

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 to 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, the Group's consulting company for private and corporate clients, a registered insurance broker. As a financial Institution, MLP Banking AG is supervised by the Federal Financial Supervisory Authority (BaFin), offers banking services to both private and business clients – from accounts, Cards, loans, mortgages and wealth management. As an underwriting agency, DOMCURA designs, develops and implements extensive coverage concepts for private and commercial clients in non-life areas. With the acquisition of the DOMCURA Group in 2015, MLP also acquired several brokers in the commercial non-life insurance business as well as the primary underwriting agent business. As the parent company of further brokerage firms, nordias GmbH Versicherungsmakler is home to further brokers in commercial non-life insurance. 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

Because of 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 light of the above, the economic framework conditions, industry situation and 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 € 5.3 million, revenue remained at the previous year's level (€ 5.3 million). Revenue essentially comprises rental income from affiliated companies. At € 4.2 million, other operating income stood slightly above the previous year's level (€ 3.8 million).

Personnel expenses rose to € 7.0 million in the last financial year (€ 6.3 million). Amortisation remained unchanged at € 2.5 million (€ 2.5 million). Other operating expenses decreased significantly to € 9.0 million (€ 14.0 million). The higher value from the previous year is due to one-off higher VAT expenses from previous years. Earnings before interest and taxes were € -9.0 million (€ -13.6 million) and were therefore significantly above the previous year's level.

Business developments at its subsidiaries have a significant impact on the results of MLP SE operations. 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 € 31.7 million (€ 32.6 million). This can essentially be attributed to income from profit/loss transfer agreements, which stood at € 32.3 million in the reporting year (€ 35.7 million). Following deduction of income taxes of € 2.2 million (€ 3.5 million), this resulted in net profit of € 20.5 million (€ 15.4 million). In the reporting year, € 2.5 million of the retained earnings was withdrawn. Unappropriated profit was therefore € 23.0 million (€ 21.9 million).

Net assets

As of the balance sheet date of December 31, 2019, the balance sheet total of MLP SE was € 402.2 million (€ 397.6 million).

On the assets side of the balance sheet, the item "Property, plant and equipment" declined slightly to € 31.5 million (€ 32.8 million). This was essentially due to depreciation and amortisation expenses. Tax reserves remained unchanged at € 242.3 million (€ 242.3 million). Receivables and other assets decreased to € 33.7 million (€ 44.2 million). The decline is essentially due to a drop in other assets, which fell from € 10.7 million to € 1.8 million. This is attributable to the settlement of receivables from income taxes. Receivables from affiliated companies fell slightly to € 31.9 million (€ 33.4 million). This is primarily attributable to receivables from the subsidiaries of MLP SE resulting from the profit/loss transfer agreements in place with these companies.

On the equity side of the balance sheet, shareholders' equity remained almost stable at € 367.7 million (€ 369.1 million). The share capital and capital reserves remained unaltered at € 109.3 million (€ 109.3 million) and € 139.1 million (€ 139.1 million), respectively. Retained earnings were slightly under the previous year's level at € 96.4 million (€ 98.8 million). Unappropriated profit was € 23.0 million, following € 21.9 million in the previous year.

Provisions increased to € 24.6 million (€ 21.5 million), with pension provisions and similar obligations rising slightly to € 13.1 million (€ 12.1 million). Provisions for taxes rose to € 6.0 million (€ 4.4 million). Other provisions increased to € 5.5 million (€ 5.0 million). Liabilities increased to € 9.8 million (€ 6.9 million), essentially due to a rise in other liabilities to € 6.8 million (€ 4.2 million). This essentially includes tax liabilities, which rose to € 6.0 million (€ 3.4 million). Liabilities due to affiliated companies remained virtually unchanged at € 2.1 million (€ 2.2 million).

Financial position and dividends

As of the balance sheet date, December 31, 2019, MLP SE had cash holdings (cash on hand and on deposit with the Deutsche Bundesbank, bank deposits and cheques) of € 94.4 million (€ 76.9 million). This item was reduced by the dividend payout to our shareholders at € 0.2 per share and a total volume of € 21.9 million. The profit transfers from our subsidiaries had the opposite effect.

At 91.4% (92.8%), the equity ratio was virtually at the previous year's level. MLP SE therefore continues to enjoy a good equity capital backing.

The liabilities of MLP SE rose to € 9.8 million (€ 6.9 million), essentially due to an increase in tax liabilities. The liabilities at MLP SE consist almost completely of current liabilities. Cash and cash equivalents therefore exceed current liabilities several times over.

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 the net profit of the MLP Group. In concrete terms, the Executive Board and Supervisory Board will propose a dividend of € 0.21 per share at the Annual General Meeting on June 25, 2020. This corresponds to a distribution rate of around 62% 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 make reference to the comparison with the forecast business performance of the MLP Group.

Despite market conditions that generally remained difficult for its subsidiaries, MLP SE was overall able to meet its own objectives and expectations in 2019.

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 6 employees in the last financial year.

Stipulations for promoting 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 make reference to the 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 corporate governance report 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 make reference 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 make reference 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](https://finanzberichte.heureka.de/mlp2015/?id=721) entitled "Risk management".

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

For further information with regard to the financial instruments and their deployment, we also make reference to the MLP Group's [risk report](https://finanzberichte.heureka.de/mlp2015/?id=721) and accompanying [notes](https://finanzberichte.heureka.de/mlp2015/?id=698).

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 make reference to the forecast for the MLP Group.

Explanatory report on the disclosures pursuant to § 176 (1) of the German Stock Corporation Act (AktG), § 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. Therefore, reference is made to the MLP Group's explanatory report on the disclosures pursuant to § 176 (1) of the German Stock Corporation Act (AktG), § 289 (1) and § 315 (1) of the German Commercial Code (HGB).

Declaration on corporate governance pursuant to § 289f of the German Commercial Code (HGB)

The declaration on corporate governance applies equally to MLP SE and the MLP Group. We therefore make reference to the MLP Group's declaration on corporate governance.