

The information contained within this announcement was previously deemed by the Company to constitute inside information as stipulated by Market Abuse Regulation (EU) No 596/2014. With the publication of this announcement via a Regulatory Information Service, this information is now considered to be in the public domain.

18 January 2022

**Donegal Investment Group plc
("Donegal" or the "Company")**

Announcement of Return of Capital

The Board of Donegal announces today that it is proposing a return of capital to shareholders of up to €20 million by the conversion of ordinary shares into redeemable ordinary shares and subsequent redemption of the redeemable ordinary shares on a basis similar to the return of capital, also effected by a conversion and redemption of ordinary shares, in August 2020 (the "**Return of Capital**").

Details of the proposed return of capital will be set out in the Circular which will be available on the Company's website at www.donegaligroup.com/investor-centre/egm2022 from 19 January 2022. EGM documentation will be posted to shareholders on Wednesday 19 January 2022, including the required resolutions to be voted on by shareholders at an extraordinary general meeting to be held on Friday 11 February 2022 (the "**EGM**").

Under the Board's proposals, if the EGM resolutions are approved and the Board effects a conversion and subsequent redemption, approximately 46.21% of each shareholder's total ordinary shares held on the record date of Monday 14 February (6.00pm) will be converted and redeemed with each shareholder receiving:

- Cash of €15.30 per ordinary share converted and subsequently redeemed; or
- A deferred share for each ordinary share, which would otherwise have been converted and redeemed had such shareholder not notified the Company in accordance with section 83(4) of the Companies Act 2014 before the conversion record date of their unwillingness to have the pro rata portion of their ordinary shares at the conversion record date converted into redeemable ordinary shares.

The Board believes that a return of up to €20 million of surplus capital from the cash proceeds generated from the disposal of assets represents the most effective use of Company funds and that the continued strength of the Group's balance sheet and its cash-flows after the Return of Capital will be sufficient to pursue the Group's ongoing strategy.

If the Return of Capital is implemented in full, this is expected to result in the redemption of approximately 1,307,190 Ordinary Shares, (or approximately 46.21% of the ordinary shares outstanding), which contrasts with the current modest levels of liquidity in the Company's shares.

If shareholders approve the required EGM resolutions the conversion and redemption required to implement the Return of Capital will be effected on the conversion and redemption date of Monday 14 February with shareholders receiving their redemption proceeds of €15.30 per share within fourteen days of that date.

The Board would also like to draw shareholders' attention to the Statement of Arrangements which will be included with the EGM documentation to be sent to shareholders.

The key dates for the proposed Return of Capital are as follows:

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| Publication of the Circular | 19 January 2022 |
| Latest time and date for receipt of Forms of Proxy for the EGM | 12:00pm on Wednesday, 9 February 2022 |

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| EGM date | 12:00pm on Friday, 11 February 2022 |
| Record time and date for entitlement to Return of Capital payments | 6:00pm on 14 February 2022 |
| Date of conversion and redemption of the relevant Ordinary Shares (the “ Conversion and Redemption Date ”) | 14 February 2022 |
| Dealings in Ordinary Shares with no entitlement to Return of Capital payments (the “ Ex-Date ”) | 15 February 2022 |
| Return of Capital payments dispatched | Within 14 days of the Conversion and Redemption Date |

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