

**PRELIMINARY ANNOUNCEMENT OF RESULTS
FOR THE YEAR ENDED 31 AUGUST 2021
16 December 2021**

Donegal Investment Group plc ('DIG') ('Group') reports its results for the year ended 31 August 2021.

FINANCIAL PERFORMANCE

- The Group's seed potato business delivered a resilient performance for the year ended 31 August 2021. Group revenue decreased by 8% (€2.2m) to €26.1m – with ongoing Covid-19 restrictions continuing to impact demand in the seed potato sector, the business continued to deliver a strong underlying performance with segmental trading profit €2.0m, a decrease of €0.1m on the prior year.
- The Group completed the sale of its speciality dairy business Nomadic Dairy ("Nomadic") on 5 November 2021 with Nomadic's carrying value transferred to asset held for sale from the 31 August 2021 and its financial performance for the year classified as discontinued operations in this year's results.
- Further non-core asset disposals took place during the year with a number of property holdings sold which in aggregate generated net proceeds of €1.8m, including the Ballyraine site in Letterkenny.
- Profit after tax from continuing operations was €1.9m an increase of €0.9m on the prior year.
- Basic EPS from continuing operations increased by 44.4c to 72.9c.

FINANCIAL POSITION

- The Group has a cash position, net of debt, of €3.7m at 31 August 2021 compared to a €13.2m net position at 31 August 2020 following the completion of the return of capital on 1 September 2020. It should be noted an additional €3.3m in cash is classified within assets held for sale at 31 August 2021.

RETURN OF CAPITAL

- Following approval at the EGM on 26 August 2020, the Group completed the redemption of 799,223 ordinary shares of the Company at a price of €12.50 on the 1 September 2020. This resulted in a return of capital of €10.0m to our shareholders in the six months ended 28 February 2021. The Group currently has issued share capital of 2,895,958 with 67,168 of those shares held as treasury shares.

COVID 19

- The Group continues to work toward mitigating risks associated with the Covid-19 pandemic as well as providing a safe working environment for our employees.

FINANCIAL HIGHLIGHTS

Continuing operations – pre-exceptional		2021	2020*	Change
Revenue	€'000	26,090	28,267	-€2.2m
Segmental Trading profit	€'000	2,005	2,067	-€0.1m
Profit before tax	€'000	1,621	1,693	-€0.1m
Profit after tax	€'000	1,923	1,378	+€0.5m
Continuing operations				
Revenue	€'000	26,090	28,267	-€2.2m
Operating profit	€'000	1,544	1,425	+€0.1m
Profit before tax	€'000	1,621	1,379	+€0.2m
Profit after tax	€'000	1,923	1,064	+€0.9m
Basic earnings per share – continuing operations	Cent	72.9c	28.53c	+44.37c
Cash at bank less overdraft	€'000	4,417	13,974	-€9.6m
Net cash	€'000	3,686	13,204	-€9.5m
Investment property carrying value	€'000	1,500	3,365	-€1.9m

* As restated to reflect the classification of Nomadic Dairy as an asset held for sale.

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Chairman's Statement

The Board is pleased with the performance of our seed potato business which has been delivered in a very challenging trading environment as well as the successful completion of the sale post year end of our speciality dairy business Nomadic.

Whilst volumes and pricing in seed potato markets remained under pressure as a result of Covid-19 restrictions on the food service industry, our seed potato business delivered a resilient performance with operating profits being maintained close to prior year levels.

Revenue in the Group's seed potato business decreased by 8% (€2.2m) to €26.1m while trading profit was €2.0m, a decrease of €0.1m on the prior year.

Finance

The Group's financial position remains strong with cash position, net of debt, of €3.7m at 31 August 2021 from continuing operations and a further €3.3m in cash at bank related to Nomadic Dairy classified as part of the asset held for sale at year end.

Outlook

The Group remains cautiously optimistic about the trading performance of our seed potato business for the new 2021/22 season. The Group will continue to review all strategic options available in order to maximise shareholder value, and shareholders will be updated at the appropriate time. The Board would also like to express its thanks to directors Geoffrey McClay and Frank Browne who retire from the board at 31 December 2021.

AGM

The Group will announce in due course the date of its next AGM.

Geoffrey Vance

Chairman

Managing Director's Review

Seed Potato Business

The Group's Seed potato business has delivered a good performance for the year to 31 August 2021. Group revenue was €26.1m for the year with a segmental trading profit of €2.0m.

Our seed potato business comprises IPM Potato Group ('IPM'), AJ Allan in Scotland, IPM Portugal, Kirinyaga Seeds Limited and a minority shareholding in Utkal Seeds Limited. IPM is an agile and innovative agri-tech business developing potato genetics to create value-added varieties. The largest business within our Produce division currently has 38 proprietary potato varieties including names such as Rooster, Burren, Banba, Slaney, Nectar and Electra which it produces and exports to over 40 countries world-wide. Seed production takes place in dedicated growing areas including Scotland, England, Ireland, France and Holland. Both production and sales only take place in territories which recognise and embrace variety copyright regulation.

IPM has a unique and deeply integrated R&D partnership with Teagasc, the Agriculture and Food Development Authority of Ireland. The 47-year exclusive partnership has consistently developed new varieties for commercialisation that address key demands of yield performance and adaptability/tolerance in specific climatic conditions, dormancy, disease resistance, processing qualities and cooking performance. In line with our commitment to developing and marketing new and innovative potato varieties, we have launched an additional two new seed potato varieties in 2021 which will be focused on both the table and processing sector.

We believe potato will play an integral role in the challenge to feed a growing global population given the westernisation of diets in emerging markets and issues around water availability. IPM's proprietary varieties have the potential to produce more carbohydrate per unit of water than most of the global carbohydrate staples. IPM is well positioned to benefit from this global growth in demand for seed potato especially in developing countries.

IPM delivered a resilient performance for the year despite the challenges posed by Covid-19 pandemic on the potato industry. The potato industry saw considerable tonnages of raw material which normally would have been processed for the food service sector being made available to the wider market resulting in downward pressure on both demand and pricing.

These factors remain a concern for the upcoming 2021/22 season, but we remain optimistic that IPM can maintain its strong operating performance. The yields of harvested crops for the 2021/2022 season are lower than the prior year across European growing areas which while restricting significant volume growth in 2022 should see downward pressure on pricing being reversed.

Nomadic

On 5 November 2021, the Group announced that it has completed the disposal of its 80 per cent owned subsidiary, Nomadic Dairy Limited (Nomadic).

The overall transaction value for 100 per cent share capital of Nomadic comprises of (1) €26.1m of cash consideration (including existing Nomadic cash of €3.1m) on completion (Initial Consideration), subject to customary completion accounts adjustments, and (2) a further contingent consideration of up to a maximum of €6m dependent on the financial performance of Nomadic for the period 1 January 2022 to 31 December 2022, inclusive. The Group has an 80 per cent interest in Nomadic with its share of the Initial Consideration being €20.9m and a further €4.8m being its potential share of the maximum contingent consideration.

Finance and Balance Sheet

At 31 August 2021, the Group had committed bank facilities of €8.4m (31 August 2020: €8.4m) for working capital requirements.

Ian Ireland
Managing Director

Donegal Investment Group plc
Condensed consolidated statement of profit or loss and comprehensive income
for the year ended 31 August 2021

	Note	2021 Total	2020 Restated* Pre- exceptional	2020 (Note 8) Exceptional	2020 Restated* Total
		€'000	€'000	€'000	€'000
Continuing operations					
Revenue	5	26,090	28,267	-	28,267
Cost of sales		(16,865)	(17,839)	-	(17,839)
Gross profit		9,225	10,428	-	10,428
Other income	6	199	745	-	745
Other expense	6	(412)	-	-	-
Distribution expenses		(3,220)	(3,543)	-	(3,543)
Administrative expenses		(4,248)	(5,891)	(314)	(6,205)
Profit/(loss) from operating activities		1,544	1,739	(314)	1,425
Finance income		122	4	-	4
Finance expenses		(45)	(50)	-	(50)
Net finance income/(expense)		77	(46)	-	(46)
Profit/(loss) before income tax		1,621	1,693	(314)	1,379
Income tax benefit/(expense)		302	(315)	-	(315)
Profit/(loss) for the year – continuing operations		1,923	1,378	(314)	1,064
Profit/(loss) for the year – from discontinued operations, net of tax	13	2,269	1,191	(117)	1,074
Profit/(loss) for the year		4,192	2,569	(431)	2,138
Other comprehensive income					
Items that are or may be reclassified to profit or loss:					
Foreign currency translation differences for foreign operations		4			38
		4			38
Total comprehensive income for the year		4,196			2,176

*As restated to reflect the effect of discontinued operations

Donegal Investment Group plc
 Condensed consolidated statement of profit or loss and comprehensive income (continued)
 for the year ended 31 August 2021

		2021	2020 Restated*
	Note	€'000	€'000
Profit attributable to:			
Equity holders of the Company		3,877	1,957
Non-controlling interest		315	181
		4,192	2,138
Total comprehensive income attributable to:			
Equity holders of the Company		3,878	2,003
Non-controlling interest		318	173
		4,196	2,176
Earnings per share			
Basic earnings per share (euro cent):			
Continuing	9	72.90	28.53
Discontinued		64.17	23.33
		137.07	51.86
Diluted earnings per share (euro cent):			
Continuing	9	72.90	27.66
Discontinued		64.17	22.62
		137.07	50.28

*As restated to reflect the effect of discontinued operations

Donegal Investment Group plc
Condensed consolidated statement of financial position
As at 31 August 2021

	Note	31 August 2021	31 August 2020
		€'000	€'000
Assets			
Property, plant and equipment	10	3,354	6,497
Goodwill		500	2,324
Intangible assets		127	270
Investment property	11	1,500	3,365
Investment in associates		261	260
Other investments	12	745	747
Total non-current assets		6,487	13,463
Inventories		392	1,204
Biological assets		1,024	993
Trade and other receivables		3,828	5,278
Cash at bank		5,307	14,720
Current tax		-	131
Deferred tax asset		-	569
Financial instrument		-	37
Assets held for sale	13	14,388	-
Total current assets		24,939	22,932
Total assets		31,426	36,395
Equity			
Share capital	14	376	376
Share premium	14	2,975	2,975
Other reserves	14	1,634	1,101
Retained earnings		15,721	11,965
Total equity attributable to equity holders of the Company		20,706	16,417
Non-controlling interest		1,057	872

Donegal Investment Group plc
Condensed consolidated statement of financial position (continued)
As at 31 August 2021

	Note	31 August 2021	31 August 2020
		€'000	€'000
Total equity		21,763	17,289
Liabilities			
Loans and borrowings		478	543
Deferred income		211	226
Deferred tax liability		54	-
Total non-current liabilities		743	769
Loans and borrowings		253	227
Trade and other payables		3,926	7,374
Redeemable ordinary shares	14	-	9,990
Liabilities directly associated with asset held for sale	13	3,661	-
Current tax		190	-
Bank overdraft		890	746
Total current liabilities		8,920	18,337
Total liabilities		9,663	19,106
Total equity and liabilities		31,426	36,395

Donegal Investment Group plc
Condensed consolidated statement of changes in equity
for the year ended 31 August 2021

	Note	Share capital	Other undenominated capital	Share premium	Translation reserve	Reserve for own shares	Revaluation reserves	Share option reserve	Retained earnings	Total	Non-controlling interest	Total equity
		€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Balance at 1 September 2020		376	857	2,975	(1,865)	(1,273)	3,382	-	11,965	16,417	872	17,289
Total comprehensive income for the year												
Profit for the year		-	-	-	-	-	-	-	3,877	3,877	315	4,192
Other comprehensive income												
Foreign currency translation differences for foreign operations		-	-	-	1	-	-	-	-	1	3	4
Other comprehensive income		-	-	-	1	-	-	-	-	1	3	4
Total comprehensive income for the year		-	-	-	1	-	-	-	3,877	3,878	318	4,196
Transactions with owners recorded directly in equity												
Contributions by and distributions to owners												
Dividends paid		-	-	-	-	-	-	-	-	-	(133)	(133)
Conversion and Redemption of Redeemable Shares	14	-	104	-	-	-	-	-	(104)	-	-	-
Equity settling of share options		-	-	-	-	428	-	-	(17)	411	-	411
Total contributions by and distributions to owners		-	104	-	-	428	-	-	(121)	411	(133)	278
Balance at 31 August 2021		376	961	2,975	(1,864)	(845)	3,382	-	15,721	20,706	1,057	21,763

Donegal Investment Group plc
Condensed consolidated statement of changes in equity (continued)
for the year ended 31 August 2020

	Note	Share capital	Other undenominated capital	Share premium	Translation reserve	Reserve for own shares	Revaluation reserves	Share option reserve	Retained earnings	Total	Non-controlling interest	Total equity
		€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Balance at 1 September 2019		619	718	2,975	(1,911)	(6,539)	3,382	283	33,996	33,523	838	34,361
Total comprehensive income for the year												
Profit for the year		-	-	-	-	-	-	-	1,957	1,957	181	2,138
Other comprehensive income												
Foreign currency translation differences for foreign operations		-	-	-	46	-	-	-	-	46	(8)	38
Other comprehensive income		-	-	-	46	-	-	-	-	46	(8)	38
Total comprehensive income for the year		-	-	-	46	-	-	-	1,957	2,003	173	2,176
Transactions with owners recorded directly in equity												
Contributions by and distributions to owners												
Dividends paid		-	-	-	-	-	-	-	-	-	(139)	(139)
Acquisition of treasury shares		-	-	-	-	(7,166)	-	-	-	(7,166)	-	(7,166)
Cancellation of treasury shares		(139)	139	-	-	12,432	-	-	(12,432)	-	-	-
Conversion and Redemption of Redeemable Shares	14	(104)	-	-	-	-	-	-	(9,886)	(9,990)	-	(9,990)
Cash settlement of equity settled share options		-	-	-	-	-	-	(126)	(1,079)	(1,205)	-	(1,205)
Reclassification of equity settled share options		-	-	-	-	-	-	(157)	(591)	(748)	-	(748)
Total contributions by and distributions to owners		(243)	139	-	-	5,266	-	(283)	(23,988)	(19,109)	(139)	(19,248)
Balance at 31 August 2020		376	857	2,975	(1,865)	(1,273)	3,382	-	11,965	16,417	872	17,289

Donegal Investment Group plc
Condensed consolidated statement of cash flows
for the year ended 31 August 2021

	Note	2021	2020
		€'000	€'000
Cash flows from operating activities			
Profit for the year		4,192	2,138
<i>Adjustments for:</i>			
Depreciation	10	1,077	949
Amortisation of intangibles		40	35
Amortisation of capital grant		23	13
Change in fair value of investment property	11	410	(570)
Change in fair value of other investments	12	2	(2)
Net finance (income)/expense		(96)	6
Interest charged in relation to IFRS 16		31	37
Gain on sale of investment property		(80)	
Gain on sale of property, plant and equipment		(15)	(19)
Share-based payment transactions		51	900
Income tax (credit)/expense		20	463
Change in inventories		40	(112)
Change in trade and other receivables		(2,081)	2,557
Change in trade and other payables		1,263	(1,401)
Cash generated from operating activities		4,877	4,994
Interest paid		14	26
Income tax refund/(paid)		187	(421)
Net cash from operating activities		5,078	4,599
Cash flows from investing activities			
Interest received		2	3
Dividends received		-	1
Proceeds from sale of investment property		1,834	-
Proceeds from sale of property, plant and equipment		-	30

Donegal Investment Group plc
Condensed consolidated statement of cash flows (continued)
for the year ended 31 August 2021

	Note	2021	2020
		€'000	€'000
Proceeds from disposal of Monaghan Middlebrook Mushrooms		-	2,000
Acquisition of other investments	12	-	(154)
Acquisition of property, plant and equipment	10	(1,877)	(3,314)
Acquisition of intangibles		(75)	(4)
Net cash generated from investing activities		(116)	(1,438)
Cash flows from financing activities			
Repayment of borrowings		-	(4,000)
Payment of finance lease liabilities		(344)	(302)
Dividend paid to non-controlling interest		(134)	(139)
Settlement of share based payments		(750)	(2,899)
Share redemption	14	(9,990)	-
Acquisition of treasury shares	14	-	(7,166)
Net cash outflow from financing activities		(11,218)	(14,506)
Net decrease in cash and cash equivalents		(6,256)	(11,345)
Cash and cash equivalents at start of year		13,974	25,327
Effect of exchange rate fluctuations on cash held		32	(8)
Cash and cash equivalents at end of year		7,750	13,974

(Cash and cash equivalents at end of year of €7.8m are inclusive of cash at bank (net of overdraft) of €4.42m and cash at bank classified as asset held for sale of €3.33m)

(1) Reporting entity

Donegal Investment Group Plc (the “Company”) is a public company incorporated, domiciled and tax resident in Ireland. The unaudited condensed consolidated financial statements of the Group as at and for the year ended 31 August 2021 comprise the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interests in associates.

(2) Basis of preparation

General information and accounting policies

The unaudited condensed consolidated financial statements for the year ended 31 August 2021 have been prepared in accordance with the International Financial Reporting Standards and Interpretations (together IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Union (‘EU IFRS’).

The financial information presented in this report has been prepared using accounting policies consistent with EU IFRS and as set out in the Group’s annual financial statements in respect of the year ended 31 August 2020 except as noted below. The financial information does not include all the information and disclosures required in the annual financial statements. The Annual Report for the year ended 31 August 2020 is available on the Company’s website www.donegaligroup.com.

These unaudited condensed consolidated financial statements are presented in euro, which is the Company’s functional currency. All financial information presented in euro is rounded to the nearest thousand. They are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments, investment property and biological assets. These unaudited condensed consolidated financial statements were approved by the Board of Directors on 15 December 2021.

Statutory financial statements and audit opinion

The annual report and financial statements will be approved by the Board of Directors and reported on by the auditors in due course. Accordingly, the financial information is unaudited. The Annual Report for the year ended 31 August 2020 has been filed with the Irish Registrar of Companies. The audit report on those statutory financial statements was unqualified.

Going concern

The unaudited condensed consolidated financial statements have been prepared on the going concern basis. The Directors have reviewed the Group’s business plan for the next 12 months which has been updated to reflect the ongoing impact of Covid-19 as currently understood and other relevant information and have a reasonable expectation that the Group will continue in operational existence for the foreseeable future.

It should also be noted that the Group remains in a strong position with cash at bank of €7.7m (including discontinued operations) at 31 August 2021 and the remaining operating business continuing to trade well while generating positive cash flows.

(3) Accounting policies

Except as described below, the accounting policies applied in these unaudited condensed consolidated financial statements are the same as those applied in the last annual financial statements. The changes in accounting policies will also be reflected in the Group’s audited consolidated financial statements as at and for the year ending 31 August 2021.

4) Estimates and judgements

The preparation of these condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these condensed consolidated financial statements, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied in prior periods (in respect of the carrying value of goodwill, deferred tax, financial assets and liabilities).

(5) Segment Information

Business segments

IFRS 8 Operating Segments requires operating segments to be identified on the basis of internal reports that are regularly reviewed by the chief operating decision maker (CODM) which the Group has identified to the Board of Directors in order to allocate resources to the segments and to assess their performance.

Produce: The growing, sales and distribution of seed potatoes and rental and sale of related property assets.

Dairy: The manufacture, sale and distribution of dairy products. Information relevant to this segment, the activities of which are classified as a discontinued operation, is included in note 13.

The main factors employed in the identification of the single segment include:

- the Group's organisational structure
- the nature of reporting lines to the Chief Operating Decision Maker
- the structure of internal reporting documentation such as management accounts and budgets
- Segment performance is evaluated based on operating profit. Given that net finance costs, taxation, share based payments and exceptional income and costs are managed on a centralised basis, these items are not allocated to the operating segment for internal reporting purposes and in the segmental analysis below.
- Geographical segments
- The Group operates in three geographical segments: Ireland; Europe and the Rest of the World. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of business segments. Segment assets are based on the geographical location of the assets.
- Information regarding the results of the reportable segment is included below. Performance is measured based on segment operating profit/(loss) as included in the internal management reports that are reviewed by the Group's CODM. Segment operating profit is used to measure performance, as such information is the most relevant in evaluating the results of the Group's segment. Segment results, assets and liabilities include all items directly attributable to a segment. Segment capital expenditure is the total amount incurred during the year to acquire segment assets that are expected to be used for more than one accounting year, excluding expenditure relating to business combinations.

(5) Segment Information (continued)

	Produce		Total – Group	
	2021	2020 Restated*	2021	2020 Restated*
	€'000	€'000	€'000	€'000
Group				
Revenue – continuing operations	26,090	28,267	26,090	28,267
Segment result before exceptional items	2,005	2,067	2,005	2,067
Segmental result from continuing operations before exceptional items	2,005	2,067	2,005	2,067
Exceptional items, net of tax			-	(314)
Change in fair value of investment property			(410)	572
Share option expense not allocated to subsidiary business			(51)	(900)
Net finance income/expense			77	(46)
Income tax (expense)/credit			302	(315)
Profit for the year– continuing operations			1,923	1,064

*As restated to reflect the effect of discontinued operations

(5) Segment Information (continued)

	Produce		Total – Group	
	2021	2020	2021	2020
	€'000	€'000	€'000	€'000
Segment assets	11,731	21,069	11,731	21,069
Deferred tax asset	-	569	-	569
Asset held for sale			14,388	-
Cash at bank (unallocated)			5,307	14,720
Financial instrument (unallocated)			-	37
Total assets as reported in Group Balance Sheet			31,426	36,395
Segment liabilities	4,327	6,626	4,327	6,626
Bank overdraft (unallocated)			890	746
Loans and borrowings (unallocated)			731	770
Deferred tax liability	54	-	54	-
Liabilities directly associated with asset held for sale			3,661	
Redeemable ordinary shares (unallocated)			-	9,990
Equity settled share options presented as financial liabilities (unallocated)			-	974
Total liabilities as reported in Group Balance Sheet			9,663	19,106
Other segment information				
Capital expenditure	1,575	1,253	1,575	1,253
Depreciation and amortisation	462	472	462	472
Change in fair value of investment property and other assets	410	(572)	410	(572)

(5) Segment Information (continued)

Entity-wide disclosures

Section 1: Information about products and service

The Group determines that the categories used in investor presentations can be used to meet the objective of the disaggregation disclosure requirement in paragraph 114 of IFRS 15, which is to disaggregate revenue from contracts with customers into categories that depicts how the nature, amount, timing and uncertainty of revenue and cashflows are affected by economic factors.

The following table illustrates the disaggregation disclosure by principal products and services to external customers.

	Produce	
	2021	2020 Restated*
	€'000	€'000
Seed potatoes	26,090	28,267
	26,090	28,267

*As restated to reflect the effect of discontinued operations

The Group had one customer that comprised greater than 10% of its total revenue in the year ended 31 August 2021 (2020: One)

(6) Other income – continuing operations

	2021	2020 Restated*
	€'000	€'000
Income from investment property rentals	88	154
Change in fair value of investment property	-	570
Change in fair value of other investments	-	2
Profit on disposal of investment property	80	-
Government grant	16	-
Gain on disposal of property, plant and equipment	15	19
	199	745

*As restated to reflect the effect of discontinued operations

(7) Other expense – continuing operations

	2021	2020 Restated*
	€'000	€'000
Change in fair value of investment property	(410)	-
Change in fair value of other investments	(2)	-
	(412)	-

*As restated to reflect the effect of discontinued operations

(8) Exceptional items

Exceptional items are those that, in management's judgement, should be disclosed by virtue of their nature or amount. Such items are included in the statement of profit or loss and comprehensive income caption to which they relate and are separately disclosed in the notes to the Group Financial Statements.

The Group reports the following exceptional items:

		2021	2020 Restated*
		€'000	€'000
Redundancy and restructuring	a	-	(208)
Other legal costs	b	-	(106)
Exceptional (costs)/income before tax – continuing operations		-	(314)
Income tax expense in respect of exceptional items		-	-
Exceptional (costs)/income after tax – continuing operations		-	(314)
Exceptional loss from discontinued operations			
Redundancy and restructuring	c	-	(117)
Total exceptional (costs)/income for the year		-	(431)

a) Restructuring costs include €207,000 related to historical restructuring adjustments.

b) Other legal costs are costs in respect of the share redemption incurred during 2020.

c) Restructuring costs include redundancy costs of €117,000.

*As restated to reflect the effect of discontinued operations

(9) Earnings per share

The calculation of basic and diluted earnings/(loss) per share is set out below:

	2021	2020 Restated*
	€'000	€'000
Profit attributable to ordinary shareholders		
Profit for the year – continuing operations	1,923	1,064
Profit for the year – discontinued operations	2,269	1,074
Profit for the year	4,192	2,138
Profit attributable to ordinary shareholders	3,877	1,957
	2021	2020 Restated*
	Number	Number
Weighted average number of ordinary shares in thousands of shares		
Weighted average number of ordinary shares in issue for the year	2,896	4,542
Weighted average number of treasury shares	(68)	(768)
Denominator for basic earnings per share	2,828	3,774
Effect of share options in issue	-	118
Weighted average number of ordinary shares (diluted) at end of year	2,828	3,892
	2021	2020 Restated*
Earnings per share:		
Basic earnings per share (euro cent):		
Continuing	72.90	28.53
Discontinued	64.17	23.33
	137.07	51.86
Diluted earnings per share (euro cent):		
Continuing	72.90	27.66
Discontinued	64.17	22.62
	137.07	50.28

*As restated to reflect the effect of discontinued operations

Donegal Investment Group plc
Notes to the preliminary condensed consolidated financial statements (*continued*)
for the year ended 31 August 2021

(10) Property, plant and equipment

	Land and buildings	Plant and equipment	Fixtures and fittings	Motor vehicles & tanks	Total
	€'000	€'000	€'000	€'000	€'000
Group					
Cost					
Balance at 1 September 2019	2,633	4,660	213	136	7,642
Additions	291	3,034	35	139	3,499
Disposals	-	(101)	-	(33)	(134)
Effect of movements in exchange rates	13	5	1	-	19
Balance at 31 August 2020	2,937	7,598	249	242	11,026
Balance at 1 September 2020	2,937	7,598	249	242	11,026
Additions	63	1,648	334	133	2,178
Disposals	(21)	(78)	(4)	(53)	(156)
Effect of movements in exchange rates	52	98	3	2	155
Assets transferred to investment property	(599)	-	-	-	(599)
Assets transferred to held for sale	(385)	(5,031)	12	141	(5,263)
Balance at 31 August 2021	2,047	4,235	594	465	7,341
Depreciation					
Balance at 1 September 2019	915	2,701	34	24	3,674
Depreciation for the year	184	657	37	71	949
Elimination on disposal	-	(85)	-	(33)	(118)
Effect of movements in exchange rates	5	18	1	-	24
Balance at 31 August 2020	1,104	3,291	72	62	4,529
Balance at 1 September 2020	1,104	3,291	72	62	4,529
Depreciation for the year	182	768	33	94	1,077
Elimination on disposal	(20)	(78)	(4)	(37)	(139)
Effect of movements in exchange rates	22	78	3	1	104
Elimination on transfer to investment property	(310)	-	-	-	(310)

(10) Property, plant and equipment (continued)

	Land and buildings	Plant and equipment	Fixtures and fittings	Motor vehicles & tanks	Total
	€'000	€'000	€'000	€'000	€'000
Assets transferred to held for sale	(118)	(1,780)	482	142	(1,274)
Balance at 31 August 2021	860	2,279	586	262	3,987
Carrying amounts					
At 1 September 2019	1,718	1,959	179	112	3,968
At 31 August 2020	1,833	4,307	177	180	6,497
At 1 September 2020	1,833	4,307	177	180	6,497
At 31 August 2021	1,187	1,956	8	203	3,354

Land assets

The carrying value of land not subject to depreciation at 31 August 2021 was €0.1m (2020: €0.3m).

Right of use assets

The Group presents right-of-use assets in 'property, plant and equipment', in the same line item as it presents underlying assets of the same nature that it owns. The movement in the Group's right-of-use assets is as follows:

	Land and buildings	Plant and equipment	Fixtures and fittings	Motor vehicles & tanks	Total
	€'000	€'000	€'000	€'000	€'000
Group					
At 1 September 2020, net carrying amount	392	276	15	177	860
Additions during the year	48	167	-	85	300
Disposals during the year	-	-	-	(17)	(17)
Depreciation charge during the year	(86)	(93)	(5)	(91)	(275)
Translation adjustment	-	-	1	1	2
At 31 August 2021, net carrying amount	354	350	11	155	870

(11) Investment property

	2021	2020
	€'000	€'000
Group		
Balance at start of year	3,365	2,510
Reclassification from property plant and equipment	289	285
Disposal	(1,744)	-
Change in fair value	(410)	570
Balance at end of year	1,500	3,365

Investment property includes the Oatfield site in Letterkenny along with other land and property assets. €289,000 which was held as Land and Buildings at 31 August 2020 was reclassified as investment property during 2021.

(12) Other Investments

	2021	2020
	€'000	€'000

Group

Non-current investments

Other investments	745	747
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Equity investments include €9,000 quoted shares (2020: €11,200), €736,000 unquoted shares (2020: €736,000). Quoted shares have been stated at market value in the manner stated in Note 4 and Note 28. Unquoted shares with a carrying value of €736,000 (2020: €736,000) are measured at cost as the directors have assessed that cost represents the best approximation of fair value for these equity instruments. As outlined below, these unquoted shares were acquired in FY 2019 and FY 2020. The investee is at an early stage in its development and there has been no catalyst for a change in fair value.

	2021	2020
	€'000	€'000

Movement during the year

Balance at start of year	747	591
Fair value movement of equity investments	(2)	2
Addition	-	154
Balance at end of year	745	747

The Group acquired 17.12% shareholding in Utkal Seeds Limited, a produce company based in India, on 8 March 2019. During the course of the financial year ended 31 August 2020, the Group increased its shareholding in Utkal Seeds Limited to 19.85 %.

(13) Discontinued operations and Asset held for Sale

On 5 November 2021, the Group announced that it has completed the disposal of its 80 per cent owned subsidiary, Nomadic Dairy Limited (Nomadic).

The overall transaction value for 100 per cent share capital of Nomadic comprises of (1) €26.1m of cash consideration (including existing Nomadic cash of €3.1m) on completion (Initial Consideration), subject to customary completion accounts adjustments, and (2) a further contingent consideration of up to a maximum of €6m dependent on the financial performance of Nomadic for the period 1 January 2022 to 31 December 2022, inclusive. The Group has an 80 per cent interest in Nomadic with its share of the Initial Consideration being €20.9m and a further €4.8m being its potential share of the maximum contingent consideration.

At 31 August 2021, the disposal of Nomadic met the recognition criteria under IFRS 5 Non-current assets held for sale and discontinued operations as the sale was considered highly probable and was expected to close within 3 months of year end. The results of Nomadic are presented as discontinued and are shown separately from continuing operations. The comparative 2020 financial information in the Group Income Statement has also been presented as discontinued for the purpose of enabling meaningful comparison.

The profit after tax earned in respect of its Dairy operations in 2021 was €2.3m (2020 €1.1m) with 80% of the profit attributable to the Group. The revenue, results and cashflows of the Group's discontinued operations were as follows:

	2021	2020
	€'000	€'000
Revenue	17,409	16,692
Cost of sales	(11,088)	(11,197)
Gross Profit	6,321	5,495
Other income	496	458
Distribution expenses	(1,674)	(1,665)
Administrative expenses	(2,540)	(2,952)
Exceptional costs	-	(117)
Profit from operating activities	2,603	1,219
Finance income	-	3
Finance expense	(12)	-
Net finance expense	(12)	3
Results for the period before taxation and exceptional items	2,591	1,222
Income tax	(322)	(148)
Results for the period after taxation on discontinued activities	2,269	1,074

(13) Discontinued operations and Asset held for Sale (continued)

	2021	2020
	€'000	€'000
Cashflow		
Net cash from operating activities	2,977	3,467
Net cash from investing activities	(679)	(3,060)
Net cash from financing activities	(534)	(35)
Net increase in cash and cash equivalents	1,764	372

Assets and Liabilities of Asset held for Sale

At 31 August 2021, the following assets and liabilities were classified as held for sale 2021

	2021
	€'000
Assets	
Goodwill and intangible assets	2,003
Property, plant & equipment	3,986
Inventories	780
Deferred tax asset	744
Trade & other receivables	3,542
Cash & cash equivalents	3,333
Total assets	14,388
Liabilities	
Trade and other payables	(3,655)
Financial Instrument	(6)
Total liabilities	(3,661)
Total Asset held for Sale	10,727

The disposal group was measured at its carrying value which was lower than its fair value less costs to sell. No impairment to the disposal group was necessary at 31 August 2021.

(14) Share capital

	Ordinary Shares of €0.13 each		Redeemable Ordinary Shares of €0.13 each		Deferred Shares of €0.13 each		Total
	Number	€'000	Number	€'000	Number	€'000	€'000
Authorised							
Balance at start of year	50,000,000	6,500	800,000	104	800,000	104	6,708
Balance at end of year	50,000,000	6,500	800,000	104	800,000	104	6,604
Issued, called up and fully paid							
Balance at start of year	2,895,958	376	799,223	9,990	-	-	10,366
Redeemed in the year	-	-	(799,223)	(9,990)	-	-	(9,990)
Balance at end of year	2,895,958	376	-	-	-	-	376

As approved by shareholders at the Extraordinary General Meeting held on 26 August 2020, the Company was authorised to redeem up to 800,000 Redeemable Ordinary Shares. 799,223 Ordinary Shares (approximately 22.25 per cent of each Shareholder's total holding of Ordinary Shares) as at the conversion date of 31 August 2020 were converted into Redeemable Ordinary Shares. 799,223 Redeemable Ordinary Shares which as shown above are presented as financial liabilities in the Group Statement of Financial Position at 31 August 2020.

Following on from this, 799,223 Redeemable Ordinary shares were redeemed on 1 September 2020 at €12.50 per share. On redemption these shares were cancelled from the issued share capital of the Company with €103,899 being credited to the Company's Other Undenominated Capital. €9,990,000 was paid during the period in relation to the redemption of Redeemable Ordinary shares.

Following the Return of Capital, the Company's issued Ordinary Share Capital is 2,895,958.

The 800,000 deferred shares were removed as a class from the authorised share capital of the Company during the year as no deferred shares came into existence within six months of 26 August 2020.

Share premium

Share premium represents the excess amount received above nominal value on issuance of ordinary shares.

Other undenominated share capital

Other undenominated share capital of €103,899 (799,223 ordinary shares redeemed) arose as a result of the share redemption in the year.

Translation reserve

The translation reserve comprises cumulative foreign currency differences arising from the translation of the net assets of foreign operations until the investments are derecognised.

Reserve for own shares

The reserve for the Company's own shares comprises the cost of the Company's shares held by the Group. On 25 June 2020, the Board approved the cancellation of 1,065,626 treasury shares. At 31 August 2021, the Group held 67,168 of the Company's shares (2020: 100,000). This represented 2.3% (2020: 2.7%) of the issued share capital of the Company. The distribution of retained earnings is restricted by the value of own shares held.

The Group purchased no treasury shares during the financial year ended 31 August 2021 (2020: 553,012).

Revaluation reserve

The revaluation reserve relates to the revaluation of property, plant and equipment and includes revaluation gains or losses upon the reclassification of property, plant and equipment to investment property.

Share option reserve

The share option reserve reflects charges relating to granting of share options.

Dividends

A dividend is not declared in respect of 2021 or 2020. A minority interest dividend of €134,000 was paid during the year (2020: €139,000) by subsidiary undertakings of the Company.

(15) Post balance sheet events

On 5 November 2021, the Group announced that it has completed the disposal of its 80 per cent owned subsidiary, Nomadic Dairy Limited (Nomadic).

The overall transaction value for 100 per cent share capital of Nomadic comprises of (1) €26.1m of cash consideration (including existing Nomadic cash of €3.1m) on completion (Initial Consideration), subject to customary completion accounts adjustments, and (2) a further contingent consideration of up to a maximum of €6m dependent on the financial performance of Nomadic for the period 1 January 2022 to 31 December 2022, inclusive. The Group has an 80 per cent interest in Nomadic with its share of the Initial Consideration being €20.9m and a further €4.8m being its potential share of the maximum contingent consideration.

While uncertainty remains regarding the frequency and nature of further government imposed Covid-19 restrictions there has been no individual significant event subsequent to the year end which would require adjustment to, or disclosure in, the financial statements.