's best estimates, but actual results may differ from these projections.

Provisions
Based on reasonable estimates, provisions for possible legal issues will be recorded. Opinions from external experts such as lawyers or tax advisors will be considered for such evaluations. Any differences between the original estimate and the actual outcome in the respective period can have an impact on the net assets, financial position, and results of operations of the Group.
For current provisions, a cash outflow is anticipated for the 2021 fiscal year.

26. Significant Events After the Balance Sheet Date
There were no reportable events of significance after the balance sheet, as of December 31, 2021 to May 4, 2022, that could have a material impact on the Group's financial position or results of operations.

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

Announcement Date	Person or entity subject to the notification obligation: (Complete chain of subsidiaries starting with the top-ranking controlling person or the top-ranking controlling company):	+ = exceeding – = reduction	Threshold %	Date on which threshold was crossed or reached	Voting rights in % (Absolut)	Comments
12/30/21	Rüdiger K. Weng	–	25	12/23/21	25,59%	
01/14/22	Andrea S. Schaeffer	+	5	12/23/20	5,34%	
10/12/16	Andreas Langenscheidt	+	3	10/06/16	3,36%	
12/30/19	Dr. Kyra Heiss	–	5	12/17/19	5,24%	
12/23/20	Andrew E. Wolf	–	3	12/23/20	4,66%	
10/06/15	William B. Fine	+	3	10/01/15	3,24%	

Berlin, May 4, 2022

Jacob Pabst
CEO, Artnet AG

Independent Auditor's Report

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

Independent Auditor’s Report

To Artnet AG, Berlin

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

Report Audit Opinions

We have audited the consolidated financial statements of Artnet AG and its subsidiaries (the Group or Artnet), which comprise the consolidated statement of financial position as of December 31, 2021, and the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the financial year from January 1, 2021, to December 31, 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of Artnet AG for the financial year from January 1, 2021, to December 31, 2021. In accordance with the German legal requirements, we have not audited the content of the declaration on corporate governance posted on the Group’s website and referenced in the group management report in the section “4: Declaration of Corporate Governance Pursuant to § 289f and § 315d of the German Commercial Code.

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

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of the German commercial law pursuant to § 315e Abs. 1 HGB (Handelsgesetzbuch: German Commercial Code) and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as of December 31, 2021, and of its financial performance for the financial year from January 1, 2021, to December 31, 2021, and;
- the accompanying group management report for the year 2021 as a whole provides an appropriate view of the Group’s position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with the German legal requirements, and appropriately presents future development opportunities and risks. Our audit opinion on the group management report does not cover the group management report’s above-mentioned unaudited content.

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

Basis for the Audit Opinions

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

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from January 1, 2021, to December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon, we do not provide a separate audit opinion on these matters.

In the following, we present key audit matters:

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

Re 1) Revenue Recognition and Deferred Revenue

a) Financial Statement Risk

For the fiscal year from January 1 to December 31, 2021, the Group recognizes revenues in the amount of 24,697k USD (20,889k EUR). In addition, payments received of 2,499k USD (2,197k) are recognized as contract liabilities as of December 31, 2021. In particular, the Group offers contracts for art market-related IT services with different terms for which customers regularly make advance payments (contract liabilities). In addition, the Group generates revenue from the brokerage of contracts for the purchase of artworks and from the publication of advertising on the Group's websites.
The Company's disclosures on revenue recognition and accrual are included in Note 12 "Revenue recognition and accrual" to the consolidated financial statements and in the sections "Results of operations" and "Revenue development" in the management report.

Revenue is recognized when the performance obligation is fulfilled. For service contracts, the Group recognizes revenue on a straight-line basis over the term of the respective contracts by reversing the contract liabilities on a pro rata basis. Both standard ERP systems and internally developed applications are used to calculate the reversal amounts.
The risk to the financial statements lies in the inappropriate presentation of revenue recognition and, in particular, the understatement of contract liabilities. In our view, revenue recognition was of particular significance for our audit due to the required deferral, the high number of transactions and the central importance in the context of capital market communication.

b) Review Procedure and Conclusions

Based on a comprehensive system survey, we have assessed the adequacy of the accounting process for revenue recognition and its implemented controls. Among other things, we assessed the adequacy of the established processes and controls from the formation of contract and invoicing up to the recognition of revenue and deferred revenue. Building on this, we have, in the course of our audit, randomly tested what we consider to be material controls with regard to their continued effectiveness and assessed, with the involvement of specialists, the relevant IT systems supporting the recognition of revenue and deferred revenue. Also, based on data analysis, we examined the complete and accurate transfer of accounting-related information between the different IT systems and its correct financial reporting. We also tracked and assessed individual transactions in random samples. We have determined that the systems, processes, and controls for the recognition of revenue and deferred revenue are suitable in guaranteeing the appropriate presentation of revenue recognition. In our review of the effectiveness of controls, no objections arose regarding the implementation of the controls.

Re 2) Capitalization of Development Costs

a) Financial Statement Risk

In the consolidated financial statements of artnet AG as of December 31, 2021, intangible assets in the amount of 4,598k USD (4,042k EUR) are recognized. In the fiscal year 2021, development costs in the amount of 796k USD (700k EUR) were capitalized. These are exclusively attributable to the FALCON project.
The Company's disclosures on capitalized development costs are included in Note 2 "Summary of significant accounting policies" and Note 7 "Intangible assets" in the notes to the consolidated financial statements and in the sections "Development of costs and earnings" and "Net assets" in the economic report, in the section "Research and development" and in the sections "Risk report" and "Opportunity report" in the group management report.
First, artnet AG identifies development projects that generally meet the requirements for capitalization under IAS 38 in conjunction with SIC 32. These projects are divided into the research phase and the development phase based on certain milestones. Subsequently, in particular the personnel expenses for in-house programmers and the expenses for external consultants incurred

during the development phase are allocated to the identified projects in order to determine the amount to be capitalized.
From our point of view, the capitalized development costs were of particular importance, as the recognition and measurement of this item, which is significant in terms of amount, is based to a large extent on estimates and assumptions made by the legal representative.

b) Review Procedure and Conclusions
For all development projects viewed as capitalizable by the Management Board, we have reviewed those decisions by examining individual cases to confirm whether criteria have been met. The review of individual cases was based on discussions with the head, as well as the staff of the Engineering Department. Also, we have acknowledged the decision to capitalize with the support of in-house presentations, which outline the goal and purpose of the respective development projects and their benefits for the Group. We have assessed the adequacy of the accounting process for determining capitalized expenses based on a comprehensive system survey and the acknowledgement of implemented controls. In individual cases, we matched capitalized personnel expenses to payroll accounting and external costs to invoices. We are convinced that the assumptions and assessments made by the executive director regarding the fulfillment of criteria for capitalized development projects are sufficiently documented and justified. The valuation of the capitalized development projects was made on a transparent basis.

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

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

The Supervisory Board is responsible for the Supervisory Board report. The executive director and the Supervisory Board are responsible for the declaration pursuant to Section 161 of the Aktiengesetz (AktG - German Public Limited Companies Act) on the German Corporate Governance Code, which is part of the declaration on corporate governance posted on the

Group’s website and referenced in the group management report in the section “4: Declaration of Corporate Governance Pursuant to § 289f and § 315d of the German Commercial Code”.

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

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

- is materially inconsistent with the consolidated financial statements, the Group management report information included in the content audit, or our knowledge obtained in the audit, or,
- otherwise appears to be materially misstated.

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

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

The executive director is responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRS’s as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the executive director is responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. In preparing the consolidated financial statements, the executive director is responsible for assessing the Group’s ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so. Furthermore, the executive director is responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group’s position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive director is responsible for such arrangements and measures (systems) they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements and to be able to provide sufficient appropriate evidence for the assertions in the group management report. The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and whether the group management report, as a whole, provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements, and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report. We exercise professional judgment and maintain professional skepticism throughout the audit.
We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion. The risk that material misstatements are not detected is higher in the case of non-compliance than in the case of inaccuracy, as non-compliance may involve fraud, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report to design audit procedures that are appropriate in the circum- stances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the executive director and the reasonableness of estimates made by the executive director and related disclosures.
- Conclude on the appropriateness of the executive director use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express [audit] opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the executive director in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive director as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance a statement that we have complied with the relevant independence requirements and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards. From matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are, therefore, the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter.

Other Legal and Regulatory Requirements

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

Reasonable Assurance Opinion

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

In our opinion, the reproduction of the consolidated financial statements and the group management report contained in the above-mentioned attached electronic file and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format. We do not express any opinion on the information contained in this reproduction nor on any other information contained in the above-mentioned file beyond this reasonable assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the financial year from January 1, 2021, to December 31, 2021, contained in the “Auditor’s Report on the Consolidated Financial Statements and on the Group Management Report” above. We also do not express an opinion on the Company’s voluntary disclosures in the notes to the consolidated financial statements, the group management report and additional disclosures in the consolidated statement of comprehensive income that are not required by law.

Basis for the Reasonable Assurance Opinion

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

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

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

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

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

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

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

• Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of § 328 Abs. 1 HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.

• Obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.

• Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815 on the technical specification for this electronic file.

• Evaluate whether the ESEF documents enable an XHTML reproduction with content equivalent to the audited consolidated financial statements and to the audited group management report.
• Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the Annual General Meeting on December 15, 2020. We were engaged by the Supervisory Board on March 11, 2021. We have been the group auditor of Artnet AG. Berlin, without interruption since the 2002 financial year. We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

German Public Auditor Responsible for the Engagement

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

Hamburg May 4, 2022

Ebner Stolz GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft

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

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

Useful Information for Shareholders

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

Management Board
Jacob Pabst, CEO

Artnet Worldwide Corporation
Jacob Pabst,

CEO Artnet UK Ltd.
Jacob Pabst, CEO

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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
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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 via ir@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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