

SUPPLEMENTARY DATA FOR MLP SE (DISCLOSURES BASED ON HGB)

In contrast to the consolidated financial statements, the financial statements of MLP SE are not prepared in accordance with International Financial Reporting Standards (IFRS), but rather to the rules of the German Commercial Code (HGB).

Business and general conditions

General company situation

MLP SE is the holding company for the MLP Group. The company's primary role is to manage the Corporate Group. It defines strategic goals and ensures coordinated and aligned corporate policy within the Group. MLP SE is not actively involved in operations. Any revenue generated at MLP SE is essentially a result of letting buildings to affiliated companies.

Five key subsidiaries are arranged under the umbrella of MLP SE. The brokerage business is now under one roof at MLP Finanzberatung SE. In this segment, MLP Finanzberatung SE is the Group's consulting company for private and corporate clients and is registered as an insurance broker. MLP Banking AG as a financial institution is supervised by the Federal Financial Supervisory Authority (BaFin). It offers banking services to both private and business clients – from accounts and cards, through loans and mortgages, to wealth management. As an underwriting agency, DOMCURA designs, develops and implements extensive coverage concepts for private and corporate clients in the non-life insurance consulting field. With the acquisition of the DOMCURA Group in 2015, MLP also acquired several brokers in the commercial non-life insurance field alongside the primary underwriting agent business. As the parent company of further brokerage firms, nordias GmbH Versicherungsmakler is home to further brokers in the commercial non-life insurance sector. You can find more information on this in the chapter entitled → ["Business performance"](#) in the joint management report of the MLP Group.

Business performance at MLP SE

Due to the profit/loss transfer agreements in place, business performance at MLP SE is largely determined by the economic development of its investments, the performance of which is also described in the Group report.

In the light of the above, the economic framework conditions, the industry situation and the competitive environment are essentially the same as those of the MLP Group and are described in detail in the sections entitled → ["Overall economic climate"](#) and → ["Industry situation and competitive environment"](#).

Results of operations

At € 5.4 million (€ 5.3 million), revenue remained slightly above the previous year's level. Revenue essentially comprises rental income from affiliated companies. At € 3.7 million (€ 4.2 million), other operating income stood slightly below the previous year's level.

Personnel expenses declined to € 6.3 million (€ 7.0 million) in the last financial year. Tax reserves remained virtually unchanged at € 2.6 million (€ 2.5 million). Other operating expenses grew to € 9.5 million (€ 9.0 million). Earnings before interest and taxes (EBIT) were € –9.3 million (€ –9.0 million).

Business developments at its subsidiaries has a significant impact on the results of operations of MLP SE. Profit/loss transfer agreements are in place with MLP Banking AG, FERI AG, DOMCURA AG and nordias GmbH Versicherungsmakler. These are reflected in the finance cost.

The finance cost in the reporting year was € 53.6 million (€ 31.7 million) and as such significantly higher than in the previous year. This can essentially be attributed to income from profit/loss transfer agreements, which increased by 64% to € 52.9 million (€ 32.3 million) in the reporting year. Following deduction of income taxes of € 10.8 million (€ 2.2 million), this resulted in net profit of € 33.3 million (€ 20.5 million). No withdrawal (€ 2.5 million) from retained earnings was performed in the reporting year, leaving unappropriated profit at € 25.1 million (€ 23.0 million).

Net assets

As of the balance sheet date on 31 December 2020, the balance sheet total of MLP SE was € 415.9 million (€ 402.2 million).

On the assets side of the balance sheet, the item "Property, plant and equipment" declined slightly to € 29.4 million (€ 31.5 million). This was essentially due to depreciation and amortisation expenses. Tax reserves remained unchanged at € 242.3 million (€ 242.3 million). The receivables and other assets increased markedly to € 79.9 million (€ 33.7 million). This is essentially due to an increase in receivables from affiliated companies, which more than doubled to € 76.2 million (€ 31.9 million). This is primarily attributable to receivables from subsidiaries of MLP SE, resulting from profit/loss transfer agreements in place with these companies. Other assets grew to € 3.7 million (€ 1.8 million).

On the equity side of the balance sheet, shareholders' equity increased to € 378.1 million (€ 367.7 million) as a result of the increase in unappropriated profit. The share capital and capital reserves remained unaltered at € 109.3 million (€ 109.3 million) and € 139.1 million (€ 139.1 million) respectively. At € 104.6 million (€ 96.4 million), retained earnings were on a par with the previous year. Unappropriated profit increased to € 25.1 million, following € 23.0 million in the previous year.

Provisions increased to € 31.9 million (€ 24.6 million), with pension provisions and similar obligations rising slightly to € 14.4 million (€ 13.1 million). Provisions for taxes rose to € 10.6 million (€ 6.0 million). Liabilities fell to € 5.9 million (€ 9.8 million), which can essentially be attributed to a decline in other liabilities to € 2.6 million (€ 6.8 million). This item is mainly made up of tax liabilities, which dropped to € 1.7 million (€ 6.0 million). Liabilities due to affiliated companies increased to € 2.2 million (€ 2.1 million).

Financial position and dividends

As of the balance sheet date, 31 December 2020, MLP SE had cash holdings (cash on hand and on deposit with the Deutsche Bundesbank, bank deposits and cheques) of € 64.1 million (€ 94.4 million). This item was reduced by the dividend payout to our shareholders at € 0.21 per share and a total volume of € 23.0 million. The profit transfers from our subsidiaries had the opposite effect.

At 90.9% (91.4%), the equity ratio remained at the previous year's level. MLP SE therefore continues to enjoy a good equity capital backing.

The liabilities of MLP SE declined to € 5.9 million (€ 9.8 million), essentially due to lower tax liabilities and liabilities due to affiliated companies. Almost all liabilities at MLP SE are current liabilities. Cash and cash equivalents therefore exceed current liabilities more than ten times.

The dividend payments of MLP SE are made in accordance with the financial and profit situation, as well as future liquidity requirements. As announced, the distribution rate for the financial year will be between 50% and 70% of net profit of the MLP Group. In concrete terms, the Executive Board and Supervisory Board will propose a dividend of € 0.23 per share at the Annual General Meeting on 24 June 2021. This corresponds to a distribution rate of around 58% of the Group's net profit.

Comparison of actual and forecast business performance

Business performance at MLP SE is essentially dependent on the business performance of the MLP Group. We therefore refer to the comparison with the forecast business performance of the MLP Group.

Despite market conditions that generally remained difficult for its subsidiaries, on the whole MLP SE was able to meet its own objectives and expectations in 2020.

Research and development

In its role as the holding company, MLP SE is not actively involved in operations. As a holding company, MLP SE does not engage in any research or development in the classic sense.

Employees

As was the case the previous year, MLP SE employed an average of six employees in the last financial year.

Stipulations for promoting the equal participation of women in management positions pursuant to § 76 (4) and § 111 (5) of the German Stock Corporation Act (AktG) apply equally to MLP SE and the MLP Group. We refer to stipulations of the MLP Group for promoting the equal participation of women in management positions pursuant to § 76 (4) and § 111 (5) of the German Stock Corporation Act (AktG) in this regard. Details on this can be found in the declaration of corporate governance of the MLP Group.

Compensation report of MLP SE

The basic structure and design of the pay system at MLP SE are the same as those of the MLP Group. We therefore refer to the compensation report of the MLP Group.

Risks and opportunities at MLP SE

The risks and opportunities at MLP SE are essentially the same as the opportunities and risks of the MLP Group. We therefore refer to the risk report and opportunity report of the MLP Group.

As the parent company of the MLP Group, MLP SE is incorporated in the Group-wide risk management system. You can find further information on this in the section of the MLP Group's risk report entitled → ["Risk management"](#).

The description of the internal monitoring and risk management system regarding the accounting process of MLP SE is also the same as that of the MLP Group. We therefore also refer to the MLP Group's risk report here.

For further information about the financial instruments and their deployment, we also refer to the MLP Group's risk report and accompanying notes.

Forecast for MLP SE

The development of MLP SE in its role as the holding company is largely dependent on the development and profit transfer of its investments. Set against this background, we refer to the forecast for the MLP Group.

Explanatory Report on the Disclosures Pursuant to Sections 289a (1), 315a (1) of the German Commercial Code (HGB)

The explanatory report on acquisition-relevant disclosures applies equally to MLP SE and the MLP Group. In this respect, we refer to the explanatory report on the disclosures in accordance with §§ 289a (1), 315a (1) of the German Commercial Code (HGB) of the MLP Group.

Declaration of Corporate Governance pursuant to § 289f of the German Commercial Code (HGB)

The Declaration of Corporate Governance applies equally to MLP SE and the MLP Group. We therefore refer to the MLP Group's Declaration of Corporate Governance.