



2022

Sustainability Report

Foreword

The dawn of a new era in sustainable business practice is upon us, and the Pro Gamers Group is poised and ready to embark on this transformative journey. It is with great anticipation and commitment that the group presents its inaugural Sustainability Report. This significant milestone marks the commencement of a strategic endeavour to weave sustainability into the very fabric of its organization.

This report introduces the Pro Gamers Group's foray into the realm of sustainability. In this mission, the group acknowledges the complexities and potential costs linked to this commitment. However, it recognizes sustainability as a critical and strategic initiative, one that will ultimately drive long-term value creation.

The Pro Gamers Group, a conglomerate of diverse companies within the gaming industry, acknowledges the challenges of reducing greenhouse gas (GHG) emissions while maintaining its business model. A significant portion of the group's emissions is an inevitable by-product of necessary operations, such as manufacturing processes and logistics, which are integral to the group's operations. Furthermore, these activities often require the use of third-party factories and logistics infrastructure, further limiting the group's control over emissions.

The Pro Gamers Group also operates in a highly competitive, price-sensitive industry. In this context, the additional costs associated with offsetting or managing GHG emissions present a significant challenge. Passing these costs directly to consumers could render the group uncompetitive, while absorbing these costs could threaten the group's profitability, thereby impacting the value for shareholders.

However, the Pro Gamers Group believes that with careful strategy and management, it can strike a balance between minimizing GHG emissions and protecting its bottom line. This balance requires careful consideration of the delicate interplay between its commitment to the environment and its responsibilities to its shareholders, customers, and employees.

The Pro Gamers Group is taking its first steps on the path to sustainable business practices. Its approach to sustainability is pragmatic and strategic, focusing on the GHG emissions it can reduce without compromising its business verticals or incurring prohibitive costs. It also explores innovative solutions, such as carbon credits, to address emissions that are more challenging to reduce.

Despite the complexities and challenges, the Pro Gamers Group believes that over the long term, sustainability will not only help the planet but also drive shareholder value. The growing public preference for sustainable companies and products is poised to reward businesses that take the lead in integrating sustainability into their operations.

The publication of this inaugural Sustainability Report is thus not merely a symbolic act; it is a strategic decision and a pledge to all stakeholders. It is an invitation for everyone to join the Pro Gamers Group on its journey towards a sustainable future. The group's unwavering commitment to sustainability is a testament to its vision and ambition to become an industry leader in sustainability.

Description of The Pro Gamers Group's Operations and Subsidiaries

The Pro Gamers Group is a dynamic and globally recognized conglomerate located in Berlin, Germany, with a specialty in the expansive world of gaming. Comprised of ten distinct operating companies all over the world, each contributes an essential facet to the multifaceted operations under PGG's purview.

Our diverse family includes Aerocool, Ducky, and Pro Gamersware Taiwan (PGWT), all incorporated in Taiwan and engaged in designing and marketing their individual gaming brands. Caseking Germany (CKDE), incorporated in Germany, PC Case Gear (PCCG) in Australia, Jimms in Finland, and Overclockers UK (OCUK) in the United Kingdom each contributes significantly to our sales operations. These entities operate by selling products through a variety of channels, including their compact retail stores attached to the warehouse, online platforms, and B2B business. Trigono, based in Sweden, primarily excels in B2B sales while additionally dabbling in software distribution. Kellytech (CKHU), based in Hungary, further strengthens our B2B presence. Lastly, Caseking Iberia (CKPT) in Portugal stands unique with multiple retail stores in addition to its online and B2B sales, providing a comprehensive shopping experience to our customers.

PGG engages in two primary business verticals: the design and manufacturing of innovative gaming products, and the marketing and sales of these products. In the realm of product creation, our focus lies on developing high-quality gaming offerings, spurred by our commitment to innovation. This process is characterized by the unique connection we maintain with our consumer base, allowing us to develop products that resonate with the gaming community.

In terms of product marketing and sales, PGG manages an extensive network that includes online shops, retail stores, and our B2B business. Our reach extends to over 125 countries, where we deliver a wide array of gaming products to our global customers, both directly and via redistributors.

In the e-commerce sphere, PGG has a significant presence. We provide a broad range of gaming products, earning a trusted reputation among our international clientele. Our distribution and retail operations bolster our digital presence, supported by strategic partnerships in B2B and Direct-to-Consumer avenues and collaborations with respected industry brands.

Brand marketing also forms a key part of PGG's operations. With our marketing expertise, our brands have achieved international visibility and have gained favor among customers worldwide. Our marketing strategies span multiple channels and involve collaborations with media and industry influencers, working towards enhancing our brand presence.

Additionally, PGG has an active role within the esports community. We sponsor our accomplished esports team, Sprout, and engage in partnerships with prominent entities within the esports industry. This involvement not only deepens our connection with the gaming community but also contributes to the rapidly growing esports sector.

In summary, Pro Gamers Group operates across diverse areas within the gaming industry, including product design and manufacturing, sales across multiple platforms, brand marketing, and esports engagement. Our involvement in these different yet interconnected operations, driven by a commitment to excellence and innovation, allows us to be a significant participant in the global gaming industry.

PGG's 2022 GHG Emissions

This section of our 2022 Sustainability Report encapsulates PGG's GHG emissions for 2022, as per GHG Protocol standards. Our initial report doesn't include scope 3 emissions (related to third-party activities such as manufacturing and logistics) due to their complexity. Instead, we have chosen to focus on comprehending and managing our direct (scope 1) and energy indirect (scope 2) emissions more effectively. While GHG Protocol doesn't mandate including all scope 3 emissions, we aspire to evolve our reporting framework to include these gradually, considering their precise reporting feasibility, their contribution to our total scope 3 emissions, and our potential to influence them.

Scope 1 emissions are mainly generated from the combustion of fuel for heating in our buildings and through our limited fleet of company-operated vehicles, especially from the use of natural gas in our German locations. In contrast, Scope 2 emissions arise solely from our electricity consumption, which powers various operations - from office lighting and servers to climate control and charging the limited number of electric vehicles at our facilities.

PGG employed an extensive calculation methodology to understand its Scope 1 emissions. This method revolved around aggregating fuel usage data, applying emissions factors from the IPCC's 2019 guidelines to attain emissions in CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, and NF₃, and then converting these emissions into equivalent metric tons of CO₂ (tCO₂eq) using Global Warming Potential values. As per PGG's calculations, using the above described methodology, PGG's Scope 1 emissions in 2022 was 116.6 tCO₂eq. PGG's methodology for calculating its Scope 1 emissions were checked and validated by ClimatePartner after which they verified our Scope 1 emissions to be 116.6 tCO₂eq.

For our Scope 2 emissions using the location-based method, we worked closely with ClimatePartner. By considering the electricity consumption of all our locations, we calculated emissions that exclude the upstream electricity emissions in Scope 3. Abiding by the GHG Protocol, we utilized both our company's consumption data and emission factors researched by ClimatePartner, leading to a calculated emission of 542.28 tCO₂eq.

In tandem with ClimatePartner, our Scope 2 emissions via the market-based approach were determined to be 741.79 tCO₂eq. This calculation employed specific emission factors for the electricity we procured. When these were unavailable, we turned to factors for the residual mix in the country of operation or, if

still unavailable, the average grid mix of the country. By reporting through both location-based and market-based methods, we facilitate a direct comparison with the country-specific average.

A notable point is that we didn't differentiate between location-based and market-based approaches for calculating our scope 2 emissions in this report, as prescribed by the GHG Protocol. This is due to our organizational setup, with many smaller offices in larger complexes where third-party managers control energy contracts, hindering us from securing contractual emission factors. For the few that do control their energy contracts, providers have revealed they currently lack the capability to provide these factors but are developing this ability. Hence, we used location-based emission factors exclusively for this report.

Our drive is to lead with transparency and dedicated commitment. Even as we presented a detailed report of our Scope 1 and Scope 2 emissions this year, PGG aspires to incorporate all emission scopes in our upcoming sustainability reports. By closely collaborating with esteemed partners like ClimatePartner and continually refining our methodology, we look forward to making meaningful strides in our journey toward sustainability.

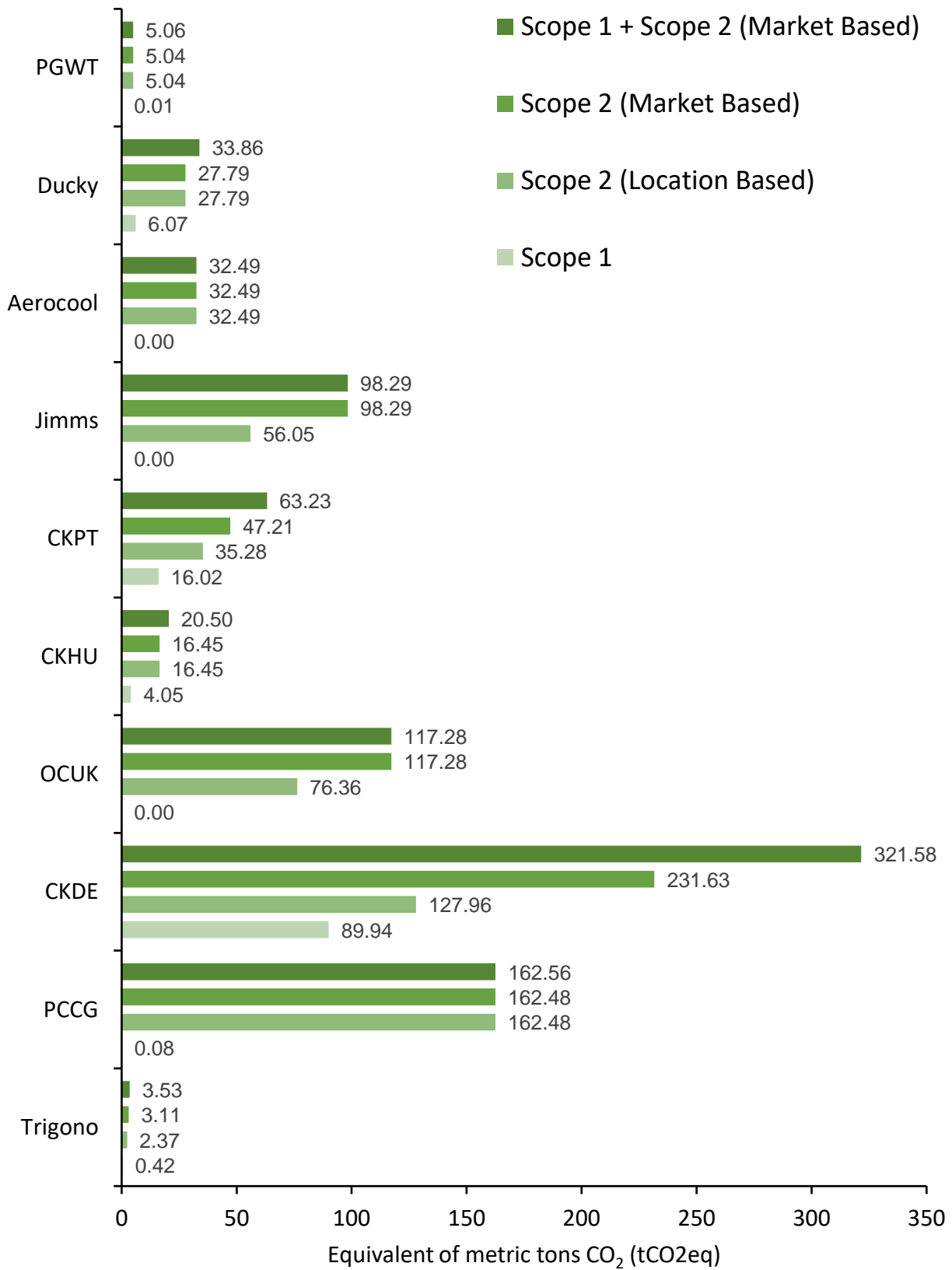
Pro Gamers Group 2022 GHG Emissions¹

GHG Scope 1 Emissions (tCO₂eq)²	116.60
GHG Location Based Scope 2 Emissions (tCO₂eq)²	542.28
GHG Market Based Scope 2 Emissions (tCO₂eq)²	741.78
GHG Scope 1 & Market Based Scope 2 Emissions (tCO₂eq)²	858.38
GHG Emissions Intensity based on Scope 1 and Market based scope 2 emissions ((tCO₂eq)²/Full year 2022 revenue in millions of Euros)	1.936

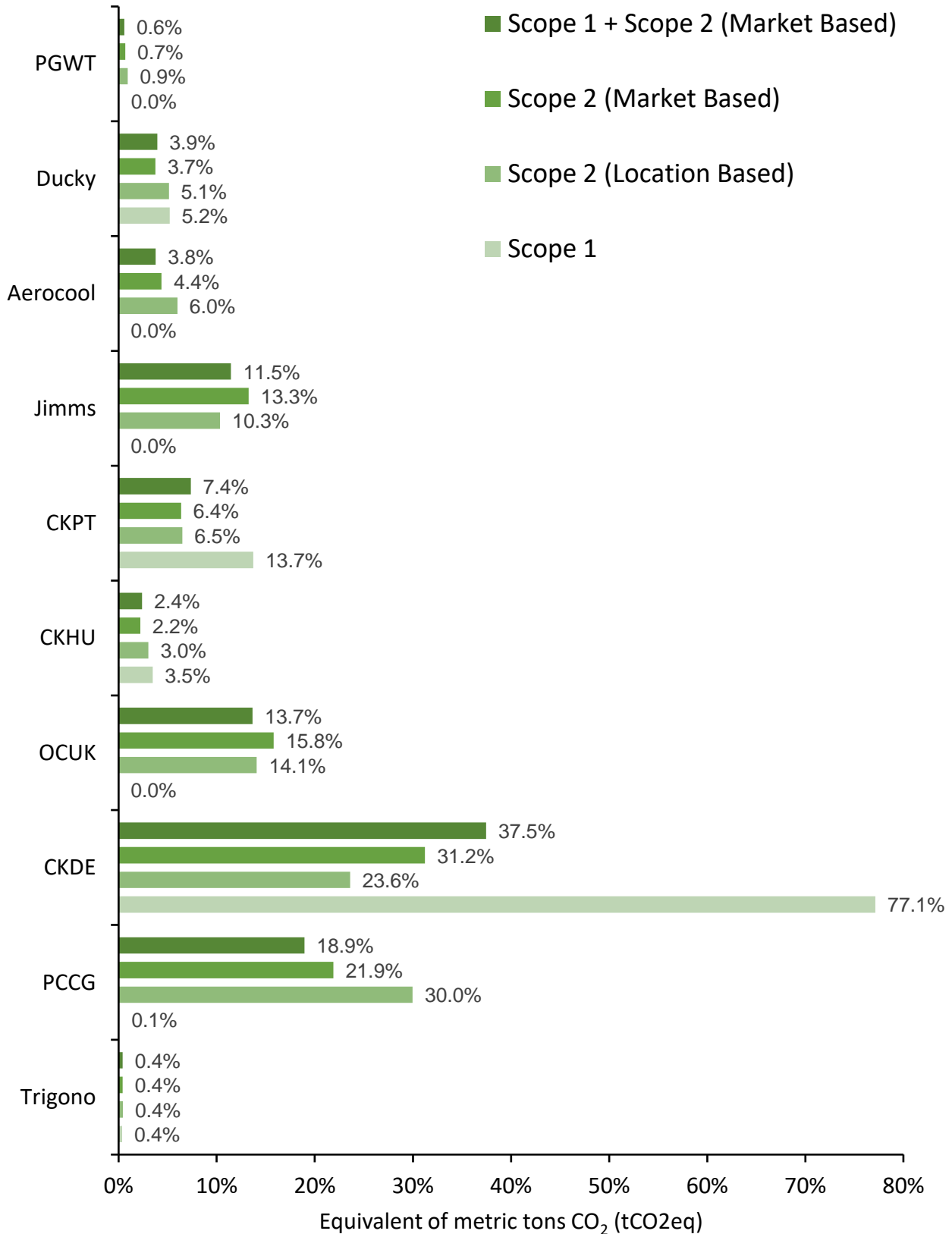
¹For a detailed description of how exactly all of the figures in the above table were calculated please refer to the descriptions of the calculation methodologies found and the beginning of this section of PGG's 2022 sustainability report. All the figures presented in the above table have been verified by our ESG verifier, ClimatePartner.

²tCO₂eq stands for "tonnes of carbon dioxide equivalent." It's a unit measuring greenhouse gas emissions based on their global warming potential, allowing different gases to be compared to CO₂'s impact

Pro Gamers Group GHG Emissions by Entity



Pro Gamers Group GHG Emissions Attribution by Entity



Executed PGG Greenhouse Gas Mitigation Initiatives

Caseking & GLS Partnership – Carbon Neutral Parcel Delivery

As part of our comprehensive commitment to sustainability, the Pro Gamers Group actively seeks opportunities to balance and counterbalance our environmental footprint. We are particularly proud of the steps taken by Caseking Germany, our largest subsidiary both in terms of employee strength and annual revenue, towards greenhouse gas (GHG) offsetting. This initiative was kickstarted in January 2021, when Caseking decided to engage in GLS's Klimaprotect Program.

The Klimaprotect Program, epitomizes sustainable package delivery. It aims to render both domestic and international parcel delivery carbon-neutral by offsetting all GHG emissions resulting from package transportation and other operational activities. This is achieved by endorsing and financially backing a range of certified climate protection projects run in partnership with ClimatePartner.

In 2022, GLS was responsible for delivering 37.2% of Caseking's parcels. Throughout the year, under the aegis of the Klimaprotect program, Caseking offset 98.618 Kg of CO₂ equivalent emissions. This was made possible via ClimatePartner's Forest Protection Project, based in Madre de Dios, Peru.

The Madre de Dios region lies within the Vilcabamba-Amboró Corridor, one of the world's most biodiverse areas. This region is home to various endangered species and indigenous communities, but their existence is threatened by road construction and related developments such as agriculture and livestock breeding. The ClimatePartner project protects an area of 100,000 hectares and assists local communities in managing it sustainably.

The significance of forest protection in the fight against global warming cannot be overstated. Forests, apart from being significant carbon reservoirs, are also home to a vast diversity of species and provide livelihood to many people. Forest protection projects, like the one in Madre de Dios, strive to preserve forests long-term, emphasizing the value of forest conservation over deforestation.

Contributing to this project, Caseking not only managed to offset a portion of the emissions related to product transportation but also demonstrated its unwavering commitment to sustainability. As highlighted earlier in this report, several GHG emissions linked to the Pro Gamers Group's business model are challenging to reduce, thus making them perfect candidates for carbon offset programs like the Klimaprotect.

As we move forward, Caseking plans to sustain its participation in this program, and we will continue to explore similar initiatives with our other logistics partners. In our quest to build a greener gaming industry, we remain firm in our belief that every small step counts towards a substantial collective difference.

PC Case Gear & TechCollect Partnership - Improved E-Waste Management

PC Case Gear, functioning as The Pro Gamers Group's Australian presence, partnered with TechCollect to enhance the recycling process of the electronics we sell, driving our commitment to environmental stewardship in the gaming industry.

TechCollect, managed by the Australian and New Zealand Recycling Platform (ANZRP), offers a comprehensive solution for recycling electronics. They focus on converting e-waste into valuable materials, significantly reducing the amount of waste heading to the landfill. With a robust network of collection points across Australia, TechCollect has impressively recycled 135,000 tonnes of e-waste since 2011.

Furthermore, TechCollect proactively addresses data security concerns linked to e-waste disposal and promotes education around responsible e-waste recycling. Their innovation extends to a mobile e-waste factory designed to boost e-waste processing in regional areas.

PC Case Gear actively supports this initiative by contributing the e-waste derived from our gaming products to TechCollect's recycling efforts. In 2022, we forwarded 217.41 tonnes of e-waste to TechCollect, contributing to an estimated reduction of 295 tonnes of carbon emissions over the lifecycle of these products.

This partnership with TechCollect represents a critical aspect of PC Case Gear's, and by extension The Pro Gamers Group's, effort to incorporate sustainable practices in our operations. We are committed to reducing our environmental impact, ensuring responsible product lifecycle management from design to end-of-life.

Forward-Looking PGG Strategies for Mitigating Greenhouse Gas Emissions

As outlined in the foreword of our inaugural Sustainability Report, The Pro Gamers Group acknowledges the complexities and costs associated with implementing sustainable business practices. Taking this into account, we are proactively exploring several mitigation initiatives for reducing our greenhouse gas emissions in the years ahead.

Our first area of focus involves Scope 3 emissions, largely associated with upstream and downstream operations integral to our business model. Key contributors include not only the transportation and manufacturing processes of our gaming products, but also the packaging operations. We recognize the inherent complexities of accurately measuring and reporting these emissions due to their indirect control and the integral role they play in our operations. However, over the coming years, we aim to enhance our Scope 3 reporting capabilities by first targeting those activities where we can accurately calculate and report our emissions. We also understand that many of these operations are currently inescapable due to a lack of feasible alternatives that do not contribute to GHG emissions. This doesn't deter us from seeking innovative solutions that balance environmental responsibility, market competitiveness, and stakeholder expectations.

In parallel, we are actively exploring the acquisition of carbon credits as a viable solution for offsetting these emissions. Furthermore, we recognize the importance of empowering our customers with environmentally conscious options. While we are currently unable to provide our customers with the ability to offset the emissions associated with the products they purchase from us, we are committed to exploring and hoping to implement this in the coming years.

As for Scope 1 and Scope 2 emissions, the energy consumed within our buildings is a primary contributor. Recognizing this, we are reviewing our energy contracts and investigating the feasibility of generating our own renewable energy. We aim to gradually transition towards green energy suppliers and possibly create our own renewable energy sources. These potential changes need to be balanced against additional costs, emphasizing our responsibility to maintain cost-effectiveness alongside our commitment to sustainability. Enhancing energy efficiency within our leased real estate assets also remains a focus, despite the complexities arising from our property agreements.

The journey toward a more sustainable future for The Pro Gamers Group is both proactive and strategically calculated. As we move forward, our commitment is to continue investigating, innovating, and strategically implementing initiatives to offset and reduce our GHG emissions. This is done with the dual goals of honoring our commitments to customers, shareholders, and the broader gaming industry, while also taking meaningful strides towards sustainability.