

**Fourth Quarter 2022
Investor Presentation
February 23, 2023**



Kevin G. Burke

President and Chief Executive Officer

Jeffrey D. Miller

Executive Vice President and Chief Financial Officer

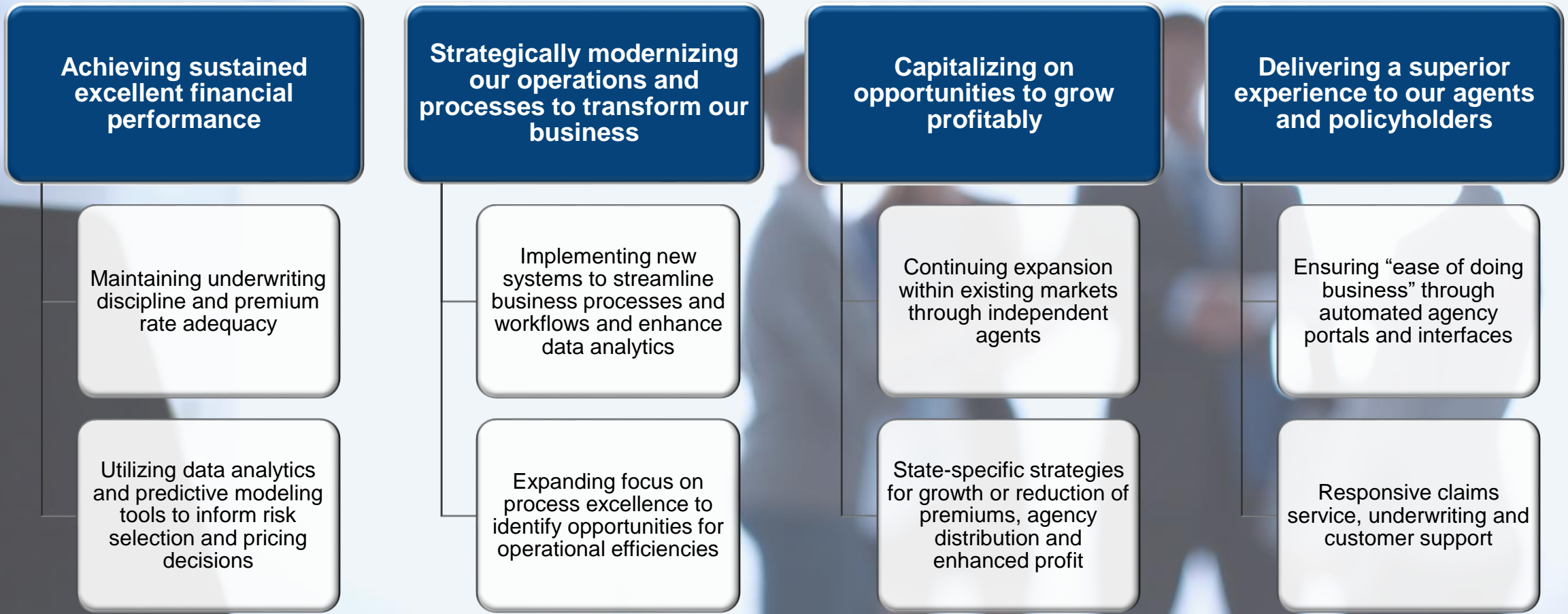
We base all statements contained in this presentation that are not historic facts on our current expectations. Such statements are forward-looking in nature (as defined in the Private Securities Litigation Reform Act of 1995) and necessarily involve risks and uncertainties. Forward-looking statements we make may be identified by our use of words such as “will,” “expect,” “intend,” “plan,” “anticipate,” “believe,” “seek,” “estimate” and similar expressions. Our actual results could vary materially from our forward-looking statements. The factors that could cause our actual results to vary materially from the forward-looking statements we have previously made include, but are not limited to, prolonged economic challenges resulting from the COVID-19 pandemic, adverse litigation and other trends that could increase our loss costs (including labor shortages and escalating medical, automobile and property repair costs), adverse and catastrophic weather events, our ability to maintain profitable operations (including our ability to underwrite risks effectively and charge adequate premium rates), the adequacy of the loss and loss expense reserves of our insurance subsidiaries, the availability and successful operation of the information technology systems our insurance subsidiaries utilize, the successful development of new information technology systems to allow our insurance subsidiaries to compete effectively, business and economic conditions in the areas in which we and our insurance subsidiaries operate, interest rates, competition from various insurance and other financial businesses, terrorism, the availability and cost of reinsurance, legal and judicial developments including those related to COVID-19 business interruption coverage exclusions, changes in regulatory requirements, our ability to attract and retain independent insurance agents, changes in our A.M. Best rating and the other risks that we describe from time to time in our filings with the Securities and Exchange Commission. We disclaim any obligation to update such statements or to announce publicly the results of any revisions that we may make to any forward-looking statements to reflect the occurrence of anticipated or unanticipated events or circumstances after the date of such statements.

Reconciliations of non-GAAP data are included in the financial supplement section of this presentation.

Donegal Group Inc. is an insurance holding company whose insurance subsidiaries and affiliates offer commercial and personal lines of property and casualty insurance to businesses and individuals in 24 Mid-Atlantic, Midwestern, New England, Southern and Southwestern states through approximately 2,300 independent insurance agencies.

The Company offers full lines of commercial products (approx. 62% of 2022 NPW) and personal products (approx. 38% of 2022 NPW), including commercial multi-peril, automobile, homeowners, workers' compensation and other coverages.





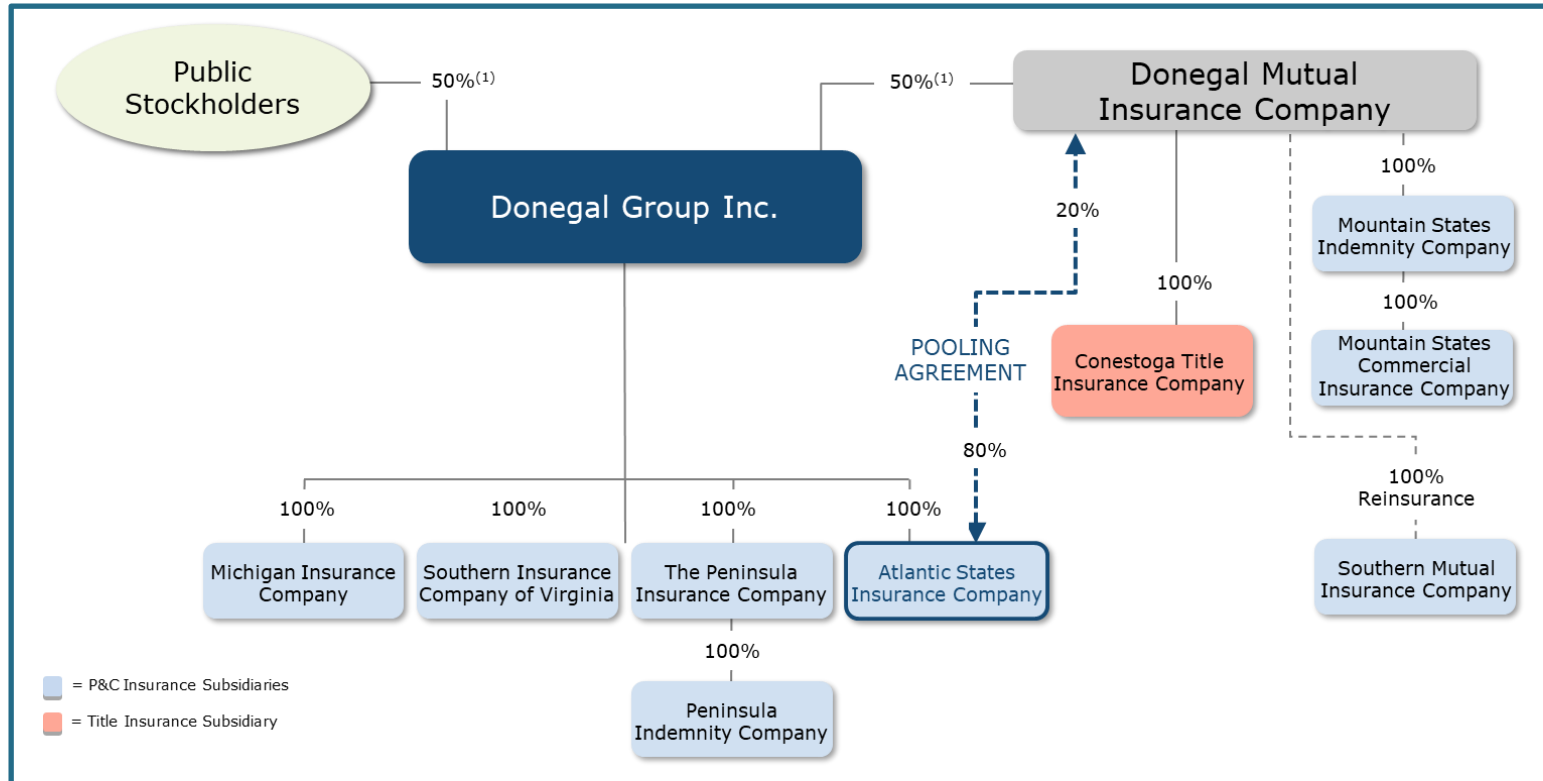
Continued shift to a higher proportion of commercial lines while maintaining a profitable book of personal lines

Significant Benefits to Shareholders from Mutual Relationship

- **Pooling agreement** fosters an **environment of continuity** and maintains **superior employee relations** in which the business can grow.
- Shared combined business plan to **enhance market penetration** and **underwriting profitability**.
- Product offerings are **complementary**, offering a **broad range of products** that expands our ability to service accounts.

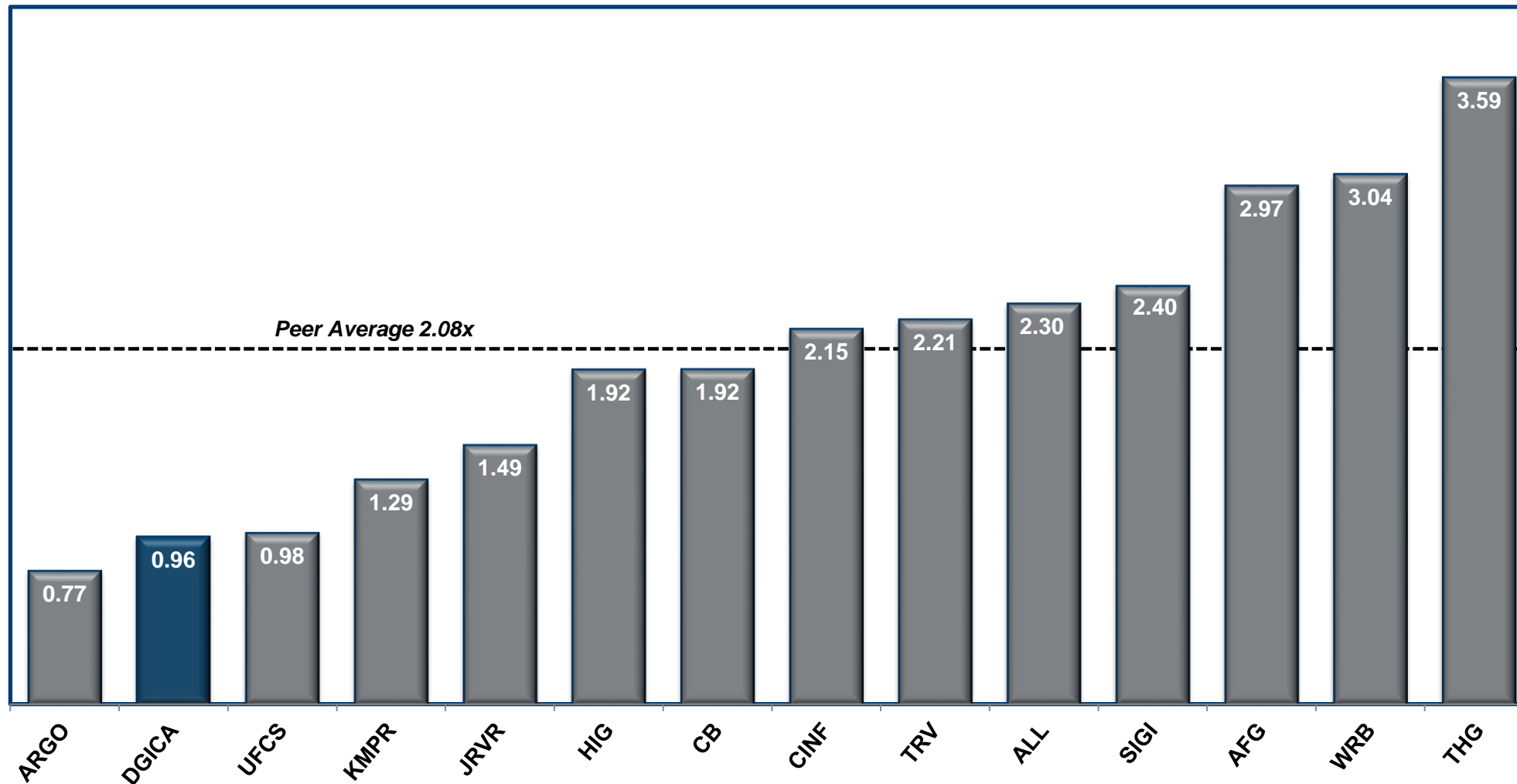


Rated A (Excellent)
by A.M. Best



¹Because of the different relative voting power of Class A common stock and Class B common stock, public stockholders hold approximately 29% of the aggregate voting power of the combined classes and Donegal Mutual holds approximately 71% of the aggregate voting power of the combined classes.

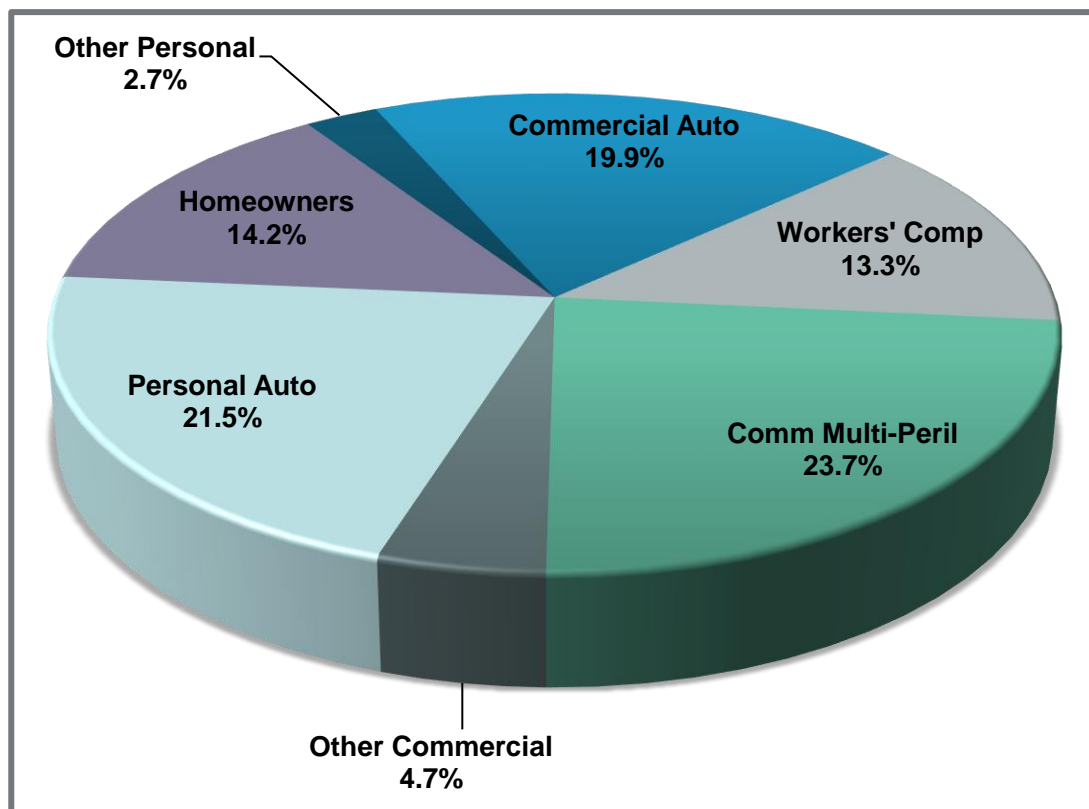
Price-to-Book Multiple



DGICA: Price and Book Value as of 12/31/2022

Peer Data Source: FactSet; Price as of 12/31/2022 and Book Value as of 9/30/2022

Net Premiums Written by Line of Business Year Ended December 31, 2022



Commercial Lines

- Commercial Auto
- Commercial Multi-Peril
- Workers' Comp
- Other Commercial

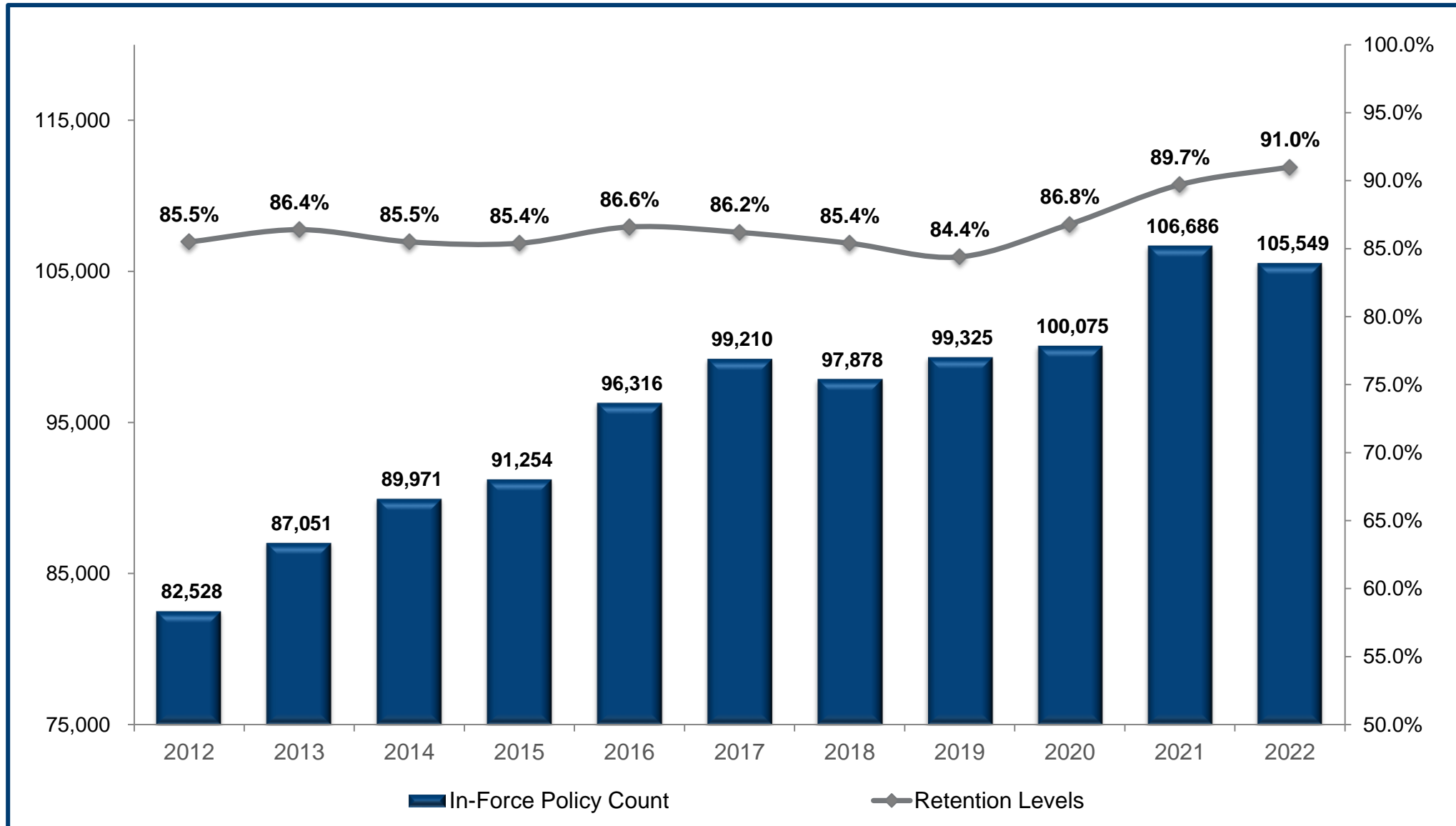
62% of NPW

Personal Lines

- Personal Automobile
- Homeowners
- Other Personal

38% of NPW

Continued Emphasis on Growth in Commercial Lines



Solid Retention

Net Premiums Earned

\$213.0M

6.5%
vs. Q4'21

Underwriting Results

Loss Ratio

69.9%
(0.2 pts)
vs. Q4'21

Expense Ratio

32.3%
(0.9 pts)
vs. Q4'21

Diversified Investment Portfolio

Net Investment Income

\$9.4M

14.5%
vs. Q4'21

Investment Yield

2.9%

31 bps
vs. Q4'21

Percentage change is reflective of Better/(Worse)

Premium growth reflects solid rate increases, strong renewal retention and higher new business due to new Personal Lines product rollout

Financial Results – Fourth Quarter & Full Year 2022

<i>(dollars in thousands, except per share data)</i>	Q4'22	Q4'21	Change	FY2022	FY2021	Change
Net Premiums Written	\$200,413	\$181,785	10.2%	\$843,530	\$804,267	4.9%
Net Premiums Earned	\$212,991	\$200,040	6.5%	\$822,490	\$776,015	6.0%
			<i>Better/(Worse)</i>			<i>Better/(Worse)</i>
Loss Ratio	69.9%	69.7%	(0.2 pt)	68.6%	67.1%	(1.5 pts)
<i>Core</i>	62.7%	62.6%	(0.1 pts)	59.8%	59.4%	(0.4 pts)
<i>Weather</i>	7.7%	4.3%	(3.4 pts)	7.7%	5.8%	(1.9 pts)
<i>Large Fire Losses</i>	6.2%	5.5%	(0.7 pts)	6.5%	5.9%	(0.6 pts)
<i>Prior Accident Year Development</i> <i>Adverse/(Favorable)</i>	(6.7%)	(2.7%)	4.0 pts	(5.4%)	(4.0%)	1.4 pts
Expense Ratio	32.3%	31.4%	(0.9 pts)	34.1%	33.3%	(0.8 pts)
Dividend Ratio	<u>0.6%</u>	<u>0.5%</u>	(0.1 pt)	<u>0.6%</u>	<u>0.6%</u>	=
Combined Ratio	102.8%	101.6%	(1.2 pts)	103.3%	101.0%	(2.3 pts)
Net Investment Income	\$9,385	\$8,199	14.5%	\$34,016	\$31,126	9.3%
Net Income/(Loss)	\$ 3,479	\$5,272	(34.0%)	(\$1,959)	\$25,254	NM
Per Share – Class A (Diluted)	\$0.11	\$0.17	(35.3%)	(\$0.06)	\$0.83	NM
Book Value Per Share	\$14.79	\$16.95	(12.7%)	\$14.79	\$16.95	(12.7%)

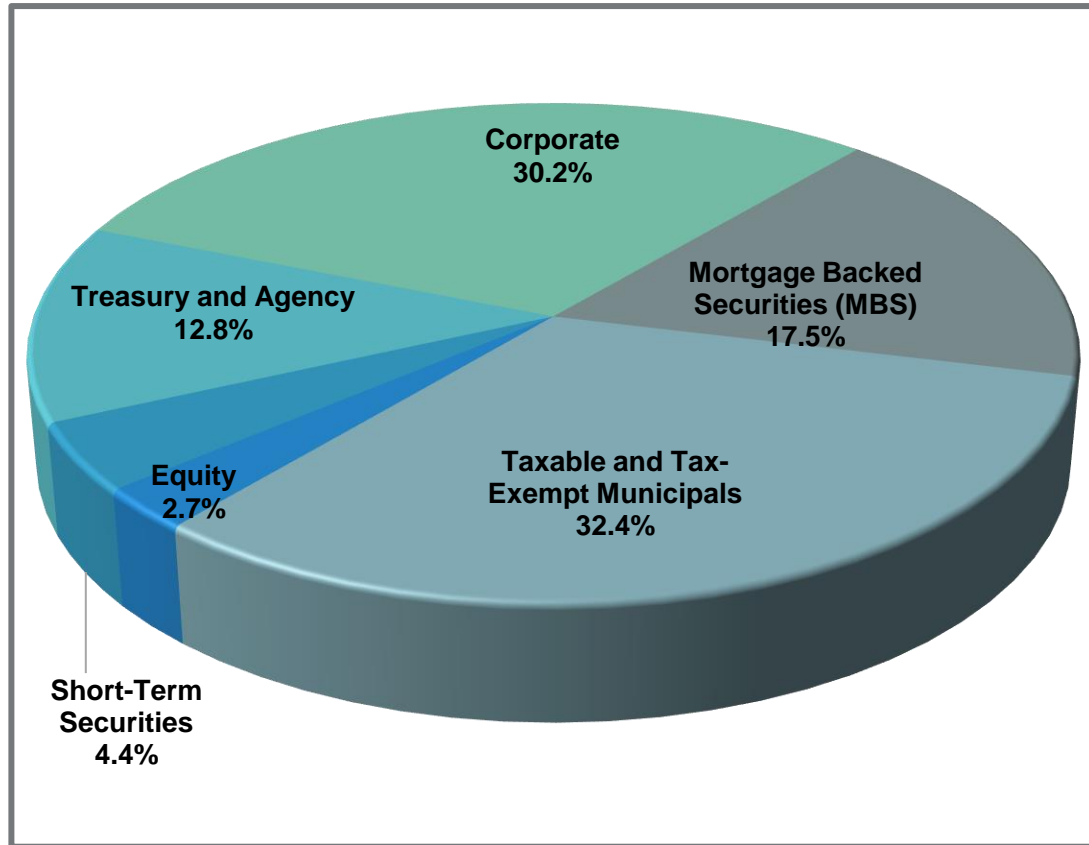
- Strong premium retention and solid overall renewal rate increases of +8.9%* in Q4'22; +7.2%* FY 2022
- Return to premium growth in all lines of business (excluding Workers' Comp) as new business writings increase in personal lines from the rollout of a new suite of products

(\$ in millions)	Net Premiums Written						Statutory Combined Ratio					
	Q4'22	Q4'21	Change Better/(Worse)	FY2022	FY2021	Change Better/(Worse)	Q4'22	Q4'21	Change Better/(Worse)	FY2022	FY2021	Change Better/(Worse)
Commercial Lines - Total	\$120.2	\$112.4	6.9%	\$519.8	\$501.8	3.6%	107.4%	108.1%	0.7 pts	103.7%	104.9%	1.2 pts
Automobile	\$38.2	\$35.5	7.6%	\$167.8	\$161.9	3.6%	96.0%	120.6%	24.6 pts	98.0%	108.6%	10.6 pts
Workers' Compensation	\$25.0	\$23.5	6.5%	\$111.9	\$113.3	(1.2%)	107.0%	82.5%	(24.5 pts)	97.3%	94.6%	(2.7 pts)
Commercial Multi-peril	\$47.9	\$44.7	7.2%	\$200.0	\$188.2	6.3%	122.5%	115.4%	(7.1 pts)	116.9%	114.1%	(2.8 pts)
Other	\$9.1	\$8.8	4.1%	\$40.1	\$38.3	4.6%	77.9%	94.5%	16.6 pts	80.8%	77.5%	(3.3 pts)
Personal Lines - Total	\$80.2	\$69.4	15.6%	\$323.7	\$302.5	7.0%	101.2%	95.6%	(5.6 pts)	102.8%	94.4%	(8.4 pts)
Automobile	\$45.4	\$38.6	17.8%	\$181.1	\$170.6	6.2%	114.0%	109.3%	(4.7 pts)	103.8%	94.4%	(9.4 pts)
Homeowners	\$29.7	\$25.9	14.5%	\$120.1	\$110.0	9.2%	88.7%	88.6%	(0.1 pts)	111.0%	102.9%	(8.1 pts)
Other	\$5.0	\$4.8	4.0%	\$22.5	\$21.9	2.7%	58.7%	20.8%	(37.9 pts)	52.1%	49.3%	(2.8 pts)
Total Lines	\$200.4	\$181.8	10.2%	\$843.5	\$804.3	4.9%	104.9%	103.3%	(1.6 pts)	103.3%	100.8%	(2.5 pts)

Certain components may not foot due to rounding.
(*excludes Workers' Comp)

\$1.3 Billion in Invested Assets

As of December 31, 2022



- Investment portfolio emphasizes on high-quality fixed-income securities
- “Laddering” structure provides additional measure of liquidity
- Added assets to mortgage-backed portfolio for less exposure in a volatile market
- Reinvestment rate for Q4 2022 exceeded rate received on maturing assets by ~200 basis points

- Well-established regional insurance group with a **diverse book of business** including both commercial and personal lines
- Continuing the optimization of our mix of business with **emphasis on commercial lines** while **strategically stabilizing personal lines** to maintain a **profitable book of business** that will **increase stockholder value** over time
- Focusing on achieving sustained excellent **financial performance**, strategically modernizing our operations and processes to **transform our business**, capitalizing on opportunities to **grow profitably** and delivering a **superior experience to our agents and policyholders**
- Maintaining our highly responsive service levels as a key underlying force that contributes to solid growth in our **commercial lines of business**



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We prepare our consolidated financial statements on the basis of GAAP. Our insurance subsidiaries also prepare financial statements based on statutory accounting principles state insurance regulators prescribe or permit (“SAP”). In addition to using GAAP-based performance measurements, we also utilize certain non-GAAP financial measures that we believe provide value in managing our business and for comparison to the financial results of our peers. These non-GAAP measures are net premiums written, operating income or loss and statutory combined ratio.

Net premiums written and operating income or loss are non-GAAP financial measures investors in insurance companies commonly use. We define net premiums written as the amount of full-term premiums our insurance subsidiaries record for policies effective within a given period less premiums our insurance subsidiaries cede to reinsurers. We define operating income or loss as net income or loss excluding after-tax net investment gains or losses, after-tax restructuring charges and other significant non-recurring items. Because our calculation of operating income or loss may differ from similar measures other companies use, investors should exercise caution when comparing our measure of operating income or loss to the measure of other companies.

Reconciliation of net premiums earned to net premiums written:

	Three Months Ended December 31,			Year Ended December 31,		
	2022	2021	% Change	2022	2021	% Change
	(dollars in thousands)					
Reconciliation of Net Premiums Earned to Net Premiums Written						
Net premiums earned	\$ 212,991	\$ 200,040	6.5%	\$ 822,490	\$ 776,015	6.0%
Change in net unearned premiums	(12,578)	(18,255)	-31.1	21,040	28,252	-25.5
Net premiums written	<u>\$ 200,413</u>	<u>\$ 181,785</u>	<u>10.2%</u>	<u>\$ 843,530</u>	<u>\$ 804,267</u>	<u>4.9%</u>

Reconciliation of net income (loss) to non-GAAP operating income:

	Three Months Ended December 31,			Year Ended December 31,		
	2022	2021	% Change	2022	2021	% Change
	(dollars in thousands, except per share amounts)					
Reconciliation of Net Income (Loss) to Non-GAAP Operating Income						
Net income (loss)	\$ 3,479	\$ 5,272	-34.0%	\$ (1,959)	\$ 25,254	NM
Investment (gains) losses (after tax)	(494)	(1,056)	-53.2	8,046	(5,117)	NM
Non-GAAP operating income	<u>\$ 2,985</u>	<u>\$ 4,216</u>	<u>-29.2%</u>	<u>\$ 6,087</u>	<u>\$ 20,137</u>	<u>-69.8%</u>
Per Share Reconciliation of Net Income (Loss) to Non-GAAP Operating Income						
Net income (loss) – Class A (diluted)	\$ 0.11	\$ 0.17	-35.3%	\$ (0.06)	\$ 0.83	NM
Investment (gains) losses (after tax)	(0.02)	(0.03)	-33.3	0.26	(0.17)	NM
Non-GAAP operating income – Class A	<u>\$ 0.09</u>	<u>\$ 0.14</u>	<u>-35.7%</u>	<u>\$ 0.20</u>	<u>\$ 0.66</u>	<u>-69.7%</u>
Net income (loss) – Class B	\$ 0.09	\$ 0.15	-40.0%	\$ (0.07)	\$ 0.74	NM
Investment (gains) losses (after tax)	(0.01)	(0.03)	-66.7	0.23	(0.15)	NM
Non-GAAP operating income – Class B	<u>\$ 0.08</u>	<u>\$ 0.12</u>	<u>-33.3%</u>	<u>\$ 0.16</u>	<u>\$ 0.59</u>	<u>-72.9%</u>

NM = Not meaningful