

## Notes to the income statement

### 8 Revenue

All figures in €'000	2020	2019
Wealth management	262,067	223,515
Old-age provision	214,590	225,825
Non-life insurance	137,229	126,569
Health insurance	50,589	48,308
Real estate brokerage	39,453	23,650
Loans and mortgages	21,827	20,782
Other commissions and fees	4,607	4,291
<b>Total commission income</b>	<b>730,362</b>	<b>672,941</b>
<b>Interest income</b>	<b>15,162</b>	<b>16,620</b>
<b>Total</b>	<b>745,524</b>	<b>689,561</b>

The commission income disclosed under revenue is recognised on a regular and point-in-time basis. Revenue recognised over time totalling € 306,125 thsd was generated from the old-age provision business in the Financial Consulting segment, from the health insurance business in the Financial Consulting and DOMCURA segments, from the real estate brokerage business in the Holding and Others segment and from the wealth management business in the Financial Consulting, Banking and FERI segments (previous year: € 260,845 thsd). Revenue from the interest rate business includes negative interest from lending and money market transactions of € 3,180 thsd (previous year: € 2,352 thsd).

### 9 Other revenue

All figures in €'000	2020	2019
Cost transfer to MLP consultants and branch office managers	4,751	3,453
Income from the sales tax (VAT) adjustment	3,361	827
Compensation of management	2,007	1,111
Income from investments	1,749	2,422
Offset remuneration in kind	1,436	1,370
Income from the reversal of deferred obligations	1,333	2,204
Income from the reversal of provisions	711	1,120
Rent	383	402
Income from the disposal of fixed assets	289	20
Own work capitalised	110	354
Income from currency translation	41	73
Sundry other income	5,629	5,843
<b>Total</b>	<b>21,799</b>	<b>19,199</b>

The item "Cost transfers to MLP consultants and branch office managers" essentially comprises income from cost transfers of insurance premiums, services and material costs.

Income from sales tax adjustment is the result of subsequently asserted input tax amounts for previous years due to subsequent recognition of VAT unity for 2012.

The item "Compensation for management" contains pre-allocated profits due to management tasks for private equity companies.

Income from the reversal of deferred obligations essentially result from the reversal of provisions for outstanding invoices.

For more information on income from the reversal of provisions, please refer to → [Note 30](#). Income from the reversal of provisions for economic loss, which is offset by expenses from the derecognition of liability insurance refund claims, is disclosed net under income from the reversal of provisions. Income from the reversal of provisions does not contain any income from provisions for the lending business or provisions for anticipated losses from the lending business. These are part of the loan loss provisions. We make reference to → [Note 13](#) here.

Own work capitalised results from the collaboration of Group employees in the further development of acquired software and the development of software created in-house.

Among other things, sundry other income includes advertising subsidies, income from the performance of IT services, as well as income from cost reimbursement claims.

## 10 Inventory changes

Inventory changes are € 7,284 thsd as of 31 December 2020 (previous year: € 3,940 thsd). These can be attributed to changes in inventory of the DI Group.

## 11 Commission expenses

Commission expenses mainly consist of the commission payments and other compensation components for the self-employed MLP consultants.

## 12 Interest expenses

All figures in €'000	2020	2019
<b>Interest and similar expenses IFRS 9</b>		
Financial instruments measured at amortised cost	412	615
Liabilities due to clients from the banking business	75	234
Liabilities due to banks from banking business	337	381
<b>Total</b>	<b>412</b>	<b>615</b>

## 13 Valuation result/loan loss provisions

All figures in €'000	2020	2019
Provisions for risks from potential bad debts	-2,871	-1,590
Provisions for risks from the lending business	137	53
Valuation result	-287	642
Total	-3,021	-896

As of 31 December 2020, provisions for anticipated losses of € -2,734 thsd were recognised in accordance with IFRS 9 (previous year: € -1,538 thsd). This comprises expenses in connection with the recognition of impairment losses for receivables of € -2,871 thsd (previous year: € -1,590 thsd), as well as income from changes in provisions for anticipated losses from the lending business of € 137 thsd (previous year: € 53 thsd).

See → [Notes 23](#), → [24](#), → [25](#), → [27](#), → [28](#) and → [30](#) for detailed explanations on the development of loan loss provisions.

Write-downs of financial instruments measured at fair value through profit or loss led to a valuation result of € -287 thsd (previous year: € 642 thsd).

## 14 Personnel expenses

All figures in €'000	2020	2019
Salaries and wages	127,246	116,847
Social security contributions	17,069	15,902
Expenses for old-age provisions and benefits	3,656	2,968
Total	147,971	135,717

Personnel expenses essentially include salaries and wages, compensation and other payments to employees. The social security contributions include the statutory contributions to be borne by the company in the form of social security insurance premiums. Expenses for old-age provisions and benefits mainly include the employer's shares of supplementary occupational pension provision.

## 15 Depreciation and impairments

All figures in €'000	2020	2019
Depreciation		
Intangible assets	9,882	9,218
Property, plant and equipment	17,763	17,152
Impairment	45	-
Total	27,691	26,371

In the financial year 2020, the depreciation of property, plant and equipment include amortisation of rights of use as per IFRS 16 of € 11,657 thsd (previous year: € 11,358 thsd), some € 10,522 thsd of which (previous year: € 10,296 thsd) can be attributed to amortisation of rights of use for real estate and € 1,135 thsd (previous year: € 1,062 thsd) can be attributed to amortisation of rights of use for vehicles. Impairment charges of € 45 thsd (previous year: € 0 thsd) relate to rights of use for real estate resulting from vacant rental properties.

## 16 Other operating expenses

All figures in €'000	2020	2019
IT operations	51,970	48,547
Consultancy	19,002	16,019
Administration operations	10,673	10,323
External services – banking business	10,474	8,965
Other external services	9,867	10,191
Representation and advertising	6,147	5,879
Expenses for commercial agents	4,979	2,819
Premiums and fees	4,768	4,767
Insurance	3,467	3,307
Goodwill	3,329	1,139
Maintenance	2,831	2,812
Training and further education	2,467	2,979
Other employee-related expenses	2,048	2,508
Travel expenses	1,705	4,105
Audit	1,361	1,491
Entertainment	1,253	2,905
Supervisory Board compensation	988	948
Rental and leasing	388	567
Sales tax (VAT) expense	371	45
Sundry other operating expenses	4,750	4,756
<b>Total</b>	<b>142,838</b>	<b>135,071</b>

The costs of IT operations are mainly attributable to IT services and computer centre services that have been outsourced to external service providers.

The consulting costs are made up of tax advice costs, legal advice costs as well as general and IT consulting costs.

The expenses for administration operations include costs relating to building operations, office costs and communication costs.

The item "External services – banking business" mainly contains securities settlement and transaction costs in connection with the MLP credit card.

Other external services essentially include expenses for online acquisition of potential new clients.

Expenses for representation and advertising include costs incurred due to media presence and client information activities.

Expenses for commercial agents include costs such as for former consultants and the training allowance granted for MLP consultants.

The item "Premiums and fees" essentially comprises premiums paid to the compensation scheme and deposit protection of German banks, premiums and fees paid to the European Central Bank, premiums and fees paid to the Federal Financial Supervisory Authority, as well as postage and freight costs.

Among other things, the rental and lease expenses comprise expenses that do not require capitalisation according to IFRS 16. These include expenses for short-term leases of € 42 thsd (previous year: € 15 thsd) and expenses for low-value leases of € 4 thsd (previous year € 4 thsd). In the last financial year, the expenses for variable lease payments, which were not included in the measurement of leasing liabilities (for example payments at the end of a vehicle lease agreement) were € 37 thsd (previous year: € 31 thsd).

Sundry other operating expenses include coronavirus-related cancellation costs for conventions and events, as well as expenses for other taxes, donations and cars.

## 17 Investments accounted for using the equity method

Earnings from investments accounted for using the equity method were € 3,729 thsd in the financial year (previous year: € 2,998 thsd) and are made up from the share of earnings in MLP Hyp GmbH of € 3,645 thsd and in Projekte 2 Deutschland.Immobilien GmbH of € 85 thsd. In line with a company agreement, the profit distribution of MLP Hyp GmbH is disproportionate.

Investments accounted for using the equity method relate only to the 49.8% stake in MLP Hyp GmbH, Wiesloch and the 50% stake in Projekte2 Deutschland.Immobilien GmbH, Hannover. MLP Hyp GmbH operates the joint mortgage financing business of MLP Finanzberatung SE, Wiesloch, and Interhyp AG, Munich. Projekte2 Deutschland.Immobilien GmbH is an intermediate holding company within the DI Group. It holds shares in project enterprises in which real estate developments are executed.

The shares of MLP Hyp developed as follows:

All figures in €'000	2020	2019
Share as of 1 Jan.	4,630	4,186
Dividend payouts	-2,991	-2,567
Pro rata profit after tax	3,645	3,011
Share as of 31 Dec.	5,283	4,630

The following table contains summarised financial information on MLP Hyp GmbH:

All figures in €'000	31 Dec. 2020	31 Dec. 2019
<b>Non-current assets</b>	<b>205</b>	<b>55</b>
Current assets	13,979	11,486
Non-current liabilities	-	-
<b>Current liabilities</b>	<b>5,821</b>	<b>4,103</b>
<b>Net assets (100%)</b>	<b>8,363</b>	<b>7,438</b>
of which MLP's share in net assets (49.8%)	4,165	3,704
Incidental acquisition costs	151	151
<b>Dividend payout</b>	<b>-4,308</b>	<b>-3,528</b>
<b>Cumulative disproportionate profit</b>	<b>5,276</b>	<b>4,302</b>
<b>Carrying amount of the investment</b>	<b>5,283</b>	<b>4,630</b>
<b>Revenue</b>	<b>29,606</b>	<b>23,542</b>
Total comprehensive income (100%)	5,363	4,438
of which MLP's share in total comprehensive income (49.8%)	2,671	2,210
<b>Disproportionate profit for the current financial year (68%/previous year 67.2%)</b>	<b>974</b>	<b>801</b>
<b>MLP's share in total comprehensive income</b>	<b>3,645</b>	<b>3,011</b>

The shares of Projekte 2 Deutschland.Immobilien GmbH developed as follows:

All figures in €'000	2020	2019
<b>Share as of 1 Jan. (previous year 1 Sep.)</b>	<b>508</b>	<b>520</b>
Dividend payouts	-450	-
Pro rata profit after tax	85	-13
<b>Share as of 31 Dec.</b>	<b>143</b>	<b>508</b>

The table below contains summarised financial information on Projekte 2 Deutschland.Immobilien GmbH:

All figures in €'000	31 Dec. 2020	31 Dec. 2019
Non-current assets	88	76
Current assets	197	957
Non-current liabilities	-	-
Current liabilities	-	17
Net assets (100%)	285	1,016
of which MLP's share in net assets (50%)	143	508
Incidental acquisition costs	-	-
Dividend payout	-	-
Carrying amount of the investment	143	508
Revenue	0	0
Total comprehensive income (100%)	169	-25
of which MLP's share in total comprehensive income (50%)	-85	-13
MLP's share in total comprehensive income	85	-13

## 18 Finance cost

All figures in €'000	2020	2019
Other interest and similar income	1,311	767
Interest expenses from financial instruments	-2,629	-1,554
Interest expenses from net obligations for defined benefit plans	-431	-443
Other interest costs	-1,066	-1,148
Other interest and similar expenses	-4,126	-3,145
Valuation result not relating to operating activities	-213	43
Finance cost	-3,028	-2,335

Other interest and similar income of € 5 thsd (previous year: € 0 thsd) relates to interest income from deposits with financial institutions which are not attributable to the banking business and € 18 thsd (previous year: € 23 thsd) relates to income from the discounting of provisions. In addition to this, other interest and similar income includes negative interest on bank deposits of € -468 thsd (previous year: € -211 thsd). Other interest and similar expenses include expenses from the accrued interest of other provisions totalling € 287 thsd (previous year: € 363 thsd).

In addition, the item comprises expenses from the accrued interest of leasing liabilities pursuant to IFRS 16 of € 544 thsd (previous year: € 587 thsd). For further details, please refer to → [Note 6](#).

## 19 Income taxes

All figures in €'000	2020	2019
Income taxes	13,093	7,844
of which current taxes on income and profit	15,414	8,571
of which deferred taxes	-2,321	-727

The current taxes on income and profit include expenses of € 585 thsd (previous year: € -2,046 thsd) which relate to previous periods.

The current and deferred tax is calculated using the relevant country-specific income tax rate. The anticipated combined income tax rate for domestic companies is made up of corporation tax at 15.0% (previous year: 15.0%), the solidarity surcharge at 5.5% (previous year: 5.5%) and an average municipal trade tax rate of 13.6% (previous year: 13.34%) and amounts to 29.42% (previous year: 29.19%).

The taxation rates likely to be applicable at their time of implementation should be used to calculate deferred income taxes. The taxation rates used here are those that are valid or have been announced for the periods in question as of the balance sheet date.

The following reconciliation statement shows the relationship between the earnings before tax and the taxes on income and profit in the financial year:

All figures in €'000	2020	2019
Earnings before tax	56,335	44,770
Group income tax rate	29.42%	29.19%
Calculated income tax expenditure in the financial year	16,574	13,068
Tax-exempt earnings and permanent differences	-3,325	-4,461
Non-deductible expenses	1,002	1,103
Divergent trade taxation charge	423	184
Effects of other taxation rates applicable abroad	-786	-743
Income tax not relating to the period (current and deferred)	-475	-1,699
Change of impairment of net yet utilised losses	-293	605
Other	-27	-213
Income taxes	13,093	7,844

The effective income tax rate applicable to the earnings before tax is 23.24% (previous year: 17.52%).

The item of tax-exempt earnings and permanent differences in earnings includes profit contributions from the FERI Group and the tax-free dividends of MLP Hyp GmbH and Uniwunder GmbH.

Non-deductible expenses result from consultancy fees in connection with Group restructuring measures, entertainment expenses, gifts, as well as non-deductible operating expenses incurred in the context of tax-exempt dividends and capital gains, Supervisory Board compensation and other relevant factors.

As of December 31, 2020, the MLP Group recognised deferred tax assets from temporary differences of € 241 thsd (previous year: € 1 thsd) that exceed deferred tax liabilities in entities which have suffered a loss in either the current or preceding period.

At companies with taxable unrecognised differences, deferred tax assets were recorded on tax loss carryforwards, taking into account the minimum level of taxation. Legal or economic restrictions were in place with regard to the usability of corporation tax losses of € 2,387 thsd (previous year: € 1,757 thsd) and trade tax losses of € 1,939 thsd (previous year: € 1,757 thsd) with regard to their usability. No deferred tax assets were therefore recognised. If full utilisation of the losses had been possible, it would have theoretically been necessary to recognise deferred tax assets of € 673 thsd (previous year: € 573 thsd).

The tax deferrals result from the balance sheet items as follows:

All figures in €'000	Deferred tax assets		Deferred tax liabilities	
	31 Dec. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019
Intangible assets	725	978	11,361	11,864
Property, plant and equipment	-	-	5,094	4,782
Financial assets	43	115	44	118
Other assets	2,531	1,175	4,895	3,450
Provisions	15,119	12,812	27	-
Liabilities	3,319	2,334	511	504
Tax loss carryforwards	1,398	-	-	-
Impairment of loss carryforwards	-673	-	-	-
Deferred income	-	-	117	131
<b>Gross value</b>	<b>22,462</b>	<b>17,414</b>	<b>22,049</b>	<b>20,850</b>
Netting of deferred tax assets and liabilities	12,882	10,160	12,882	10,160
<b>Total</b>	<b>9,580</b>	<b>7,254</b>	<b>9,167</b>	<b>10,690</b>

The deferred tax income recognised under other comprehensive income outside the income statement is € 1,528 thsd (previous year: € 2,008 thsd).

Tax refund claims include € 6,186 thsd (previous year: € 3,198 thsd) of corporation tax and € 3,546 thsd (previous year: € 1,304 thsd) of trade tax. € 1,030 thsd of tax refund claims (previous year: € 476 thsd) are attributable to MLP SE, € 8,475 thsd (previous year: € 3,882 thsd) to MLP SE, € 20 thsd (previous year: € 0 thsd) to FERI Trust (Luxembourg) S.A. and € 208 thsd (previous year: € 134 thsd) to the DI Deutschland.Immobilien AG Group.

Tax liabilities are made up of € 5,830 thsd (previous year: € 2,777 thsd) of corporation tax and € 5,102 thsd (previous year: € 3,336 thsd) of trade tax. € 10,634 thsd of tax liabilities (previous year: € 5,603 thsd) are attributable to MLP SE, € 0 thsd (previous year: € 308 thsd) to MLP Finanzberatung SE, € 183 thsd (previous year: € 194 thsd) to FERI Trust (Luxembourg) S.A. and € 116 thsd (previous year: € 9 thsd) to the DI Deutschland.Immobilien AG Group.

The tax liabilities are due to taxes on the income and profit of the individual companies based on the corresponding national tax regime. Contingent tax liabilities are shown under deferred tax liabilities.

As at 31 December 2020, we had undistributed profits of subsidiaries of around € 64.0 million (previous year: € 75.4 million), for which no deferred tax liabilities were formed, as we are capable of controlling the timing of the reversal of the temporary difference and it is unlikely that the temporary difference will be reversed in the foreseeable future.

## 20 Earnings per share

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

All figures in €'000	2020	2019
Basis of the basic net profit per share	43,253	37,327

All figures in number of units	2020	2019
Weighted average number of shares for the basic net profit per share	109,206,759	109,220,014

The basic earnings per share is € 0.40 (previous year: € 0.34).

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

All figures in €'000	2020	2019
Basis of the diluted net profit per share	43,253	37,327

All figures in number of units	2020	2019
Weighted average number of shares for the diluted net profit per share	109,334,686	109,334,686

The diluted earnings per share is € 0.40 (previous year: € 0.34).