



Media and Games
Invest Group

SUSTAINABILITY REPORT 2020

MEDIA AND GAMES INVEST SE



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SUSTAINABILITY REPORT MEDIA AND GAMES INVEST SE

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A WORD FROM OUR CEO

"I am proud to present Media and Games Invest SE's first formal sustainability report. Life is not only about financials and numbers; we need to take our responsibility towards sustainability and integrate this into our acting. While we have had a strong focus on sustainability since the start of our journey eight years ago, we have also honed our focus on and invested in sustainability in 2020. While we see sustainability as a 'natural', we are happy to also report on it and to give our stakeholders a good insight into the measures we have taken and are further preparing.

2020 has altogether been an extraordinary year for the world and for Media and Games Invest SE as a company. The pandemic forced all sectors of the economy as well as all people to rethink and react. While it has been a good year for the gaming sector with growing numbers of players as people were forced to stay at home due to the pandemic, the media side struggled in Q2 but came back even stronger afterwards. MGI was able to grow in both synergetic sectors in 2020, organically as well as via M&A.

Our games segment realized strong revenue growth of 74% versus 2019, which was achieved due to several large and small content updates in our games and porting our games to other platforms, with a strong tailwind from the lockdowns with people staying at home and increased demand for social interaction. In the advertising market, the pandemic led to a sharp drop in revenues of over 4% in the global advertising market due to declining advertising budgets of many companies based on insecurity as well as the lockdowns especially in Q2 2020. MGI's media unit however not only showed an impressive growth of over 59% versus the previous year but also used the year to further develop its product offering to better serve both advertisers and publishers across the digital advertising ecosystem going forward. Also, the synergies between our gaming and media segment showed further positive impact, driving organic growth in both segments. Based on this successful growth and the investments in further growth, MGI hired a total of 194 employees across all entities, offering stable employment despite the ongoing pandemic in 2020 and increasing its total number of employees to over 650 including the acquisitions we have made during 2020.

MGI has been operating sustainably for many years. The fact that we have been converting most of our games to resource-saving cloud solutions for many years instead of running them in large, inflexible traditional data centers and offering our employees flexible working time models are only two examples showing that there have been many individual, often independent activities at MGI that are not specifically combined under the aspect of sustainability. It is undisputed that sustainability is becoming more and more important for society as a whole and we want to do our part while running a successful business.

We are convinced that this is not only possible, but mutually dependent. In this context, MGI has decided to take 2020 as a year to analyze its current status quo and to work on solutions to assume our part on the way towards an even more sustainable future. In 2020 for the first time a formal Sustainability Committee has been established consisting of experts in various fields and top management that reports on the current status of the company to the Sustainability Board which includes C-Level Executives and the Board of Directors. To grasp the individual understanding of sustainability of our stakeholders better, we have also conducted a materiality analysis in cooperation with imug consulting agency resulting in a plan for action. In parallel, MGI has become a signatory of the UN Global Compact during 2020. As we have been focusing on efficient and sustainable energy consumption for a while now, one of our stated goals is to further reduce our carbon footprint and become carbon neutral until the end of 2022. These are only some measures we have initiated, and I am pleased to present our first sustainability report to give an overview over the actions we have taken during the course of 2020."

Remco Westermann, CEO and Chairman of MGI Group



This report is the first sustainability report of Media and Games Invest SE and should serve to gain an understanding of the current status quo of the MGI Group in respect to sustainability. It is the company's goal to constantly work on improvements of its sustainability as well as its sustainability reporting.



OUR SUSTAINABILITY HIGHLIGHTS IN 2020

ADTECH



CARES

MGI's media unit Verve Group became a partner of AdTechCares.



MGI's games segment launched a cooperation with Eden Reforestation Project resulting in a total of over 200,000 trees planted.



Within the new hires during 2020, equality was nearly achieved (43.81% Female / 56.19% Male).



42 different nationalities at MGI

MGI is a melting pot of cultures with offices in 18 locations and employees from 42 different nations.

.planetly

MGI is collaborating with planetly and aims to become carbon neutral until the end of 2022.

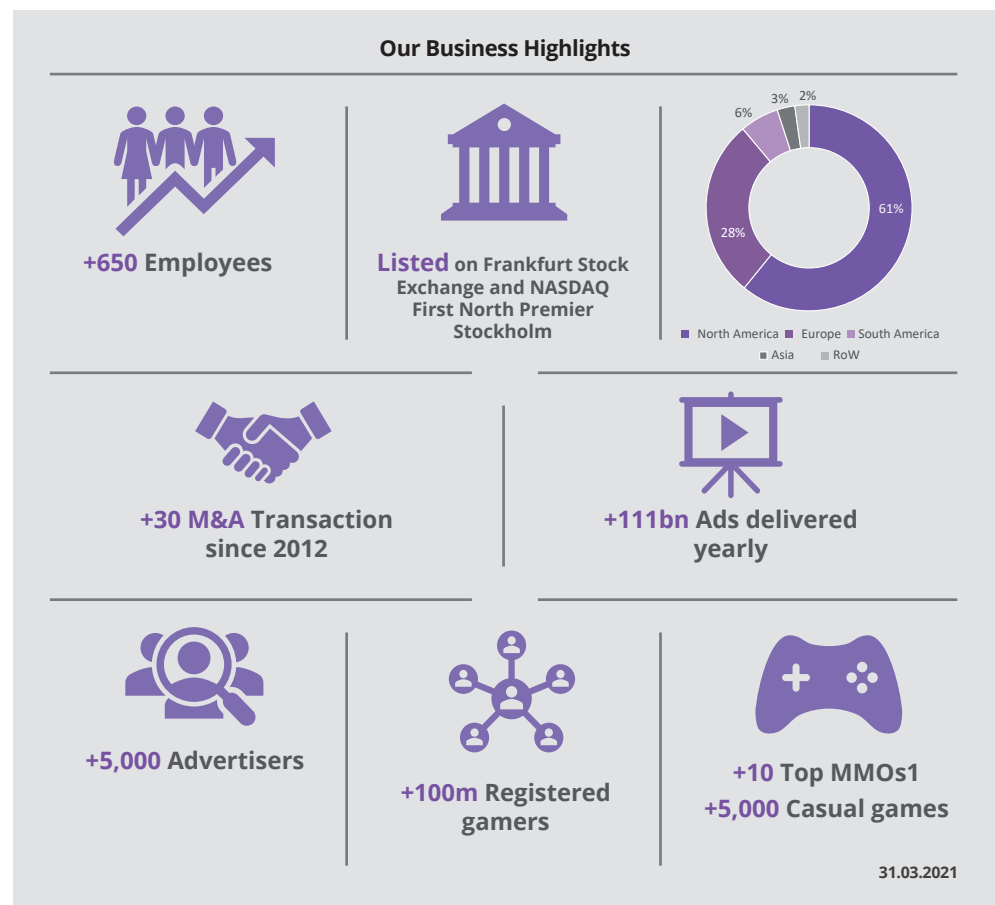
WE SUPPORT



MGI has become a signatory of the UN Global Compact during 2020.

OUR BUSINESS – A GENERAL OVERVIEW

Media and Games Invest SE ("MGI" or "The Company" or "The Group") is a digitally integrated games and media company with main operational presence in Europe and North America. With roots dating back to 2000, the Group experienced rapid growth in the recent years due to successfully combining an active M&A strategy and organic growth. More than 30 value-generating synergetic acquisitions in the last six years coupled with successful organic growth initiatives led to continuously strong and profitable growth with a revenue CAGR of over 45% over the last 6 years.



The acquisition of assets and companies has always been an integral part of our business model. The acquired assets and companies are integrated to leverage synergies and amongst others, cloud technology is actively used to achieve efficiency gains and competitive advantages. After initially operating with a core focus on the games segment, MGI began to expand its business to the synergetic digital advertising world in 2016. As a games publisher, efficient user acquisition in the highly competitive games market is one of the key success factors in addition to high-quality content. As we were not satisfied with the results of external media partners due to inefficiencies based on a lack of effectiveness and transparency, we decided to implement our successful "Buy, Integrate, Build and Improve" strategy in the media area as well and thus establish a more efficient in-house solution for efficient user acquisition. Since then, our media unit has proven to be a high-growth and profitable technology business and is one of the leading providers in the field of brand advertising, user acquisition and app monetization for games companies and working for customers such as Easybrain, Zynga or Gamejam.



MGI's games segment ("gamigo group") offers more than 10 Massively Multiplayer Online Games (MMOs) and over 5,000 casual games. Genres range from role playing, to fantasy and strategy MMOs, and include such diverse titles like Trove, Aura Kingdom, Desert Operations, Grand Fantasia, Fiesta Online, Pirate101 and Wizard101¹ which have been established in the market for many years with strong and loyal communities. gamigo group strives to support these MMO games with regular fresh game content, frequent large updates, and targeted marketing to continuously add excitement and innovation, enabling lively communities and long-term user retention. This extends the games' lifespans and keeps players engaged and entertained. In addition to maintaining our existing games portfolio, gamigo group continuously licenses games exclusively from recognized third-party developers and publishes them in our core markets North America and Europe.

MGI's media segment ("Verve Group") today offers a fully integrated programmatic SaaS platform, which offers full transparency from advertiser until consumer, for all major ad-formats on web, mobile web, in-app, connected TV as well as digital out of home. The offering is based on modules, where partners can choose between fully self-serve, partial, or complete solutions as well as managed and supported services. The Verve platform contains open-source software and is fully data protection compliant for all major markets worldwide. The ability to optimally match supply and demand throughout the value chain, gives the Verve platform a significant advantage over single focus supply and/or demand side platforms each optimizing their own part but, in the end, creating less efficient overall results.

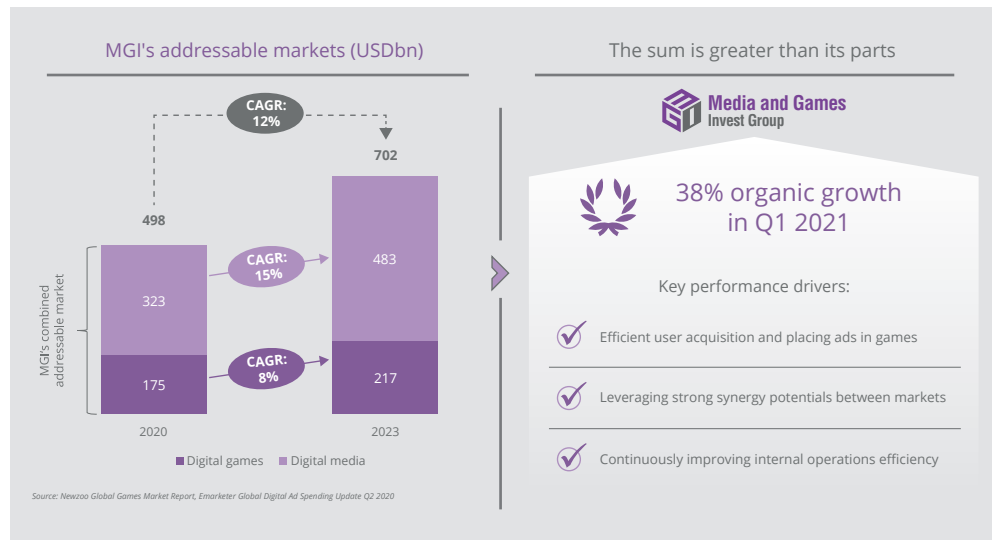
By combining Verve Group's and gamigo group's positions and expertise, MGI benefits from strong synergies between the two segments and also profits from the growth potentials in each market. Verve Group supports gamigo group by enabling targeted advertising for their games and therefore ensures efficient user acquisition to attract more players into the games. This expertise is also made available to the other Verve Group customers, as Verve Group understands the needs of advertisers as well as publishers very well and has as such a great base for further profitable growth.

¹ Wizard101 and Pirate101 were acquired in January 2021.



Our Markets

MGI focuses on two main segments in the market: the games and the media sector which are both very attractive and promising businesses and have significant synergies. To use the synergies between media and games and to offer attractive games to the right target audience, MGI combines its knowledge of both sectors within one company.



Games

In the last quarterly update of the Global Games Market Report by Newzoo, analysts have increased their forecasts for the coming years. The global games market is expected to grow to over USD 217 billion, which translates into a CAGR of more than 9% (2018-2023).²

Besides the strong growth of in-game revenues, the increased time spent with games is noteworthy. According to Activate Consulting, the pandemic facilitated an increased time spent with games across all platforms and this trend is likely to stay long-term. Of the overall 19% increase in time spent on games during the pandemic, a 14% increase is expected to stay after it ends. Moreover, games are representing a larger part in the daily time budget for media consumption. While average internet consumption seems to be saturated, time spent on games is expected to grow with a CAGR of 3.4% until 2024. This trend of more time spent on gaming can also be observed as the daily time budget for media consumption is expected to further shift in favor of gaming: While the average internet and media consumption per adult seems to be saturated and therefore is expected to grow only slightly at a CAGR (2020-2024) of 0.2% to a total of 13:20 hours per day, gaming is expected to grow from today's 1:44 hours to a total of 1:59 hours in 2024 (CAGR 3.4%). This might occur at the expense of other media such as video (CAGR -1.2%). The Covid-19 pandemic has been serving as a catalyst for this trend, increasingly reaching highly diversified demographics as gaming allows for lively interaction and acts as an important social platform/community in an otherwise heavily restricted social life.³ In Germany, for example, 46% of gamers are over 40 years old and 48% are women. This shows that the games industry has long since ceased to be a niche market but is rather an established and still strongly growing mass market in which nowadays even live concerts by real musicians are given within a game, which are attended by more people than in real life.⁴

² Global Games Market Report 2020 – November Update

³ Activate Consulting – Activate Technology & Media Outlook 2021

⁴ https://www.game.de/wp-content/uploads/2020/12/Games-Studie_2018-20_HMS_2021-01-26_V3.pdf



Media

While the global advertising market declined by around 4%⁵ overall last year due to the pandemic, this Covid-related hit was less significant in the digital advertising sub-sector. Digital advertising proved to be very robust and, after a decline in the second quarter, rose again significantly (driven primarily by advertising spend via video games and e-sports) and made up for these losses during the rest of the year. Thus, the digital advertising market grew less strongly in the pandemic year 2020 than in previous years, but still by around 12%.⁶ Due to a faster than expected economic recovery, supported by economic stimulus packages and a decline in Covid rates, overall advertising spend is expected to increase significantly again this year. For example, industry specialist eMarketer expects digital ad spend in the US, the biggest advertising market in the world and MGI's core market, to grow by around 26% in 2021.⁷ Covid caused the shift from traditional media to digital media to accelerate further. In 2020, the digital advertising market accounted for around 59% of the total market. It is expected to increase to 70% by 2025, with the overall market growing at the same time.⁸ The market is likely to grow to over USD 520 bn by 2024 according to eMarketer.

Within digital advertising, programmatic represents more than two thirds of digital ad spend already. The programmatic ad-tech landscape has a similarly fragmented structure as the gaming market, with a large number of apps being published and advertised on a daily basis through a large variety of channels and platforms. Programmatic exchanges and bidding are more efficient and win-optimising and the global market is driven by technical change and optimisation, AI, programmatic advertising and tracking, high growth rates, solid margins and market consolidation.

Lastly, the increasing number of devices and platforms lead to increased time spent on digital devices translating into an average annual growth rate of 10% of time spent on digital. And while Google and Facebook take a significant share of the global digital advertising market, the open internet has a share of 50% with significant potential for independent players.⁹

⁵ Magna: GLOBAL ADVERTISING LANDSCAPE Winter 2020 - <https://magnaglobal.com/wp-content/uploads/2021/04/MAGNA-GLOBAL-AD-FORECASTS-DECEMBER-2020-SUMMARY-PRESENTATION.pdf> (page 21)

⁶ PWC / IAB - Internet Advertising Revenue Report 2020

⁷ eMarketer: US Digital Ad Spending 2021 - <https://www.emarketer.com/content/us-digital-ad-spending-2021>

⁸ Magna: GLOBAL ADVERTISING LANDSCAPE Winter 2020 - <https://magnaglobal.com/wp-content/uploads/2021/04/MAGNA-GLOBAL-AD-FORECASTS-DECEMBER-2020-SUMMARY-PRESENTATION.pdf> (page 27)

⁹ Wall Street Journal: <https://www.wsj.com/articles/amazon-surpasses-10-of-u-s-digital-ad-market-share-11617703200>



SUSTAINABILITY CHALLENGES AND OPPORTUNITIES IN OUR INDUSTRY

Adhering to and working on environmental, social and corporate governance factors is an important focus area and brings challenges but also opportunities to the games and media industry. For us at MGI, there are five sustainability priorities in particular that are essential for the development of our Group and our impact on the environment:



Founded as a games company, part of MGI's mission is to animate the world to play and to offer exiting and diverse games to our community and thereby discovering new ways to be playful and engage in a social network while offering a safe and open environment where everybody can be her- or himself. During the Covid pandemic, it has become even clearer how important this social aspect is.

According to our analysis, the games and media industry is facing challenges that are particular to the industry. Those are amongst others the high energy consumption due to the extensive usage of data centers, data protection of all stakeholders of the company and youth protection both on the games and the media side of the business as well as the hunt for and retention of talented employees. We as MGI intent to address these issues with our actions which are explained in detail in the last part of this report.

Diversity and Fair Play in our Products and Services

Offering diverse and engaging products and services and providing a culture in which everyone, no matter their background can feel welcome and accepted, can be a challenge. Making sure to provide all products and services in a variety of languages, so that many people can enjoy them, requires a lot of manpower. Creating an engaging product portfolio that caters to all kinds of different needs and preferences can be difficult. Ensuring that discriminative actions or bullying are avoided or, if they occur, are sanctioned needs an alert customer support, and active community management to detect such misconducts as early as possible. Making sure all stakeholders and minors in particular are protected from fraud or abuse in any way needs a constant analysis of one's product and service portfolio but also offers the opportunity for new developments to protect all participants.

Providing Data Protection and Security

While there are legal obligations in terms of data protection and security and youth protection, this is another area which can pose both a challenge and an opportunity for media and games companies. Keeping up with the current legal changes and requirements demand a high attention to detail from all companies. Just following the legal framework might be enough, however we see a great opportunity by proactively approaching these topics by creating further guidelines and joining privacy and youth protection initiatives.



A Great Team and an Inspiring Workplace

In an increasingly specialized world, the hunt for and retention of talent has also had an impact on the media and games industry. Companies need to provide the right framework conditions in order to have satisfied and engaged employees that are motivated and willing to work for your company. This means that companies will need to pay even more attention to create work environments that offer acceptance, fairness and respect and which provide possibilities to grow and develop oneself while maintaining a good work-life balance. Also, in this field Covid had and will have an even stronger impact in the future; office situations as well as the question if we expect employees to work in offices and for how many days will become a very important topic for the near future.

Working towards a Greener Future

High energy consumption is an important topic both for media and games companies. Due to the high server capacity needed to develop and publish games but also to run a programmatic ad platform, the CO2 footprint of games and media companies can become quite impactful. This is a factor that should be monitored closely by all companies and is something where all actors in the industry have an opportunity to make changes for the better such as a commitment to use green energy or switch to more efficient -multi-use- cloud solutions which can be more easily adapted to the current data needs. Softwares like planetly help to understand and investigate the different scopes of emissions to get transparency on the biggest emission drivers and "automate carbon management, from data collection to reduction strategies and offsetting measures."

Corporate Governance

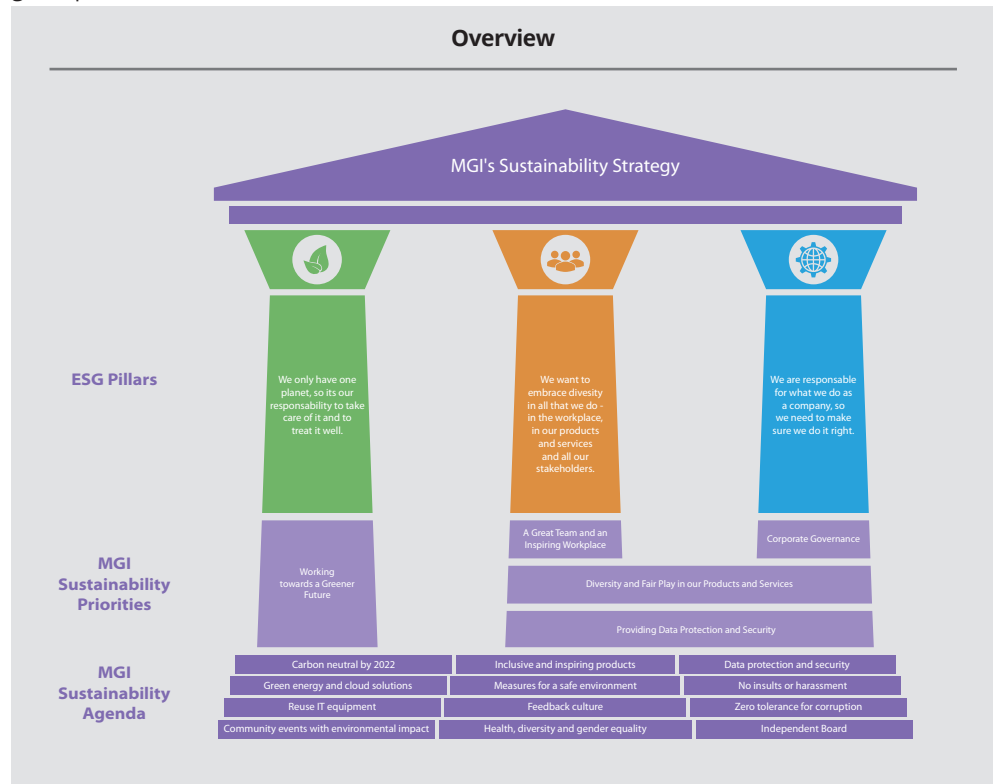
Corporate governance refers to acting in accordance with the principles of responsible corporate management geared to sustainable value creation and should aim to include all areas of the company. Transparent reporting and corporate communication, corporate management that is aligned with the interests of all stakeholders, cooperation between management and the board based on trust, and compliance with applicable laws are among the essential cornerstones of a modern corporate culture.



OUR UNDERSTANDING OF SUSTAINABILITY

Sustainability should be the focus of every business and every individual. Everyone has a responsibility to invest in sustainable development to "meet the needs of the present without compromising the ability of future generations to meet their own needs."¹⁰ MGI is committed to taking on this responsibility and to playing their part in creating a more sustainable world.

To visualize our strategy we have created the following short diagram for all our stakeholders to get a quick overview:



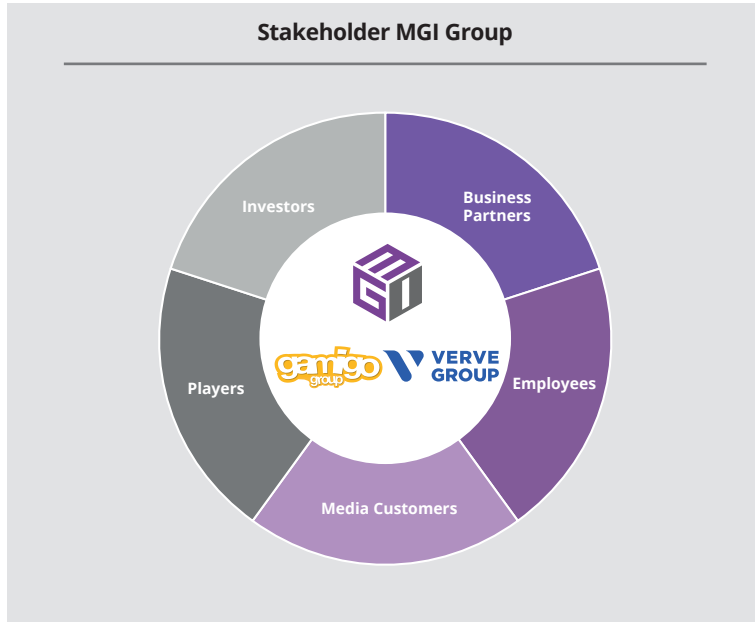
As a games and media company, one of our most important goals is to have long-term relationships with our customers and partners meaning that they are satisfied with our games and services and that they can enjoy a safe environment in which to play and interact. It is our responsibility to provide an environment in which diversity is accepted and encouraged and in which everyone either playing the games, profiting from our products or working at MGI can develop to their best potential.

¹⁰ World Commission on Environment and Development, 1987



Interaction with our stakeholders

MGI, being a business with two business segments – games and media – engages with its different stakeholders in order to take their insights in terms of sustainability into account when taking decisions for the business. In addition to actively asking, we have also established communication tools to get our stakeholders involved.



Employees of MGI have the opportunity to make suggestions by using an anonymous postbox but are also involved directly via e.g. workgroups and questionnaires. For the players, MGI has regular events in the games to engage with the community such as the Eden Reforestation Project (see Chapter "Working towards a Greener Future") and players can contact gamigo group by using satisfaction surveys, engaging in the forums and communities of each game or by contacting the responsible community manager or the customer support agents directly. Media customers can contact the Verve Group customer support and their responsible sales contact. Investors can speak to the management of MGI and ask questions during the quarterly updates and are free to contact the management or the investor relations department at any time should they have concerns or suggestions in any regard.

In addition, MGI actively pursues open and transparent communication both directly and indirectly with its stakeholders.

Actively pursuing sustainability for MGI

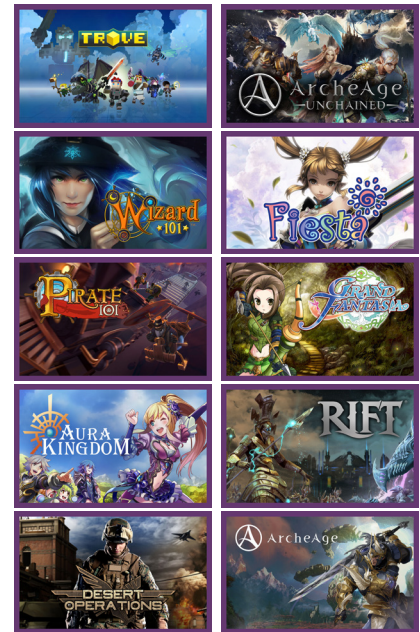
In early 2020, MGI initiated a comprehensive analysis pertaining to the sustainability efforts of the Group. We were supported in this undertaking by imug consulting, a German sustainability expert consulting group, which analyzed the current status of effort. Starting from this base, clear guidelines for action were established and are being constantly developed by the management of MGI. During the analysis, the most relevant aspects for MGI were identified, resulting in MGI's five ESG cornerstones already mentioned before: "Diversity and Fair Play in our Products and Services", "Providing Data Protection and Security", "A Great Team and an Inspiring Workplace", "Working towards a Greener Future" and "Corporate Governance". As part of the program, we have established a Sustainability Committee consisting of experts in various relevant fields that reports directly to the Sustainability Board which includes C-Level Executives and the Board of Directors and to strengthen our engagement we have also become a signatory of the UN Global Compact.



DIVERSITY AND FAIR PLAY IN OUR PRODUCTS AND SERVICES

MGI is committed to create products and services that are inclusive and inspiring for all stakeholders and that are accessible to everyone. In this context, MGI has implemented policies and takes initiatives throughout the whole Group but also for the individual units, games and media, thereby offering interesting and diverse products and services to all.

To inspire the world to play, MGI commits itself to creating an inclusive game environment that caters its games to communities across the globe. To make the games as accessible as possible, gamigo group offers a broad portfolio of online PC, console, and mobile games as well as different genres such as casual games, role-playing and strategy games to a diverse global userbase. The vast majority of our products are MMOs, Massively-Multiplayer-Online games. These products specifically thrive by maintaining healthy, engaged player communities with the clear focus on team- and group play. In addition to regular updates, in-game events and competitions, new items and expansions are developed on a continuous basis and made available which increase the gameplay fun and enable swifter successes. The overarching gameplay principle is based on cooperation and the shared experience of adventure and exploration. gamigo group's communication highlights the community aspect of our games in its messaging and specifically maintains a strong dialogue with the player base in all relevant social channels.



Multiplayer games bring together people of diverse social backgrounds, nations and genders. Forming and maintaining communities has a strong effect on player retention as well as social contact between players across continents and social boundaries. This has become even more relevant during the pandemic, where the promotion of online communities has a strong potential to help decrease social isolation, encourage dialogue and form friendships.

To make our games available to as many people as possible, our in-house localization department provides high quality translations, and all games are accessible at least in English, German and French while most games are also available in a variety of additional languages, currently up to 18 which allows even more players to enjoy the games. To develop our services and further innovate our approach, gamigo group is working with different partners to find solutions which can translate more content in a shorter period of time while using technology such as machine learning to constantly improve the translation results.

gamigo group opposes any kind of insults, sexual harassment, racist or hateful language, threats or bullying, and we have implemented preventive measures and sanctions for misconduct. All games have in-game communities and have groups or pages on the various social media platforms, which are moderated by community managers who have established a Code of Conduct, which allows all players to play in a secure and healthy environment. Players who are conspicuous because of their misconduct are warned and banned in case of repetition. Such great communities cannot be created without the help of volunteers, who are willing to support gamigo group's team of community managers by moderating chats, guide people to positive issues, defuse conflicts and create an inclusive environment. These volunteers are the beacons of the community and report issues to the community managers.



To foster an engaging exchange with the players and the community, gamigo group has run several in-game events in addition to recurring seasonal events. To celebrate 20 years of gamigo group, we have celebrated with various contests and weekly in-game challenges in our games. Players were invited to share their most memorable experiences with their favorite gamigo group games



and had the opportunity to win an exclusive anniversary hoodie. Once a year, we also celebrate our volunteers with a party in the Hamburg office, and even though we had to postpone this event in 2020 due to Covid-19, we are looking forward to continuing this long-lived tradition as soon as the situation allows the safety of everyone involved. Our tradition started in 2013 with the team of Fiesta Online and was extended with the team of Last Chaos in 2019. For the upcoming years, the plan is to invite even more volunteers from different games. The

Get Together is important to gamigo group to say thank you to all the volunteers, building team spirit and discussing relevant topics and a chance to get everyone together at one table for a weekend full of fun and knowledge sharing.

To offer the player community an opportunity to voice their concerns and wishes for the games and about gamigo group as a company, quarterly player satisfaction surveys were established. This allows us to identify and prevent issues before they are coming to pass and helps gamigo group to maintain sustainable games and engaged communities that are inspired to play.

The rules and responsibilities relating to our games portfolio are summarized in our Responsible Gaming Policy, which purpose is to describe MGI's strategy in terms of preventing gaming related disorders.

At Verve Group, we also reject any kind of insult, sexual harassment, racist or hateful language, threats or bullying in the ads delivered through us and have implemented preventive measures and sanctions for misconduct. Our advertising partners are required to follow strict content guidelines and Verve Group prohibits the serving of prohibited content such as sensitive adult content, graphic violence, illegal drugs, spyware, malware, pirated content and weapons. Additionally, our publishing partners must follow similar content guidelines. If these content guidelines are not followed, we remove these advertisers and publishers from our platforms.

Verve Group is focused on prioritizing transparency in advertising and creating a safe and privacy-first ecosystem for consumers, advertisers and publishers. We are a trusted partner of over 5,000 advertisers and brands with direct connections to more than 4,000 publishers and apps globally. Both our advertising and publishing partners span the globe, and ads from our platform are served on a wide variety of channels including desktop, mobile, in-app, connected TV, and digital-out-of-home. Our publisher partners, in particular, come from a wide range of verticals such as games, news, social, utilities and entertainment. Similarly, our advertising partners come from diverse industries like retail, automotive, games, and finance. With different offices globally and around 200 technology enthusiasts across the Verve Group team, including 60+ engineers, Verve Group is focused on building cutting-edge technologies and transforming the way ads are delivered and the way consumers interact with them.

Apart from creating a safe and enjoyable environment in all games and services offered by the two business units, gamigo group pays particular attention to create a safe environment in its games and portals in terms of young players. Special protections for children and young people are established and a Youth Protection Officer monitors the activity in the game and informs gamigo group's Legal Department with quarterly reports about the current status. gamigo group has also implemented community rules which describe how to behave in general, but also how to behave in different situations, includes a Code of Conduct for each game and has two external Data Protection Officers (US and EU) that monitor gamigo group. More details on this topic can be found in the next chapter.

PROVIDING DATA PROTECTION AND SECURITY

As a globally operating games and media company, the data protection and safety are of the utmost importance to MGI. To create a safe environment for all stakeholders, we have taken several actions and are continuously updating and improving these measures.

Since MGI is active in different jurisdictions globally, we must adapt our operations and keep ourselves on the most current level of the law. User integrity is of the highest importance to MGI. Therefore, we adhere strictly to the General Data Protection Regulation. For the Group operations within the United States, the Californian Consumer Privacy Act is followed. Processing of customer data is in strict accordance with applicable data protection regulations and every new employee that joins MGI is required to complete a data protection and data security training.

Data protection has a particularly high priority in the whole Group. It is a firm conviction that we can only grow sustainably if personal data of customers and users is handled responsibly. The great importance of data protection is visible in the entire Group. This is expressed on the one hand in Group-wide projects such as a common cookie practice (active user opt-in needed for non-essential cookies) or a unified data protection manual for all MGI employees and on the other hand in division-specific solutions such as the introduction of a fully automated "delete account" function in our games for the games division to further ensure that customers/data subjects can quickly and efficiently exercise their rights under GDPR and CCPA, the latter to be fully implemented on all gaming platforms of gamigo group by end of Q2 2021. To ensure that data protection is implemented consistently and that data protection considerations are taken into account at an early stage in internal projects, MGI is in the process of appointing In-House Data Protection Coordinators. These are employees from the various departments who will be specially trained to recognize privacy issues in advance and to classify them in cooperation with MGI's data protection law team in order to develop a data protection-friendly solution right from the beginning.

It is important to MGI to always give our customers and users maximum transparency about how their personal data is processed. This includes information about how and which data is collected, for what purposes it is processed, to whom the data is passed on and when it is deleted again. For this purpose, we updated our protection statements and continue to work to ensure that the information is always up to date.

In order to ensure the correct handling of personal data, it is also essential that every employee knows what must be observed if personal data is processed in the course of work. To ensure this, MGI has a two-stage training concept for its employees. The first stage is the mandatory participation in an e-learning course during which employees are made aware of how to handle personal data. A regular refresher course for all employees is held annually, although departments can choose shorter intervals if they wish. The second stage is a classroom training, which is conducted by the Data Protection Officers together with the In-House Privacy Councils responsible for data protection. In addition to this two-step approach, employees are provided with further assistance in the form of a data protection policy and a comprehensive data protection manual.

Games

In order to create a safe environment to play, gamigo group is committed to build a strong games portfolio. Every game, that is added to the Group, is reviewed in terms of propaganda against the free democratic order, characteristics of unconstitutional organizations and incitements to hatred against any section of the population and such critical elements, whenever identified, are excluded from the games. gamigo group has established a Code of Conduct for every game as well as community rules which provide behavioral guidelines. In various of our games we already have installed chat filters and are working on rolling the filters out for our whole MMO portfolio, apart from that an automated reporting tool that allows players to easily report harassment or other violations to their privacy rights was installed.



To ensure that our customers feel comfortable in the games at any time, gamigo group takes care to create the according framework conditions so that everyone can develop freely and that in every game an atmosphere in which everyone feels welcome exists. At the same time, gamigo group also makes sure that the protection of minors is consistently implemented.

To achieve these goals, several different measures are in place. The forums of our games are moderated by community management staff and if there is any behavior among customers/users that contradicts the terms and conditions, the customer support will sanction the respective customers/users - after individual examination of the case. In addition, gamigo group has implemented various anti-fraud systems in the games to prevent such behavior.

Moreover, and particularly to protect minors, gamigo group is a signatory of the USK (German Entertainment Software Self-Regulation, PEGI-certification (Pan European Game Information and ERSB (Entertainment Software Rating Board for its core games. Additionally, the external Youth Protection Officer monitors the gamigo group and provides quarterly reports on the status of gamigo groups youth protection developments. To emphasize its players and particularly its young players safety even further, we have legal interventions against "pirate servers" in place which illegally offer games out of the gamigo group portfolio also to young players. By disabling these servers, gamigo group protects its young players from losing money to fraud cases. Similar actions are taken against "Gold Sellers" who illegally sell game currencies to other players in game. To protect its young players particularly, gamigo group reviews all purchase offers under competition law in order to protect all players from rash purchases. All these measures in combination ensure that we can offer our customers a framework in which everyone feels safe and in which the protection of minors is respected.

Lastly, all legal texts used, such as the general terms and conditions and the privacy statements on each of the gaming platforms of gamigo group will soon be supplemented with short age-appropriate summaries to make them easy to understand especially for young players.

Media

At Verve Group several advertising specific data protection and security measures were implemented. Verve Group advocates for full transparency in the open advertising ecosystem and promotes open-source monetization products such as Prebid, a global community of ad tech experts that develop open-source technologies to allow web and mobile publishers to implement header bidding on their websites and apps. Verve Group actively contributes to Prebid and also collaborates within the IAB Tech Lab, a community that enables growth and trust in the digital media ecosystem. Verve Group has received the IAB Tech Lab's Open Measurement (OM) SDK certification for display and native video ad formats. This certification provides Verve Group partners with stronger ad viewability measurement and verification for in-app advertising.

Consumer privacy is one of Verve Group's main priorities and we value creating an ecosystem that works for everyone: advertisers, publishers, and users/consumers alike. Verve Group is fully compliant with GDPR and CCPA and supports IAB Europe's Transparency and Consent Framework (TCF 2.0), a framework that defines regulations and technical specifications for digital operators to align them on transparency and user choice requirements found in EU privacy and data protection laws.

We rely on data for efficient user acquisition through our media unit Verve Group. We are therefore investing heavily in new technical solutions that will allow fully anonymized tracking in the future even as the underlying conditions change. Gamers, consumers as well as our B2B partners should feel comfortable with how we use their data, where consent and privacy are the main drivers. Our approach to everything we do in the media sector is therefore privacy first.



A GREAT TEAM AND AN INSPIRING WORKPLACE

A successful and reliable company can only be built if it has a strong and motivated team and can rely on expertise and talent for all its business areas. To achieve this, there are important factors that need to be considered, among which are "fair remuneration", "sound working environment", "job security", "formal and informal appraisals", "ability to grow and learn", "fun at work" and "promotion of health and wellbeing". MGI focuses on building an equal and inclusive workplace to ensure every employee gets the same opportunities to grow and that offers attractive career opportunities in a healthy working environment distinguished by diversity and gender equality, as well as a work-life balance. Providing exciting jobs with secure employment terms is the focus for a sustainable business and a key to continued growth.

Being an internationally operating Group, diversity has always been and will continue to be in focus. Due to our multiple acquisitions and operating globally with offices in 18 locations, MGI is a melting pot of cultures. While working on a single company culture which embraces the multicultural and international aspect, welcoming new employees that are added to the Group as new hires or via acquisitions has been a priority for MGI. We have therefore developed an onboarding process that allows us to quickly connect new employees to their peers and the required knowledge, resulting in them feeling valued and adding value from the day one.





At MGI, it does not matter who you are, where you come from or how old you are. MGI has zero-tolerance against all forms of harassment and discrimination based on ethnic or cultural background, sexual preference, or others and has a strong belief in diversity, equality, and inclusiveness. These are vital parts of the company culture and are addressed on the Group level. Just as the players in the games, MGI wants to create a diverse environment at work. This not only gives new ideas and stimulus but also helps to better understand the diverse players of the company's games and its different stakeholders. At the end of 2020 MGI employed over 650 employees who are working in 18 different locations. While there is always room for improvement, MGI is proud that within the new hires during 2020, equality was nearly achieved with 43.81% Female and 56.19% Male hires.

MGI has implemented HR policies that are designed to ensure equal access to employment, learning and development opportunities, as well as fair pay for equal skills and performance. The effectiveness of the HR policies is monitored in evaluations, talks with employees and surveys.

MGI is also taking the development of its employees seriously by offering a multitude of learning and development possibilities, including opportunities to share and compare practices and improve knowledge. The most common ways MGI seeks to develop employee skills and expertise are through:

- a. on-site training and virtual classrooms
- b. digital training courses
- c. internal and external conferences with experts, researchers, and international meetings to exchange ideas about specific skills and expertise.

By defining clear career paths and individual skills development plans, MGI contributes to the future of its employees. We foster a culture of developing creativity and autonomy for everyone in their area of expertise. Our managers are trained to be leaders and their job is focused on coaching and growing their own team members. One of the examples of an initiative improving leadership at MGI was the program "Handbook for Managers", launched in January-February 2020. All managers were invited and attended the on-site training, giving them the opportunity to ask questions, clarify uncertainties and contribute with their feedback to the optimization of the handbook. MGI also supports the internal development of mid- and upper-level management within its existing teams. By conducting bi-annual performance reviews, MGI gives employees the opportunity to be fairly assessed and promoted based on defined KPI's. Following the designed growth matrixes, team members are easily able to work on improving their specific skill set and grow into new levels of their internal career path.

As we have two different areas in which MGI operates (Media & Games), our employees are offered unique opportunities to participate in cross-functional projects across the sub-companies of MGI. All companies share the same business values, which ensures a smooth transition for employees who wish to move from one business sector to another. This also gives MGI the possibility to retain top talent while meeting the employee's development goals. In the event of a personnel shortage on a specific team or project, we are also able to utilize this broad range of expertise within our own workforce.

MGI understands the importance of health in the work environment and supports it in multiple ways. To foster the work-life balance and to give equal opportunities to employees despite their various life circumstances, MGI decided to implement a flextime policy. This policy gives team members more control over when they work and adapt their hours to suit their personal life. To ensure fluid collaboration, each office has established mandatory core working hours. Remote working has been widely implemented at all MGI subsidiaries in response to the Covid-19 health crisis. Support is in place and will continue throughout each country's respective lockdown to ensure the well-being of all staff members. To support the mental and physical health of employees, MGI implemented several initiatives allowing team members to connect with professionals providing expertise in areas of nutrition, mobility and stress management. Events that were highly appreciated by our employees were, among others, Health Day at gamigo group or Health Month at Verve Group, both organized in close cooperation with health insurance providers.

Throughout our offices all around the world, MGI offers a modern, flexible, stimulating and healthy working environment that enables a work-life balance. The offices have recreation/fun rooms, where employees have the possibility to take a break or get together with their colleagues. MGI further supports the health and wellbeing of employees by offering healthy snacks such as fresh fruits & vegetables in all our office locations.



Within MGI, satisfaction surveys (Onboarding feedback for new employees, exit interviews for employees leaving the company, employee satisfaction surveys, employee net promoter scores etc.) are being conducted on a regular basis to identify improvement and optimization points for the entire organization. This helps us to improve processes and ensure ongoing employee satisfaction.

As a reflection of the corporate culture that is warm, friendly, and open-minded, MGI works continually on building a community, both internally and externally. Internally, as one of the most recent initiatives, MGI formed a culture team that connects representatives from global entities and plans weekly group activities like informal knowledge sharing sessions, cooking classes, quizzes and other events. To support external communities, MGI in the past collaborated with local meetup groups by hosting events and providing experts as speakers.



WORKING TOWARDS A GREENER FUTURE

Alongside the virtual worlds MGI creates for the players, we also see ourselves as responsible for taking care of this planet. Especially gaming is energy intensive and therefore we have introduced several measures to reduce our impact on the environment. The goal is to become carbon neutral by 2022 at the latest and, if possible, go even beyond that to carbon negative, in order to clean up our past footprint.

Whenever possible, as a Group, MGI aims to use cloud resources to deliver our computing power. MGI aims to use data centers that are powered with green energy for the remaining non-cloud operations. Old and inefficient technology is replaced with newer environmentally friendlier solutions. This has resulted in significant energy savings throughout the Group as a whole.

MGI's main partner Google Cloud Platform and Amazon Web Services operate the cleanest cloud infrastructure in the industry by using artificial intelligence to constantly monitor the data centers and to improve energy utilization. Currently about 90% of cloud infrastructure of MGI is hosted on Google while around 10% is hosted on Amazon Web Services.



Google has eliminated all legacy emissions since 1998 and matched 100% of their electricity use with renewable energy since 2017 therefore operating with zero net emissions. Moreover, Google data centers are twice as energy efficient than the averaged and compared to five years ago deliver 7x the computer power for the same amount of electricity used. This is possible due to an AI-optimized approach which results in efficient data centers and better utilization. For example, the AI technology does a snapshot of thousands of sensors every 5 minutes to optimize the cooling control of its centers. By 2030, Google wants to run on carbon-free energy for all of its data centers 24/7.

By using cloud computing, MGI also avoids the need to travel to the data centers to perform maintenance and therefore produces less waste and uses less water and electricity compared to own physical servers. New acquisitions that become part of the group are migrated to MGI's cloud platform to benefit from the improved structure and the energy efficiencies of MGI's cloud solution.

All obsolete equipment, whether from a data center or from MGI offices, is either reused or is disposed of in an environmentally safe manner. MGI works with companies such as CDW in Europe and Centrics IT in the US to ensure that wherever possible, unused IT equipment can be given to people and companies that can make use of the equipment. If this is not possible, MGI ensures that the equipment is properly recycled so that potentially hazardous materials are extracted and cannot impact the environment.

MGI is also collaborating with planetly who are tracking the CO2 emissions throughout the Group and are helping to identify further potential for improvement for MGI to help us become carbon neutral until latest end of 2022.

The most successful cooperation to engage with players in 2020 was the reforestation event to fight the impact of deforestation by not only restoring the eco system in the affected areas but also supporting the local communities by promoting fair wages, employment for women and support



for single parents working in the local area. In May 2020, gamigo group launched a cooperation and project website with the Eden Projects program, in which players were encouraged to participate. Eden Projects is a non-profit organization that plants trees in reforestation projects across the world. All player purchases via the cooperation website would generate donations to Eden Reforestation Project, resulting in a total of over 110,000 trees being planted, with the help of community participation. The project was so successful that a second round was launched in December 2020 and into January 2021, resulting in another 100,000 trees to be planted this year. MGI is committed to continue community events with positive impacts on the environment and/or society in the future.



On the Group-side, MGI is offering employee grants to the use of public transport to commute to the office instead of using personal cars. Additionally, even with different locations and business partners all over the world, we encourage all employees to communicate through video conferences rather than travelling. The latest events with Covid-19 have once more shown that digital communication is possible on all levels. Moreover, MGI has policies in place that reduce waste such as a recycling policy, a "think-before-you-print" guideline, water dispensers in the kitchens to reduce the use of plastic bottles and further initiatives.

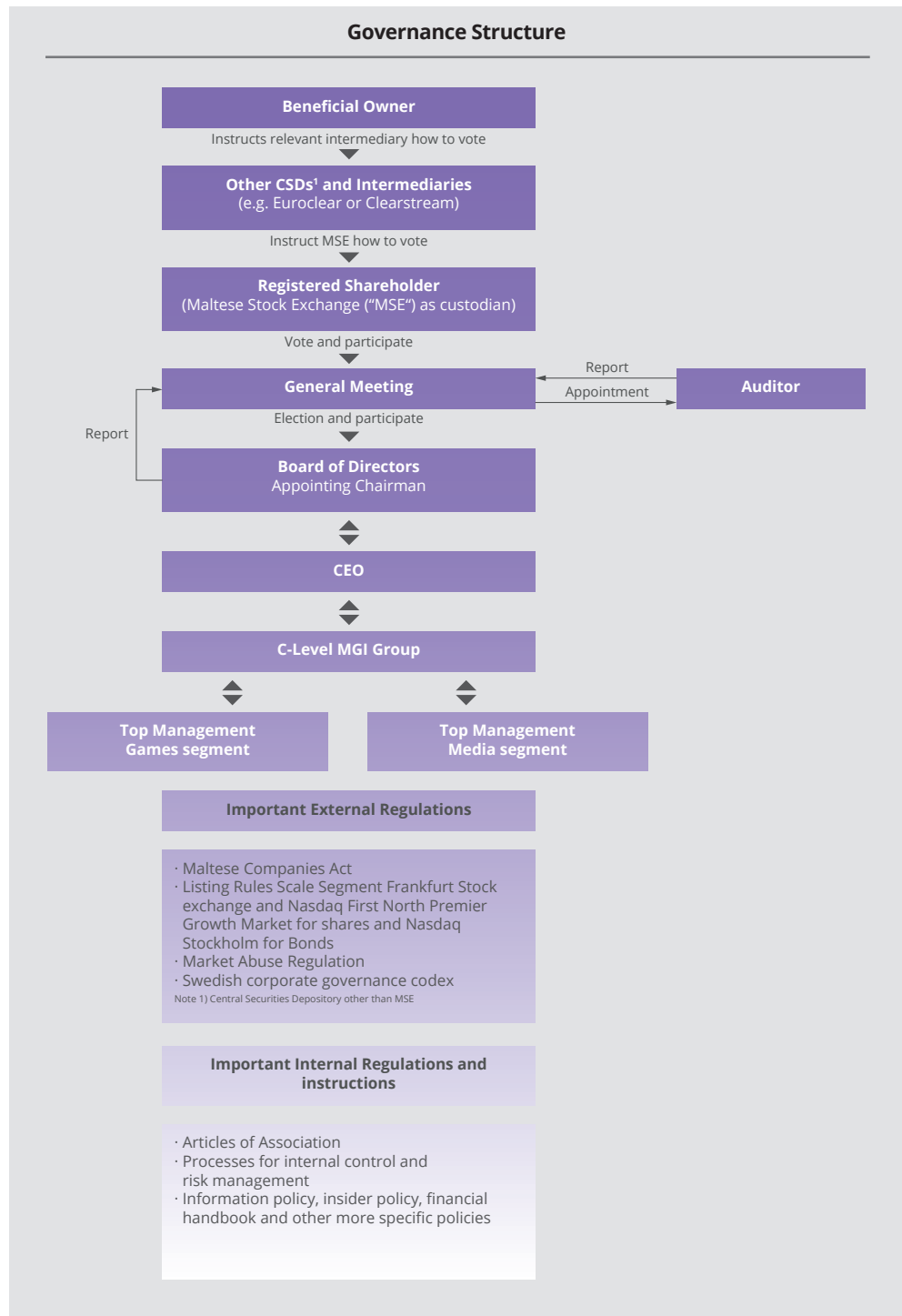




CORPORATE GOVERNANCE

Corporate governance for us means to act in accordance with the principles of responsible corporate management geared to sustainable value creation and should aim to include all areas of the company. Transparent reporting and corporate communication, corporate management that is aligned to the interests of all stakeholders, cooperation between management and the board based on trust, and compliance with the applicable law are among the essential cornerstones of a modern corporate culture.

The following overview shows the decision-making and reporting processes as well as the most important internal and external regulations and instructions, the organizational structure of MGI and the voting procedures:





The board of Media and Games Invest SE as of 31.12.2020 consists of three members (1 female, 2 male), of which two members are independent, and one member is dependent. The board of directors is appointed by ordinary resolution of the company during a general meeting. No remuneration is paid to the directors.



Remco Westermann

CEO of MGI and Chairman of the Board

- CEO of MGI and Chairman of the Board of Directors since 2018
- CEO of gamigo AG until March 2021
- Founder of the listed company Bob Mobile AG (later Cliqdigital AG)
- Previous experience from leading companies such as Balance Point and a consultant at Rost & Co.
- Remco holds a master's degree in business and economics and has over 25 years of professional experience, predominately from the mobile and online entertainment industry
- Holdings in MGI: 41,462,544 shares¹¹



Tobias M. Weitzel

Deputy Chairman, non-executive director and board member

- Tobias has been a member of the Group's Board of Directors since May 2018
- Member of the Board and founder of CREDION AG, a private debt provider and special alternative investment fund
- CEO and sole shareholder of Becker+Schreiner Kommunikation GmbH
- Tobias holds a diploma of the Cologne Journalism School for Politics and Economics
- Holdings in MGI: 499,728 shares, of which 333,000 are under a lock-up until March 2022 and 500,000 phantom stock¹¹



Elizabeth Para

Non-executive director and board member

- Elizabeth joined the Board of Directors of the Group in January 2020
- Career in financial markets since 1997
- Technical background spanning public and private fixed income and equity markets and has worked on both the investment and client facing sides of the investment management industry
- Holdings in MGI: 798,088 shares, of which 344,088 shares are under lock-up until March 2022 and 500,000 phantom stock¹¹

Since April 2021, we are delighted to welcome Antonius Fromme as third independent board member.



Antonius Reiner Fromme

Non-executive director and board member

- Antonius joined the Board of Directors of the Group in April 2021
- Graduated Business Engineer from University of Karlsruhe with extensive experience in mobile communication, online and offline marketing activities and digitalization.
- Joined freenet Group in 2009, Chief Customer Experience Officer of freenet AG since 1 June 2018, Member of the Executive Board

¹¹ 10.06.2021



The management team receives salaries in line with the market standard, which include both fixed- and long-term variable components. The remuneration of top management is published on the company's website and accessible to the public. The executive management team of MGI consists of Remco Westermann (CEO), Paul Echt (CFO) and Jens Knauber (COO). In addition to the MGI executive management, there is a further separate management team respectively for the games segment and for the media unit, which reports to the MGI executive management.



Remco Westermann

CEO of MGI and Chairman of the Board

- CEO of MGI and Chairman of the Board of Directors since 2018
- CEO of gamigo AG until March 2021
- Founder of the listed company Bob Mobile AG (later Cliqdigital AG)
- Previous experience from leading companies such as Balance Point and a consultant at Rost & Co.
- Remco holds a master's degree in business and economics and has over 25 years of professional experience, predominately from the mobile and online entertainment industry
- Holdings in MGI: 41,462,544 shares¹¹



Paul Echt

CFO of MGI since 2018

- Finance manager with more than 10 years of experience from the tech and finance industry
- Previously positions at UniCredit Bank in Berlin, Munich and New York as well as Shopgate Inc. in San Francisco
- Paul holds a MSc in Business Management and Bachelor of Laws from University of Applied Sciences, Wildau
- Holdings in MGI: 42,320 shares and 1,500,000 phantom stock¹¹



Jens Knauber

COO of MGI since 2018

- CEO of gamigo AG since March 2021
- More than 10 years of experience as a manager in the gaming industry with more than 300 publisher games
- Series of leadership positions at Hamburg publisher dtp entertainment AG
- Holdings in MGI: 2,550,000 phantom stock¹¹

The Group has a zero-tolerance policy with regards to corruption and all employees are educated within the area (Anti-corruption policy). Whilst no incidents of corruption or other unethical behaviour have occurred historically, the Group offers an anonymous mailbox for whistle blowing functions.

To ensure transparent communication that treats all MGI stakeholders equally, we have implemented a stringent Information Policy.

For our M&A activity, our Group's due diligence process focuses primarily on identifying and confirming sources of value and potential risk. Both elements factor into our definition of a reasonable valuation and appropriate deal structure. By way of a thorough document review and management interviews, we strive to clarify and validate the alignment of both companies' goals and objectives as well as their value systems. This effort is also targeted at optimally preparing all teams for successful and sustainable integrations of target companies into our overall organization. MGI is proud that within the new hires during 2020, equality was nearly achieved (43.81% Female / 56.19% Male).

¹¹ 10.06.2021



OUTLOOK ON SUSTAINABILITY

We would like to conclude our first sustainability report with an outlook of what we have planned for the next years. We believe that we have taken important steps towards assuming our part and responsibility for a more sustainable world. In all that we as MGI do, we aim at supporting and developing sustainable products and services. We are committed to continue our journey and work on improving ourselves every day.

While we feel this report is a good analysis of our current position in terms of sustainability, there is always room for improvement, and we are currently evaluating the different sustainability reporting standards to decide on which we should base our next report. Nonetheless, we already have some concrete actions planned for 2021 and the coming years:

As we have already mentioned earlier in our report, we are aiming to become carbon neutral by 2022 and are therefore collaborating with plantely, who are currently also analyzing what else we can do to become more energy efficient.

Because we believe in also encouraging our communities to act and after the great success of the Eden Project last year, gamigo group is currently already preparing the next charity project. This time we would like to focus on water-deprived areas and want to aid and supply clean drinking water to families in the affected areas. In the future, we want to commit to several charity projects per year that have a positive impact on the environment.

Furthermore, we have identified further improvement targets during the last year, which we would like to tackle during the upcoming months. These are amongst others automated chat filters, filters for age-appropriate advertising, upgrading our reporting tools and creating even more clear and unambiguous terms and conditions.

Moreover, we are planning to join the Playing for the Planet Initiative which was facilitated by the UN Environment Program. This initiative has been founded in 2019 and is directed to games companies and their communities which reach over 1 billion video game players worldwide. Being a games company with a substantial player base, we believe we can support and learn from the Initiative to build a more sustainable world.

Amongst others, the members of the alliance make commitments to integrate green actions in games, reduce carbon emissions and support the global environmental agenda by introducing initiatives such as planting millions of trees or reducing plastic waste.



These are only a few of the actions we have planned. We are however working on many projects and expect 2021 and the years thereafter to be very exciting years with regards to further improving MGI's position within sustainability. We will further work together and jointly focus on our five defined sustainability priorities and on achieving the various goals of our sustainability agenda, while continuously adding new additional topics and targets. We would like to thank all our stakeholders for their input and ideas when it comes to our performance as a company.



Media and Games Invest SE

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