

## Results of operations

### Development of total revenue

Despite the tough market conditions already described, the MLP Group was able to increase its total revenue in the financial year 2020 by 8.3% to € 767.3 million (€ 708.8 million) and reached another new all-time high since the sale of our own insurers. This success can be attributed to the significant diversification of its revenue basis over the course of the last few years. With the exception of old-age provision, MLP was able to record gains in all consulting fields. This growth was primarily driven by the increase in commission income, which rose by 8.5% to € 730.4 million (€ 672.9 million). As a result of the ongoing low interest rate environment, revenue from the interest rate business remained below the previous year's figure at € 15.2 million (€ 16.6 million).

Total revenue increased

The MLP Group was once again able to record gains in the wealth management consulting field, with a considerable increase in revenue of 17.3% to € 262.1 million (€ 223.5 million). The main contributor to this pronounced growth was a massive rise in performance-linked compensation at FERL. Group-wide assets under management rose to a new record of level of € 42.7 billion (€ 39.2 billion). Gains were recorded at the subsidiary FERL and, in particular, in MLP's private client business.

Wealth management once again records significant growth

Development of assets under management (all figures in € billion)



In the last financial year, old-age provision revenue declined slightly due to the effects of the corona pandemic and was € 214.6 million (€ 225.8 million). This decline can be attributed to a downturn in new business where total premiums paid fell by 9.0% from € 4,183.2 million to € 3,805.2 million. Occupational pension provision was particularly hard hit by the effects of the corona pandemic. New business declined by 24.6% to € 659.7 million (€ 875.2 million) here. MLP is continuing to play a pioneering role in the transition to new guarantees. Pension insurance policies with classic guaranteed interest rates now represent just 3% (3%) of newly brokered contracts at MLP. The proportion of new guarantees was 75% (74%), while purely unit-linked contracts represented 22% (23%).

Old-age provision under the influence of the corona pandemic

Revenue in the non-life insurance consulting field increased again in the last financial year. It rose by 8.4% to € 137.2 million (€ 126.6 million). The portfolio of non-life insurance policies enjoyed positive development. The premium volume received through the MLP Group rose to € 430.8 million (€ 405.5 million).

Non-life insurance enjoys continued growth

At € 50.6 million (€ 48.3 million), revenue in the health insurance consulting field was slightly up on the previous year. MLP therefore enjoyed positive development, despite the reservations displayed by many citizens in terms of signing up for fully comprehensive private health insurance policies.

Health insurance above previous year

We were also able to record significant growth in the real estate brokerage business, which we have been expanding since 2014. Revenue increased by 67.4% to € 39.5 million (€ 23.6 million) in this consulting field. Since the acquisition of a majority stake in DEUTSCHLAND.Immobilien on 2 September 2019, revenue from real estate project planning has been disclosed alongside the revenue from real estate brokerage. In the reporting period, this revenue was € 2.6 million (€ 0.1 million). An extremely dynamic fourth quarter made a particular contribution to the positive development recorded for the year. The real estate volume brokered by MLP increased significantly to € 403.8 million (€ 294.0 million).

Real estate brokerage displaying significant growth

We also reached a new record level in the brokerage of loans and mortgages. Revenue here improved to € 21.8 million (€ 20.8 million). At € 2,357.5 million (€ 1.958,5 million), the brokered financing volume reached a new record level. The reason why the increase in revenue from loans and mortgages was less dynamic than the rise in brokered volume can be attributed to commission payments, which are only received at a later date.

Brokered financing volume sets new record

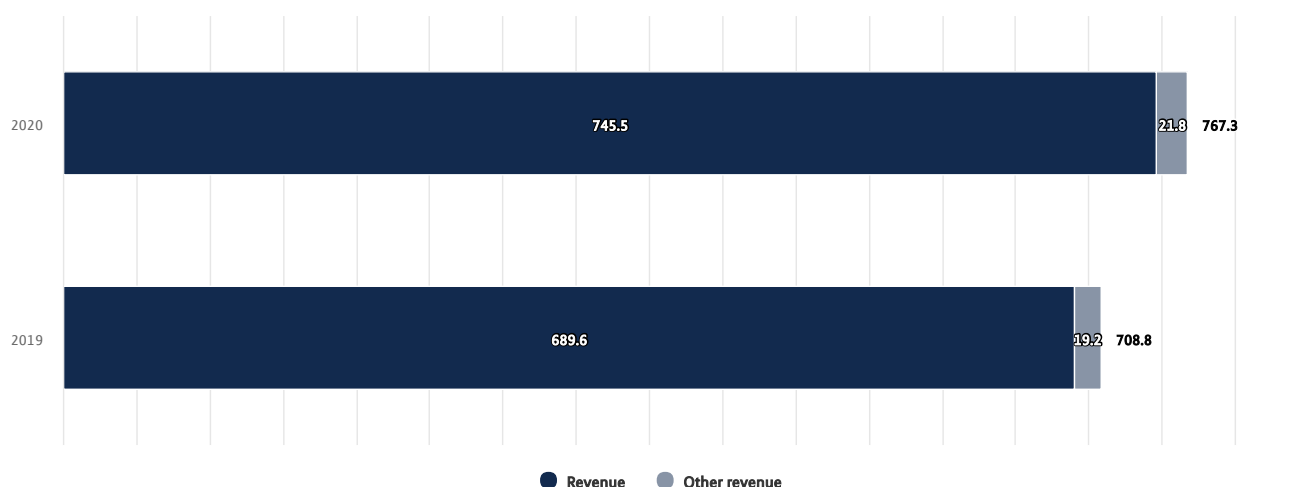
Despite ongoing capital expenditure to further strengthen our young segment, and thereby also secure future revenue and earnings potential alongside further implementation of the digitalisation strategy, we significantly surpassed both our original forecast and our updated forecast from April 2020. This can largely be attributed to considerably better performance in the wealth management business and the generally positive operating development with an EBIT of € 59.4 million (€ 47.1 million).

Forecast surpassed

## Analysis of revenue performance

Revenue rose by 8.1% to € 745.5 million in the reporting period (€ 689.6 million). Commission income, which increased from € 672.9 million to € 730.4 million, played a key role in this. This growth was supported by virtually all consulting fields, but in particular by wealth management and real estate brokerage. Other revenue rose to € 21.8 million (€ 19.2 million). The increase can essentially be attributed to one-off higher income from VAT refunds that were accrued in the Banking segment. Interest income declined to € 15.2 million (€ 16.6 million) in the last financial year due to the ongoing period of low interest rates. Total revenue rose by 8.3% to € 767.3 million (€ 708.8 million).

Development of total revenue (all figures in € million)



The wealth management consulting field made the greatest contribution in terms of commission income. As a result of the successful diversification of the revenue basis it was 35.9% (33.2%). Old-age provision contributed a share of 29.4% (33.6%). With an overall increase in commission income, non-life insurance accounted for 18.8% (18.8%). The following table provides a detailed overview.

Wealth management enjoys significant growth

## Breakdown of revenue

All figures in € million	Share in %	2020	Share in %	2019	Change in %
Wealth management	36%	262.1	32%	223.5	17.3%
Old-age provision	29%	214.6	34%	225.8	-5.0%
Non-life insurance	19%	137.2	19%	126.6	8.4%
Health insurance	7%	50.6	8%	48.3	4.8%
Real estate brokerage	5%	39.5	3%	23.6	67.4%
Loans and mortgages	3%	21.8	3%	20.8	4.8%
Other commission and fees	1%	4.6	1%	4.3	7.0%
<b>Total commission income</b>		<b>730.4</b>		<b>672.9</b>	<b>8.5%</b>
Interest income		15.2		16.6	-8.4%
<b>Total</b>		<b>745.5</b>		<b>689.6</b>	<b>8.1%</b>

## Analysis of expenses

Commission expenses primarily comprise performance-linked commission payments to our MLP consultants. They represent the largest item under expenses. This item also includes the commissions paid in the DOMCURA segment. The variable expenses result from the compensation of brokerage services in the non-life insurance business. Added to these are the commissions paid in the FERI segment, which particularly result from the activities in the field of fund administration. In this business segment they are primarily accrued due to compensation of the depository bank and fund sales. Commission expenses are also accrued in the Holding and Others segment. These are essentially the result of expenses from real estate development at DEUTSCHLAND.Immobilien. Against a backdrop of increased commission income, commissions paid were also above the previous year at € 397.0 million (€ 369.9 million). Net commission income therefore rose to € 333.3 million (€ 303.0 million).

Commission income above the previous year

Inventory changes increased to € 7.3 million (€ 3.9 million) in the reporting period. These result from real estate development and represent the change in asset values generated in the current phase of the projects within the reporting period. This item will increase in future as the respective projects progress and then decline again with the gradual sale of project units.

Interest expenses fell to € 0.4 million (€ 0.6 million) due to the ongoing low interest rate environment. Net interest was € 14.7 million (€ 16.0 million) in total.

Gross profit (defined as total revenue less commission expenses and interest expenses, plus inventory changes) improved to € 377.1 million (€ 342.2 million).

Administration costs of the MLP Group (defined as the sum of personnel expenses, depreciation/amortisation and impairment, as well as other operating expenses) increased to € 318.5 million in the reporting year (€ 297.2 million). It is important to take into account the fact that DEUTSCHLAND.Immobilien was only incorporated in the income statement for the first time in the third quarter of 2019.

Administration costs marginally increased

Personnel expenses increased to € 148.0 million (€ 135.7 million). This was influenced by various factors, including the announced strengthening of our young segment, which we have been expanding since 2017 through intensified recruiting efforts aimed at young consultants, a slightly higher overall number of employees, higher performance-based compensation components, as well as general salary increases. Among other things, this includes € 127.2 million (€ 116.8 million) for salaries and wages, € 17.1 million (€ 15.9 million) for social security contributions, as well as employer-based old-age provision allowances of € 3.7 million (€ 3.0 million). In addition to this, MLP staff that worked at least 19.5 hours per week received a coronavirus bonus of € 900. Trainees and students received a special one-off payment of € 200. Depreciation/amortisation and impairments increased slightly to € 27.7 million (€ 26.4 million). Other operating expenses were € 142.8 million (€ 135.1 million).

## Breakdown of expenses

All figures in € million	2020	in % of total expenses	2019	in % of total expenses	Change in %
Inventory changes	7.3	-1.0%	3.9	—	87.2%
Commission expenses	-397.1	56.0%	-369.9	55.7%	7.4%
Interest expenses	-0.4	0.1%	-0.6	0.1%	-33.3%
Personnel expenses	-148.0	20.9%	-135.7	20.4%	9.1%
Depreciation and impairment	-27.7	3.9%	-26.4	4.0%	4.9%
Other operating expenses	-142.8	20.1%	-135.1	20.4%	5.7%
<b>Total</b>	<b>-708.7</b>	<b>100.0%</b>	<b>-663.8</b>	<b>100.0%</b>	<b>6.8%</b>

The result of MLP Hyp, which as a joint venture with Interhyp is reported as net income from investments accounted for using the equity method, increased to € 3.6 million (€ 3.0 million). The result of the DI Group project companies accounted for using the equity method is also included in this item. This amounted to just under € 0.1 million (€ 0.0 million) in the reporting period. Overall, the result from investments accounted for using the equity method amounted to € 3.7 million (€ 3.0 million).

The EBIT of the MLP Group improved significantly in the last financial year to € 59.4 million (€ 47.1 million).

EBIT significantly increased

The finance cost declined to € -3.0 million in the last financial year (€ -2.3 million).

The following table provides an overview of the earnings structure, as well as the development of earnings and margins:

## Earnings structure, as well as the development of earnings and margins

All figures in € million	2020	2019	Change in %
Total revenue	767.3	708.8	8.3%
Gross profit <sup>1)</sup>	377.1	338.1	11.5%
Gross profit margin (%)	49.1%	47.7%	—
EBIT	59.4	47.1	26.1%
EBIT margin (%)	7.7%	6.6%	—
Finance cost	-3.0	-2.3	30.4%
EBT	56.3	44.8	25.7%
EBT margin (%)	7.3%	6.3%	—
Income taxes	-13.1	-7.8	67.9%
Net profit	43.2	36.9	17.1%
Net margin (%)	5.6%	5.2%	—

<sup>1)</sup> Definition: Gross profit results from total revenues less commission expenses, interest expenses and inventory changes.

Group net profit increased by 17.1% overall to € 43.2 million (€ 36.9 million). This was essentially due to a significant increase in commission income in wealth management.

Pronounced increase in earnings per share

### Group net profit

All figures in € million	2020	2019	Change in %
Continuing operations	43.2	36.9	17.1%
<b>GROUP</b>	<b>43.2</b>	<b>36.9</b>	<b>17.1%</b>
Earnings per share in € (basic)	0.40	0.34	17.6%
Earnings per share in € (diluted)	0.40	0.34	17.6%
Number of shares in millions (basic)	109.2	109.2	0.0%
Number of shares in millions (diluted)	109.3	109.3	0.0%

## Appropriation of profits

Our dividend policy is to pay 50% to 70% of Group net profit to our shareholders in the form of dividends.

MLP paid out a dividend of 21 cents per share for the financial year 2019. The total dividend paid was therefore € 23.0 million.

We have announced that we will be continuing our dividend policy for the financial year 2020. On this basis, the Executive Board and Supervisory Board will propose a dividend of € 0.23 per share to the Annual General Meeting on 24 June 2021. This corresponds to a distribution rate of around 58% of operating net profit.