

Corporate

 Current price **1.9p**

 Sector **Construction & Materials**

 Code **FOX.L**

 AIM **AIM**

Share Performance



Source: Thomson Reuters, Allenby Capital

Share Data

 Market Cap (£m) **5.9**

 Shares in issue (m) **303.9**

52 weeks High Low

4.0p **1.4p**

 Financial year end **December**

Source: Company Data, Allenby Capital

Key Shareholders

 Andrew Muir **12.56%**

 Premier Miton Group **8.97%**

 Dr Etrur Albani **7.29%**

 Christopher Gilbert (CEO) **6.93%**

 Shailesh Patil **6.18%**

 Artemis Inv Management **4.38%**

 Miton UK Microcap Tst **4.28%**

Source: Company Data, Allenby Capital

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Fox Marble Holdings plc (FOX.L)

COVID-19 temporarily impacting revenue growth

Fox Marble Holdings (Fox) is a London-based marble quarrying, processing and sales company focusing on the extraction and processing of premium marble from its quarries in Kosovo and North Macedonia. Revenue streams include sales of block marble, processing of marble for third parties and the processing of marble from its own quarries. It currently operates three quarries, two in Kosovo and one in North Macedonia and has built a state-of-the-art processing factory. Fox has announced contracts worth over €2m in recent months with more to come, moving the Group ever closer to profitability and cash generation although in the short term COVID-19 has impacted quarry operations and revenue growth.

- World-leading quality marble resources at competitive prices** - Kosovo and North Macedonia both enjoy significant and largely unexploited resources of high grade, quality marble, equal to any available in the more recognised resource areas such as Italy and Turkey. Both Kosovo and North Macedonia are low cost areas for production and consequently labour costs are only a third of those in more established countries providing Fox with the ability to offer its processed and block marble at attractive prices and good margins.
- Processing increases margins and operational leverage** – Historically, Fox generated revenues through sales of block marble but since 2018 has gained the ability to process its own and third party blocks which adds significant value to the business, opens up new sales channels and offers substantially higher margins and operational leverage. Factory capacity could be increased from 165,000 m²/pa to 250,000 m²/pa with only modest capex.
- \$20bn global market with stable pricing** - Marble demand continues to grow with stable pricing, predominantly driven by the construction and real-estate industries, on which Fox is looking to capitalise. Marble is not seen as a commodity product and there is no spot market for the stone. Rather, pricing is determined by the quality and desirability of the specific stone type.
- Ful year and interim results** – COVID-19 has had a significant impact on short-term revenue growth although costs have been kept under strict control to conserve cash. With quarrying operations now recommencing and a good order book for processed marble the outlook is becoming more positive and will be assisted by a recommencement of block sales, hopefully in the near future.
- Arbitration effectively a nil-cost option** - We regard the Arbitration Claim as being a nil-cost option for the Group. The Group's litigation funders are acting on a no win/no fee basis and if successful, at whatever level, it would be transformational for the Group but is not currently priced into the shares. Once operations and sales return to normality Fox can resume its growth strategy to the benefit of all stakeholders.

Year End: December				
(€'000)	2017A	2018A	2019A	H1 2020A
REVENUE	1,203	1,410	1,423	186
ADJ. LBITDA	-2,498	-2,325	-1,582	-503
ADJ. LBT	-3,437	-2,265	-2,534	-799
NET CASH/(DEBT)	-2,899	-3,334	-3,877	-3,797

Source: Fox Marble Holdings plc.. Allenby Capital acts as joint broker to Fox Marble.

Please refer to the last page of this communication for all required disclosures and risk warnings.

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Investment summary

- **A growing portfolio of marble quarries** - Fox Marble has assembled an impressive marble quarrying and processing business based on quarrying operations in the Balkans, namely Kosovo and North Macedonia. It has long-term mineral rights to a number of quarries which have significant reserves of attractive and desirable marble that have been sold in many countries.
- **Investment has totalled around €15m** – Fox has invested over €15m in developing its quarries and also has a purpose-built factory for the processing of its own and third-party marble blocks, the only one of its kind in Kosovo. Processed marble attracts much higher margins than block sales and provides significant added value and operational gearing to the Group's operations.
- **Short-term impact of COVID-19 on operations** – All quarries were mothballed over the COVID-19 lockdown to protect staff and conserve cash, even though its operations were exempted from shutdown under local ordinances. This resulted in revenues for the six months to June 2020 being significantly lower than the comparative period. However, the second half should see a gradual improvement in activity levels and revenue.
- **Sales growth to resume in H2** – COVID-19 aside the Group has made good progress in marketing its processed marble and in the past few months has built an order book of around €2m to be delivered during the remainder of 2020 and 2021. These contracts have been awarded by local businesses and the indications are that there is more of the same to come.
- **Ambition to open one new quarry per annum** – In the short-term Fox will develop a new quarry which it has already identified which has substantial reserves of Illirico Selene, a very popular marble that has been much in demand. The new quarry would replace the reserves that the Group had mineral rights to in the previously owned Malishevë quarry which was unilaterally seized locally in 2019.
- **Arbitration claim** - Fox has launched a claim for €195m against the Government of Kosovo as a result of its failure to support and protect Fox Marble and its interests in Kosovo, particularly in respect to the Malishevë quarry. The Company believes that the claim has substantial merit and the government is keenly aware that the claim is being monitored by prospective overseas business interests and investors and is therefore mindful that any outcome does not damage its reputation.
- **Investor concerns regarding the claim** - With regard to investors' concerns that such proceedings against the government could damage the Group's relationship with the authorities, it should be noted that since the Arbitration Claim, the Group has been awarded substantial contracts with local municipalities that have been funded from central Government. We consider the Claim to be a nil-cost option for the Group as the costs associated with the claim are being born by a litigation specialist funder on a no win/no fee basis, so any eventual award could be transformational for a Company with a current market cap of just £6m.

Activities and Background

In 2011, Chris Gilbert, and business partner Etrur Albani, established Fox Marble as a marble quarrying company with the specific purpose of owning and operating marble quarries in Kosovo. The Group was subsequently listed on AIM in August 2012. Kosovo has had a long history of marble processing, but its resources have remained largely unexploited following the collapse of the industry post the 1990s conflict.

Gilbert has developed several successful businesses in the past, with specific responsibility for fundraising, executive business management and their subsequent disposals. Albani had previously run one of the biggest companies in Kosovo, the state-owned telco PTK.

An agreement was made with the Kosovan government that, if Fox could bring a publicly listed company to the region to act as a seed for future foreign direct investment, and provide jobs to local workers in the region, it would be given licences to initially open five mines.

After much research, Fox acquired rights and mining licences to three quarries at Rahovec including Malishevë and Cervenilë and a further two quarries in Syriganë and Pejë. These quarries offered marble in colours from white, through a variety of greys to red and gold. However, the Company quickly recognised that a whiter marble than its Kosovo quarries were yielding would significantly enhance its portfolio.

Marble from neighbouring North Macedonia had the attributes that the Company was seeking with the material occurring in deposits running for more than 50 km through central and southern North Macedonia. Fox subsequently acquired a large concession just to the north of Prilep where it has rights to two quarries and has been extracting marble commercially since 2014.

Currently Fox is the only company conducting dimension stone extraction and processing in Kosovo and is one of only two doing so in North Macedonia. It currently has three operational quarries, Cervenillë and Syriganë in Kosovo and Prilep Alpha in North Macedonia. Its quarry at Malishevë in Kosovo was unilaterally seized locally in 2019 and has resulted in a €195m Arbitration Claim against the Government of Kosovo as a result of the Government's failure to support and protect Fox Marble and its interests in Kosovo. The rights to the second quarry at Prilep is still current but has yet to be developed.

In 2018 Fox opened its first processing factory in Lipjan, a few kilometres south of the capital of Kosovo, Prishtina. The 6,000 sqm factory was designed in Italy around mostly Italian machinery and was completed in stages under the supervision of Italian and latterly, Spanish specialists.

With the factory complete, Fox can satisfy all the major global markets and focus is now on consolidation, systems and process refinement, efficiency enhancement and growth. The Group has ramped-up its world-wide marketing and sales drive with the global team growing in size, experience and reach. Prestigious and lucrative orders have been won and announced and we believe that more are in the pipeline.

THE STONE ALLIANCE PROJECT

In 2016 Fox announced that it was participating in a new project through a newly formed company registered in the USA, Stone Alliance LLC with an initial shareholding of 59%.

The background to the formation of the project rests on the fact that the Government of Kosovo is keen to accelerate the wider development of the large number of marble deposits which have been identified in the country and to attract inward investment. Through Stone Alliance they aim to realise this ambition, drawing on Fox Marble's existing management and operational expertise.

Stone Alliance has reserved exploration licences for 40 quarry sites with the Independent Commission for Mining and Minerals (ICMM), the licensing body in Kosovo. These quarries have been surveyed and contain around 265 million tonnes of high-quality dimension stone.

In addition, Stone Alliance has been granted Commercial Advocacy by the Advocacy Centre of the United States Department of Commerce based in Washington DC. This ensures that the company benefits from the active support of the U.S. Government. That support will be primarily delivered by the US Ambassador to Kosovo, HE Ambassador Greg Delawie, and his staff.

Building on an official letter of welcome from the Kosovo Prime Minister, on 4 October 2016 Stone Alliance signed a non-binding Memorandum of Understanding (MoU) with the Parliament of Kosovo.

This is a long-term project and has yet to commence operations, but the MoU sets out to achieve the following objectives:

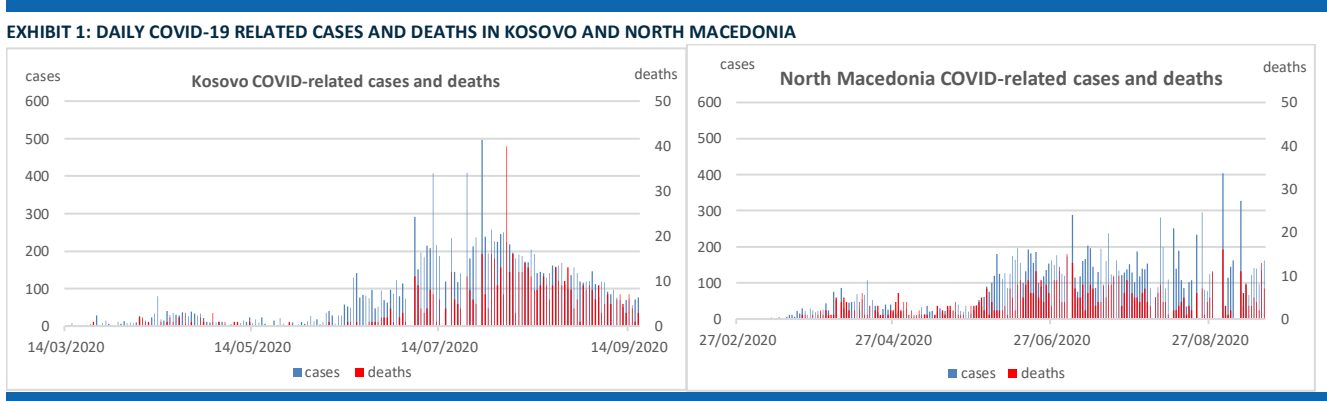
- a) Creation of a world class new stone industry for Kosovo and the creation of in excess of 2,000 jobs in the first five years of the business plan implementation.
- b) An international board of directors led by the Chairman, Lt. Gen. (Ret.) Michael D. Barbero.
- c) Enhanced reputation of Kosovo through the transformation of the international perception of investment risk as well as through the global marketing and sale of prestigious Kosovan stone.

In accordance with the MoU, Stone Alliance agreed to raise the capital necessary to facilitate the opening of 40 quarries, creating not only direct employment in the quarries themselves but also jobs in the support industries where all providers are expected to be local businesses. Stone Alliance will also commit to build at least two new factories which will process the extracted raw marble into the higher value cut and polished slab products.

Each of the 40 quarries are expected to be the subject of a joint venture with a local minority partner responsible for operations under the direction of Fox Marble. Fox Marble, which will be the operating company for Stone Alliance in addition to continuing with its current operations, will provide the expertise on technical and strategic planning, implementation and quarry operations; as well as the initial marketing, sales and distribution platforms for all Stone Alliance products.

COVID-19 IMPACT ON TRADING

As of 13 September, 14,637 people had reported positive on the virus in Kosovo and 596 had died and as of 9 September 2020, North Macedonia had reported 14,700 confirmed cases and over 600 deaths. Cases and deaths in Kosovo have fallen quite steeply since then, although in North Macedonia cases and deaths have yet to show a clear declining trend but remain relatively moderate.



Source: European Centre for Disease Prevention and Control (ECDC)

COVID-19 impact on Kosovan operations

Quarry operations were unaffected although at the time were not active, and the Company continues to operate its factory in Lipjan, though it had scaled back operations to specific projects. This allows the implementation of extra distancing procedures to protect the workforce, as well as to take into account the impact of COVID-19 on the Company's customers. Existing and committed projects are being completed, though timelines will be closely managed in co-ordination with the Company's clients. The level of operations at the factory are being assessed every two weeks.

Fox Marble's factory has, over the first half of this year, developed a strong order book of projects for the local Kosovan market and it is hoped that there can be a return to a higher rate of production as soon as conditions permit. Operations at Cervenillë recommenced in September 2020.

COVID-19 impact on Macedonian operations

Demand fell as a result of travel restrictions placed on China (the principal buyers of the Company's block marble) since January 2020. The spread of the virus into Europe and the resulting impact on cross border travel and trade has magnified this effect. Consequently, the Company elected to significantly scale back production at the Prilep quarry in order to keep operational cash flow neutral until the international block marble market returned to normality.

In September 2020, Fox recommenced operations at Prilep on the assumption by management that the harsh lockdown provisions will begin to ease and international buyers of block marble will be able to resume physical inspection and purchase of blocks.

Notable recent contracts and announcements

2020 to date has been a notable year for Fox. Aside from the challenges posed by the COVID-19 pandemic, it has been a successful year for the Company on several levels.

Strategy

In February 2020, before the COVID-19 lockdown, the Group provided an update to its strategy. This entailed a focus on four strategic pillars:

- Sales of processed marble from its factory in Lipjan with a focus on growing sales within Kosovo and the Greater Balkans region.
- Block sales of marble to China and other large block markets.
- Growing marble reserves in the Balkan region and opening new quarries in Kosovo.
- Developing the Company's sales and marketing activities.

The first leg of the strategy has been successfully implemented with a number of large and prestigious contracts having been awarded (see below). The second leg has been unable to progress due to the travel restrictions imposed by the pandemic. Leg three is still current with the Company actively seeking and screening opportunities to grow its reserves over the medium term. The fourth leg has progressed and remains ongoing.

Quarrying operations

Production for the year ended 31 December 2019 was 14,515 tonnes with production in Prilep of 11,547 tonnes (2018 - 5,803 tonnes).

Production at Prilep effectively doubled in both 2018 and 2019 and further growth is targeted for 2021. Current production is at around 10,000 tonnes per annum and management believes there is potential capacity of 20,000 tonnes through redeploying equipment from the quarries in Kosovo.

The Cervenillë and Syriganë quarries in Kosovo have remained open with machinery on site and ready for deployment. At present quarry teams are not on site at Syriganë, as the Company has a significant reserve of material in stock, however the quarry can be staffed at short notice.

The Cervenillë quarry recommenced operations in September 2020 due to increasing demand for its material. This will ensure that sufficient stocks of block material are available for existing and future projects, as well as providing stock ahead of the normal winter shut down of the quarry.

Quarry production at the Malishevë quarry in Kosovo was stopped in July 2019 as a result of the ongoing dispute with Green Power Sh.p.K.. Fox has filed civil claims in Kosovo against Green Power for breach of contract and damages, in addition to the wider Arbitration case launched against the Government of Kosovo, announced in September 2019.

The Lipjan processing factory

In January 2020, Fox announced that its factory had moved to two daily production shifts, a move precipitated by increasing demand both for processing of marble for third parties and growing demand for its own processed materials. The factory has a processing capacity of 165,000 m² per annum and can be expanded to 247,500 m² with an additional capital investment of c.€700,000.

In July 2020, Fox announced that it had acquired two additional automatic cutting machines for its factory in Kosovo. The two machines, together with its existing CNC machine will effectively double its capacity to cut tiles and allows Fox to enhance its processing capabilities at the factory and the rate of processing. In addition, it allows Fox to continue to tender for new contracts while fulfilling existing large projects.

The factory has seen an increase in activity in June and July 2020. The rate of production in the tile cutting area in July 2020 increased by 100% compared to May 2020, with an equivalent number of working days on the machine. This improvement occurred prior to the commissioning of the two new CNC tile-cutting machines noted above which have now been successfully installed.

Contract awards

February 2020 - Fox announced that it had entered into an agreement with EBA Sh.p.K. (a local architectural and construction firm) with the intention to provide processed marble in the form of tiles, stair treads and window lintels. The agreement has no minimum order value, but pricing has been based on a minimum volume of 2,000 square metres, which Fox expects to supply over the course of 2020.

February 2020 – Fox announced two agreements for the processing of third-party blocks with Egzoni Sh.p.K. and Skifteri Sh.p.K.. The agreements are for two years with an expected volume of 325 tons per month, generating approximately €300,000 per year in expected revenues.

March 2020 - Fox was awarded a contract to supply up to 20,000 square meters of paving to a local municipality for the town square in the town of Suhareka in Kosovo. The stone is to be supplied over the course of a year with the first 8,000 square metres to be delivered by September 2020. Material already specified and contracted under the first two stages of the project has a total value of more than €400,000, and once all processed marble has been supplied, the project is expected to be worth in excess of €750,000.

As a result of the lockdown, the supply of the material will be delayed until the local contractor installing the paving is allowed to resume work. However, the Company currently anticipates that work will resume on this project by the end of September 2020

June 2020 – In June, Fox signed a contract to supply 15,000 square metres of cut and polished tiles and 19,000 metres of bespoke cut to size products to CC Apartments LLC, a company engaged in developing several prestigious projects including apartments in Kosovo, as well as Albania and surrounding countries.

The total value of the contract is circa €600,000. Delivery is expected to commence in January 2021, with all revenues expected to be realised by December 2021.

July 2020 – Fox was awarded a contract to supply 20,000 square metres of cut and polished paving tiles for installation in the town square for the Municipality of Poduyeva in Kosovo. Fox will be processing blocks of a range of marble from its own quarries and

supplying the material from its factory in Kosovo over the course of 2020/2021. The total value of the contract is in excess of €700,000.

Placing of shares

In June Fox raised £0.8m gross through a placing of 45.7 million shares at 1.75p each. Warrants over new shares were also issued on the basis of one warrant for every two placing shares, exercisable at 3.5p over a period of 18 months.

Rescheduling of CULNs

In May 2020, Fox reached agreement with the holders of £2.1m CULN, replacing the eight existing series of CULNs with a new single class of CULN which will have a maturity date of 1 December 2026 and will be convertible at any date from 1 June 2020 at a conversion price of 5 pence per share. The interest rate of the new CULN is 2% per annum payable half yearly on 1 June and 1 December and compares to the 8% interest rate previously paid.

Full year results to Dec 2019 and interims to June 2020

EXHIBIT 2: SUMMARY FULL YEAR AND INTERIMS P&L

	H1 2020	H1 2019	% change	2019	2018	% change
	€	€		€	€	
Revenue	186,000	1,002,000	-81.4%	1,422,872	1,409,730	0.9%
Gross profit	81,000	460,000	-82.4%	608,246	522,374	16.4%
<i>GP margin</i>	<i>43.5%</i>	<i>45.9%</i>	<i>-5.1%</i>	<i>42.7%</i>	<i>37.1%</i>	<i>15.4%</i>
Administration expenses before D&A	-667,000	-738,000	-9.6%	-2,189,990	-2,847,135	-23.1%
<i>as a % of revenue</i>	<i>358.6%</i>	<i>73.7%</i>	<i>386.9%</i>	<i>153.9%</i>	<i>202.0%</i>	<i>-23.8%</i>
LBITDA	-586,000	-278,000	110.8%	-1,581,744	-2,324,761	-32.0%
D&A	-195,000	-417,000	-53.2%	-691,929	-102,261	576.6%
Operating loss	-781,000	-695,000	12.4%	-2,273,673	-2,427,022	-6.3%
Net finance (costs)/income	-118,000	-139,000		-259,867	162,047	
Loss before tax	-899,000	-834,000	7.8%	-2,533,540	-2,264,975	11.9%

Source: Fox Marble

Full year revenues to December 2019 were broadly flat at €1.4m although as expected gross profit increased by 16% to €0.6m reflecting increased sales of higher margin processed marble which was reflected in a gross margin of 42.7% (2018: 37.1%). Administration costs, before depreciation and amortisation charges were lower than 2018 at €2.2m leading to a EBITDA loss of €1.6m (2018: €2.3m). However, depreciation was significantly higher, reflecting investment in the factory and a c.€420k swing in net interest received to net interest paid resulted in an increase in the loss before tax of 12% to €2.5m.

Interim results for were heavily impacted by the effects of COVID-19 on block marble sales although alleviated somewhat by stronger growth in the sale of processed marble but again substantially affected by the closure of Malishevë quarry in July 2019 where the Group was extracting the highly desirable Illirico Selene marble.

Net debt at the half year was €3.8m which included the receipt of £709k (net) from the issue of shares in mid-June 2020.

Market Structure: The Supply Side

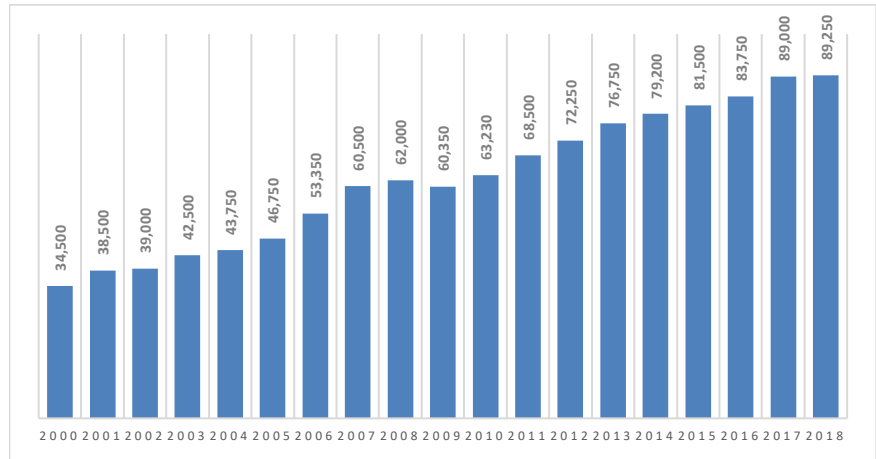
Marble extraction and processing is a highly fragmented industry, comprised almost entirely of private (often family owned) businesses.

Besides Fox, to the best of our knowledge there are only two other publicly listed marble extraction companies, namely **China Kingstone Mining Holdings Ltd** (HKG:1380) (a China-based investment holding company principally engaged in the mining, processing and trading of marble stones and marble-related products). The other is **FHL I Kiriakidis Marbles and Granites SA** (a Greece-based company whose main activities are the mining, extraction, processing and trading of marble, marble powder, schist stones, natural and artificial granites and pawns, as well as the administration of quarries (AT:KYRM).

Businesses commonly opt to either operate quarries and sell on marble in raw block form to processors; or source raw blocks from extractors, implement the processing stage (cutting, polishing etc) and then sell on to finished goods suppliers or end buyers. There are very few companies that are vertically integrated to the extent that they process marbles extracted from their own quarries. Fox, which currently has mining rights to a number of quarries and its own processing plant, consequently has a significant competitive advantage in this respect.

Production of calcareous dimension stone (of which marble is the dominant product) has been rising since records began in 1926 and aside from the after-effects of the financial crisis in 2009, has been rising every year. In the past 19 years output has grown by 159% from 34.50m tonnes to 89.25m tonnes, a CAGR of 5.1%.

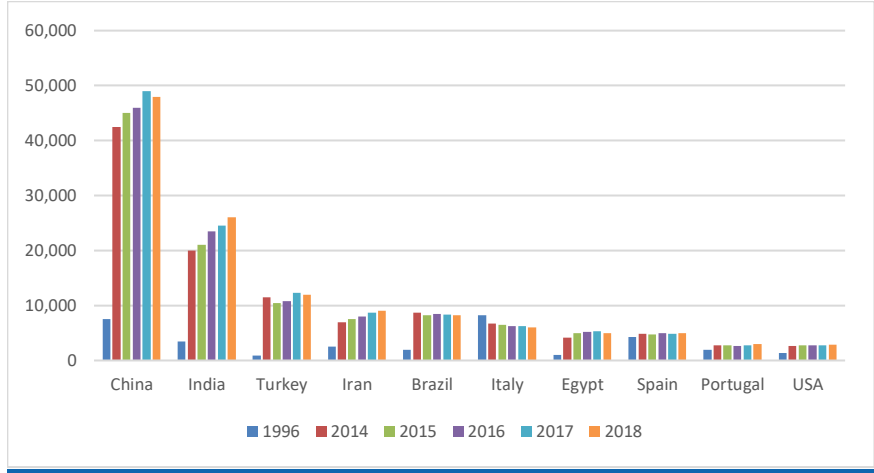
EXHIBIT 3: YEARLY GLOBAL PRODUCTION OF CALCAREOUS DIMENSION STONE



Source: World Marble and Stones Report 2019

The countries producing the greatest tonnage of dimension stone are led by China who in 2018 achieved an output of 48m tonnes of dimension stone, some 85% higher than the next largest producer, India).

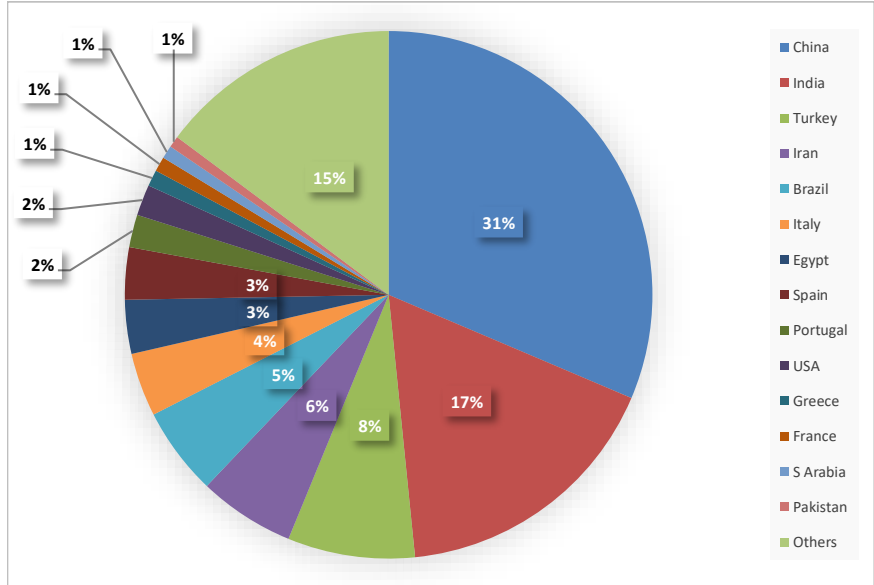
EXHIBIT 4: QUARRY OUTPUT BY COUNTRY (TOP 10 - SILICEOUS AND CALCAREOUS)



Source: World Marble and Stones Report 2019

Of the total 153m tones of dimension stone quarries in 2018, China accounted for 31.4%, India 17% and Turkey 7.8% as can be seen below.

EXHIBIT 5: DIMENSION STONE PRODUCERS 2018



Source: World Marble and Stones Report 2019

BENCH WALL



BLOCK MARBLE

Block marble, as the name suggests is marble that has been quarried but not processed.

Mining marble blocks from a quarry starts with a "bench wall." The bench wall is a large section of marble along a vertical wall that is cut with diamond cables, drills, and torches. Dynamite loosens the bench wall from the side of the quarry, and the separated wall can then be processed and cut into individual, uniform blocks. A marble block usually weighs between 4 and 11 tonnes.

The quarry manager needs to oversee each cut made from the quarry; marble mined along the "vein" of the deposit will have a very different look than marble that is "cross-cut" across the vein.

Once each block is extracted from the quarry, they are classified based on certain quality criteria, including block size, weight, streaks (the lower the amount of streaks, the higher quality and better classification) and cleanliness (no stains or cracks).

The resulting block classification determines the marble's price. Due to their large dimensions and heavy weight, the blocks need to be moved and handled with cranes and specific machines, both during loading/unloading and during processing.

Extracted blocks are generally stored outdoors in the block yard to be viewed by prospective buyers. Once a block has been reserved, the buyers name or mark is sprayed onto the block for later identification purposes. Blocks destined for in-house processing are transported to the processing factory where they are classified prior to being sawed.

MARBLE BLOCKS



PROCESSED MARBLE

Marble is cut using multiwire or block cutters. Depending on their dimensions, blocks may be cut using different methods, i.e., large blocks will be processed in the multi wire cutter, while smaller, irregular blocks will be cut using block cutters. The aim is to make the most of the block's measurements by reducing any waste as much as possible. Other features such as the type of marble, quality, required materials (slabs, tiles, etc.) will also influence the choice of block to be cut.

Multiwire cutters are used to produce slabs whereas block cutters produce strips that will be subsequently processed by a mitre saw or CNC cutter in order to create tiles. Slabs have a maximum width of 1.8 - 2 metres. Their maximum thickness is between 8-10cm although normal thickness is 2-3cm. Standard marble tiles have a thickness of between 0.9 and 2 cm and are available in the following sizes: 30.5 x 30.5 cm, 30 x 60 cm, 40 x 40 cm, 60 x 40 cm and 60 x 60 cm.

Blocks are fed into the processing machine by means of a platform that eases their movement. Diamond wires cut the block in a vertical direction and the number of slabs depends on the number of wires used in the operation. Blocks can take up to 8 hours to cut.

MARKET STRUCTURE: THE DEMAND SIDE

China, as shown in Exhibit 6 above, aside from being the largest producer of dimension stone in the world, accounting for around 31% of total output, is also the largest importer, in this instance of calcareous products (Exhibit 6), accounting for almost 60% of all production. Such is the size of its home market that unsurprisingly it exports only 67,000 tonnes, while imports totalled 8,269,000 tonnes.

EXHIBIT 6: IMPORT/EXPORT OF UNPROCESSED CALCAREOUS PRODUCTS ('000 TONNES) - 2018

IMPORT	Italy	Germany	France	Spain	Portugal	Belgium	Netherlands	UK	Austria	Switzerland	Saudi Arabia	Jordan	Lebanon	India	Singapore	Hong Kong	Taiwan	China	South Korea	Japan	Canada	USA	Australia	Others	TOTAL
EXPORT																									
Italy	-	1	2	4	0	1	0	1	1	2	6	43	27	272	1	0	25	495	2	1	0	4	1	356	1,245
Germany	2	-	3	0	0	0	0	0	0	29	0	0	0	1	0	0	0	118	0	2	0	0	0	2	157
France	3	1	-	0	0	1	0	1	0	14	0	0	0	0	0	0	0	5	0	0	0	1	0	2	28
Spain	1	0	3	-	9	0	0	0	0	0	10	4	4	8	0	0	1	305	0	0	0	0	0	170	515
Portugal	1	18	2	6	-	0	0	0	0	0	0	0	2	12	0	2	1	550	0	1	2	1	0	62	660
Belgium	8	1	8	0	1	-	4	0	0	0	0	0	0	0	0	0	0	2	0	0	0	0	0	1	25
Greece	4	1	0	3	0	0	0	0	0	0	0	0	0	21	1	12	5	722	0	1	0	1	0	136	907
Turkey	25	42	0	13	6	1	0	0	0	0	2	56	28	453	2	15	42	3,951	2	1	0	0	0	418	5,057
Egypt	10	0	0	0	0	0	0	3	0	0	7	6	6	14	0	0	2	896	1	0	0	0	0	1,085	2,030
India	6	1	4	0	0	3	1	25	0	0	0	0	0	-	0	0	2	41	0	0	0	0	0	158	241
Iran	24	0	0	4	0	0	0	0	0	0	0	0	2	59	0	0	5	766	0	0	0	0	0	112	972
China	8	0	0	0	0	0	1	1	0	0	0	0	0	15	1	7	31	-	2	0	0	0	0	1	67
USA	10	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	5	0	0	21	-	0	8	44
Mexico	5	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4	12	0	0	0	4	0	10	35
Brazil	12	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	15	0	0	0	1	0	1	30
Others	95	15	7	21	7	3	7	2	4	17	20	40	18	51	5	0	11	386	0	1	276	15	21	910	1,932
TOTAL	214	80	29	51	23	9	13	33	5	62	45	149	87	906	10	36	130	8,269	7	7	299	27	22	3,432	13,945

Source: World Marble and Stones Report 2019

As Exhibit 4 illustrated, global production of calcareous dimension stone has been rising steadily over the past several years as has the demand for processed material. The market for processed dimension stone is far broader than that for block product and that works in Fox's favour: in the longer term the Company is aiming to predominantly sell its marble in processed form to maximise profits. Having a broader target market should assist in minimising the risk of over-reliance on a limited number of customers and regions.

PRICE

Price depends on whether the marble being sold is in block form or cut and polished. Clearly there is more added value in processed marble than block and therefore, as a generalisation, the price to the customer and the margin to the Company is greater.

Whilst there are significant resources of marble across the globe, the rarity of different marble types varies substantially with some specific stone types limited to specific regions.

For example, the famed White Sivec marble, extracted and trademarked by Mermeren Kombinat A.D., is present within the Prilep basin in North Macedonia and is not found anywhere else in the world.

This particular marble has been used in numerous prestigious construction projects, for instance in the Grand Mosque of Abu Dhabi (completed in 2007) in which over 100,000 tonnes of the marble was used and commands a premium price. Fox also operates a white marble quarry in Prilep basin (Prilep Alpha) which it sells under the trade name Alexandrian White.

Fox operates one of the two Prilep basin quarries (Prilep Alpha) but as Sivec is a trademark of the marble extracted from the quarries of Mermeren Kombinat A.D. it calls its marble Alexandrian White although it is essentially the same as Sivec.

Fox Marble's Quarries

Fox currently has rights to extract marble from two fully developed quarries in Kosovo (**Syriganë and Cervenillë**) and one in North Macedonia (**Prilep Alpha**). A second quarry in Macedonia (**Prilep Omega**), has yet to be fully developed.

Generally speaking, quarries in Kosovo are shut towards the end of December until early March. This is due to winter weather which can be extreme. Syriganë would typically be the first to shut as it is situated at a higher latitude. If there is a break of good weather during this period it may be possible to work the quarries, then potentially close again if the weather worsens. Prilep, which is further south, will generally be closed for a short 3-4 week period over the year end.

All quarries were mothballed at the end of March due to the fall in demand for block sales as a result of travel restrictions placed on China, (the principal buyers of the Group's block marble) and in order to reduce costs and conserve cash. Since then, demand has recovered and both Cervenillë and Prilep have recommenced operations. Operations have yet to recommence at Syriganë but can be resumed very quickly when required.

Across these three quarries there are inferred resources of 91 million m³ of marble in situ. One m³ provides Fox with around 2.8 tonnes of material equating to over 250 million tonnes of marble across the three sites. A valuation of the potential revenue that could be derived from the in-ground resources depends on whether the dimension stone is sold unprocessed or processed, as the added value from the latter is significant as noted below.

Based on the range of pricing for unprocessed marble of €270/m³ to €640/m³ one can estimate a value of between €24.6bn and €58.2bn. For processed marble a range of between €756/m³ and €1,800/m³ would give a valuation of between €68.8bn and €163.8bn. These numbers merely provide an illustration of the theoretical value of resources within the Group's portfolio.

It is therefore clear that the Group is not short of resources. Nonetheless, there are other materials that the Group would like to add to its portfolio, including Selene, which was a material previously extracted from its Malishevë quarry which was unilaterally seized locally in 2019. Fox has already identified a green-field site which has proven reserves of Selene and the Company is currently in negotiations regarding the acquisition of the mineral rights to this prospective quarry.

KOSOVO QUARRIES

EXHIBIT 7: OPERATIONAL SITES IN KOSOVO



Source: Fox Marble

From an overall perspective, capital investment in mineral exploitation is considered a high priority for Kosovo's economic development so the legislative and regulatory framework has been specifically designed to be business friendly.

The ICMM is the governmental body responsible for regulating the mining sector and implements and enforces mining law, including handling exploration and exploitation licence applications and collecting royalties. It was established in 2012 by the United Nations Interim Administration Mission in Kosovo.

For dimension stone a licence is normally issued for 25 years and may be renewed for a further 25 years and the royalty fee payable to the ICMM for the exploration of marble is €1 per tonne extracted.

Cervenilë

Opened in November 2012, this quarry has been producing commercial quantities of marble for many years before being mothballed in 2018 and reopened due to strong demand in September 2020.

Cervenilë is located in mid Kosovo close to Rahovec, circa 50km to the south-west of Pristina and nearby the Group's marble processing facility in Lipjan). It is serviced by a suitable access road and the logistics of transporting marble from Cervenilë to Lipjan are therefore unfettered. The Company held surface rights over this quarry for ten years from 4 September 2011 and exercised its right to extended this for a further ten years bringing the termination date to September 2031.

Fox has a mining licence over the property which lasts for a period of 24 years dated from 31 October 2011 bringing the termination date to October 2035. Marble has been extracted from the quarry in three separate locations, with each location yielding a distinctive marble.

The quarry has an indicated resource of 32 million m³ and to date Fox has extracted around 14,500 tonnes of marble. These marbles comprise the Company's mid-price product range.

EXHIBIT 8: CERVENILË MARBLE – LEFT TO RIGHT: FLORA; GRIGIO ARGENTO; ROSSO CAIT



Source: Fox Marble

GRIGIO ARGENTO – has been one of Fox’s greatest commercial successes and has been sold to, amongst others, prestige homebuilder St George plc for its Thames riverside apartment complex, Chelsea Creek and is one of the stones, along with Flora and Alexandrian White (see below) to be delivered as part of the recent contract to pave the town square in Suhareka. It is available in a range of hues and fossil patterning. Demand for this marble has risen strongly in recent months and this has been the trigger to the decision in September 2020 to recommence operations at the quarry.

FLORA – is a transitional marble between Grigio Argento and Rosso Cait.

ROSSO CAIT – has proven particularly popular as a highlight stone to use alongside, for example, Alexandrian White but is also in demand as both block and slab in various markets around the world, including China.

Syriganë

Formerly named Suhogerll, the Syriganë quarry site is located in the north of Kosovo and is open across two benches. The quarry produces two types of marble - Breccia Paradisea and Etrusco Dorato - which reside in the upper price levels of Fox’s product range.

Fox holds both the surface rights and mining licence over the Syriganë quarry from 2011 for periods of 20 years and 25 years respectively. The leasing agreement that Fox has in place with the owner dictates that the Company is obliged to pay a royalty of 20% of the net profit generated from sales of block marble from the quarry to the former owner of the surface rights, Rex Marble Sh.P.K. The quarry has an indicated resource of 36 million m³ and to date Fox has extracted around 12,250 tonnes of stone. Currently extraction operations have stopped as the Company has sufficient supplies of extracted marble blocks to satisfy current demand. However, production could recommence very rapidly should demand for further stone be required.

EXHIBIT 9: SYRIGANË MARBLE – LEFT TO RIGHT: ETRUSCO DORATO AND BRECCIA PARADISEA



Source: Fox Marble

ETRUSCO DORATO – is a rare and unusual brecciated limestone which like Breccia Paraidsea (see below) is visually striking, particularly when book matched. It has all the classic beauty of white and cream tones with an extra special ribbon of gold running through it.

BRECCIA PARADISEA – is a fine multi-coloured limestone whose real beauty comes out when book matched and is particularly effective as a compliment to more neutral materials such as Alexandrian White.

NORTH MACEDONIA

EXHIBIT 10: OPERATIONAL SITES IN NORTH MACEDONIA



Source: Fox Marble

Prilep Alpha

In 2013, Fox entered into an agreement to operate Prilep Alpha for a period of 20 years with an irrevocable option to extend the period for a further 20 years thereafter. Fox initially received 25% of gross revenues from sales of block marble, with a 40% royalty going to its joint venture partner, Gulf Marble Investments (Dubai) and the remaining 35% to the original rights owner. Under the agreement, Gulf Marble provided the funds to acquire the license to the site and capital investment amounting to €1.7m.

In October 2018, Fox acquired Gulf Marble and consequently the 40% gross revenue royalty as well as all the assets and capital equipment held by the entity.

Up to September 2019 Fox had quarried 20,992 tonnes of Alexandrian White and Alexandrian Blue. It has doubled production to around 10,000 tonnes per annum with a potential capacity of 20,000 tonnes over a full year of production with the application of a targeted resource and redeploying equipment from Kosovo quarries.

The quarry has an indicated resource of 23 million m³ and to date Fox has extracted around 21,000 tonnes of stone. Over the past year it has increased production of Alexandrian Blue from a newly developed section on the east side of the site.

Operations at the quarry recommenced in September 2020 in consultation with its minority partner based in Macedonia and it is anticipated that block sales will resume shortly.

PRILEP ALPHA QUARRY



ALEXANDRIAN WHITE and ALEXANDRIAN BLUE – are fine-grained dolomitic marbles of the very highest quality and is in essence the same as the much lauded White Sivec marble although as noted earlier Sivec is a trademark owned by Mermeren Kombinat the only other white marble producer in the Prilec Basin. The White Sivec quarry is located less than a kilometre away from the Alpha and Omega quarries.

88.4% of the shares in FHL Mermeren Kombinat were acquired from Athens listed FHL I Kiriakidis by two European Private Equity Houses, NBGI Private Equity and Themba Capital, in 2009 for a consideration of \$25m.

Prilep Omega

In August 2014, Fox entered into a sub-lease arrangement with New World Holdings (Malta) Ltd in relation to a new marble quarry adjacent to its existing operations at Prilep Alpha.

The consideration for the sub-lease was £1m and a subsequent 40% gross revenue royalty obligation. The sub-lease has an initial term of 20 years, extendable by the Company for a further 20 years. The sub-lease grants the Company the exclusive right to quarry, process, remove and sell marble from the quarry.

The Company will pay for and provide all the equipment and staff required to operate this quarry. Fox estimates that the quarry will require approximately €600,000 of capital expenditure investment to reach commercial production.

The quarrying process and the Lipjan processing factory

STEPS IN THE STONE FACE



Source: Fox Marble

Dimension stone quarries take time to open in a way which balances short term yield and long-term potential. The geology has to be investigated in detail and adjustments made to the orientation of excavations. Three operating seasons (March/April to December/January depending on the length and severity of the winters) are typically required to bring a quarry into consistent production. However, Fox reduced that time at all of its sites.

Marble extracted from Fox's quarries is of high quality and much in demand. In addition, extraction and labour costs are low allowing Fox to sell marble at substantially lower prices than (for example) Italian marble. Hence margins are very attractive, especially for added value, processed product.

All of Fox's quarry sites enjoy minimal overburden, ranging from only a metre to five metres in depth. This is cleared using excavator vehicles, after which 'galleries' or 'steps' are cut into the stone face. Laying out the quarry into these steps creates multiple horizons from which the marble can be cut, thus maximising use of the resource.

Rough blocks of marble are cut out from the steps using a variety of cutting techniques, notably chain saw cutting and diamond wire cutting. Ideally, these blocks will be as large as possible: the Company's blocks are as much as 8m³ and can weigh up to 20 tonnes. The chain saw is used to make the horizontal cuts, whilst the diamond wire saw is looped through drill holes to cut the verticals and release the block from the step

Each of Fox's quarries is managed by a quarry master who has 15 to 20 employees working under him. Once ramped up to full production, any quarry can produce the equivalent of three 8m³ blocks per day, for 200 days pa (amounting to 600 blocks pa per quarry). Commonly, a greater number of smaller blocks will be quarried (with blocks in excess of 20 tonnes proving difficult to transport).

All of Fox's sites are based on gentle topography, facilitating quarrying operations and all sites likewise have suitable road access for heavy transportation, as well as access to water and electricity. Once a block is extracted from a step, it is picked up by a front loader and placed on a lorry. Shipping to the west into the Adriatic Sea is available via the port of Durrës in Albania, and to the east and south (into the Aegean Sea) via the port of Thessalonica, in southern Greece.

If being processed by Fox itself, the blocks are transported on lorries to its processing plant at Lipjan where there is ample storage space (being a 10-hectare site).

PROCESSING

Once 'processed' (that is to say, cut into slabs and polished), marble becomes substantially more valuable and attracts broader and greater demand. For example, whilst a raw 8m³ block of marble from the Company's mid-value range might average €2,800 on the market, once sliced into slabs that are subsequently polished, the slabs collectively could fetch in the region of €18,000.

However, whilst we estimate that quarry operating costs average €65/m³ of extracted marble, gross costs to Fox of processing the marble will be only a further €6p/m² once the factory has been ramped up to full capacity.

Owing to this disconnect between modest mark up in costs and substantial mark up in selling price, Fox's business model is therefore to integrate both the quarrying and processing stages to capture as much added value as possible. Thus, it was part of Fox's strategy early on to construct its own processing facility.

The increase in quarry yield from the marble processed by the factory is substantial and for example allows substandard blocks with cracks or defects which would otherwise be difficult to sell to be processed and even allowing for the inevitable waste from such material, dramatically increases the yield from the quarry. By having the ability to process its own material, quarry yields have risen (for example in the Cervenillë quarry) from 50% to 85% - 90% with a significantly improved margin.

The Lipjan factory

In the early years, extracted blocks were shipped to Carrara in Italy to be processed and cut into polished slabs. However, in 2013 Fox acquired a 99-year lease over 10 hectares of land in the district of Lipjan just 10 minutes' drive from Pristina airport and with easy access to two motorways and the rail network. The site had already been rezoned for industrial use and the local municipality agreed to pay for, and construct, two approach roads to the site.

In 2014 began the construction by acquiring a double skinned steel factory at a significant discount to market value from a site in Greece and began sourcing the specialist marble processing equipment including three, eighty-blade Barsanti gang saws. 2015 saw the installation of the gang saws and KEDS, the Kosovan power company installed a new high voltage substation to provide power directly to the factory site.

In mid-2015, construction of the factory was held up by a fire at the company responsible for supplying and refurbishing two major pieces of machinery that were due to be installed. The fire destroyed the supplier's entire stock, including the equipment due to be shipped to Fox Marble. As a stop-gap, arrangements were made to process block marble at processing plants in North Macedonia at specially reduced rates.

The factory was eventually opened in December 2016 with two of the three gang saws installed and the third gang saw was installed in 2017. In 2018, the Company added a new state of the art CNC cutting machine and a block vacuum pump and in July 2020 acquired a further two CNC machines. In all, Fox has invested over €3 million of capital into the project which has a processing capacity of 165,000m² per annum based on two shifts which with a small additional investment of around €700,000 could be increased to around 250,000m² per annum and we suspect that given the rising demand for its processed marble this will probably be required.

EXHIBIT 11: PROCESSING FACTORY; CUTTING BLOCK INTO SLABS; CUT SLABS



Source: Fox Marble

At the processing plant:

1. the blocks are placed onto a conveyor belt and moved through the path of a gang saw: this cuts the blocks into slabs (as reference, an 8m³ block would be cut into approximately 55 slabs (2cm to 3cm in thickness). This fully automated process takes up to six hours per block.
2. The conveyor belt moves the slabs into an oven, where the moisture is removed from the marble (automated, taking circa one hour).
3. The slabs are treated manually with polyester resin to fill cracks; plastic net sheeting is fixed to the slabs to strengthen them and prevent damage during the transportation/ installation processes (takes up to 24 hours).
4. The slabs are automatically polished (up to a further four hours).
5. Processing a block can therefore take anywhere between 14 and 35 hours.

As business and demand continues to expand, there is around 2,000 m² of floor space in the factory which is currently unutilised which could be available to house more equipment as and when required and the ability to increase the shift pattern from two to three. However, in practice a three-shift pattern only provides an effective 2.5 shift given the need for maintenance shut downs and handovers.

Sales and distribution

Fox is generating revenue through:

1. the sale of its block marble, principally to the Chinese market
2. the sale of processed marble from its own quarries
3. the processing of block marble from unrelated third-party quarry owners

Fox is targeting the wholesale market with its block and processed marble products. Ideally, it will be achieving the majority of sales in the latter product type owing to the significantly enhanced margins available.

Processed marble sales are typically carried out on an ex-factory gate basis, meaning that Fox will not be obliged to pay for transportation of the order to the purchaser.

A dedicated sales team of three are currently focused on the Kosovan market and this is expected to expand as the Group increases its strategic push into this market under the Group's new COO. In addition, the Group also utilises a number of agents to service other geographic regions and these operate on a commission basis.

Lastly, Fox has a joint venture agreement that is targeting the GCC region which covers Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates.

The distribution agreements in relation to Selene and the Malishevë quarry have lapsed due to the ongoing dispute. Block sale agreements from the Prilep quarry are still in place but they will need to be re-assessed as the quarry re-opens. Principal terms of the contracts generally specify pricing based on minimum volume, and with limited geographic exclusivity.

MARBLE PRICING

The marble market is opaque and highly fractured. As each marble quarry possesses singular properties, marble from each location is effectively unique. Accordingly, no spot price exists for marble products. Rather, the price of a stone is determined largely by its grade, which is a non-formulaic expert's opinion that takes into account the stone's colour, grain size and pattern. In addition to its grade, price is derived from regional (or on occasions, global) scarcity of a particular stone type and from market demand for that stone.

Fox normally quotes its marble prices in tonnes of which there are around 2.75 tonnes per cubic metre. Pricing is dependent on the grade of blocks – production will produce a mixture of grades, which are generally bundled, and an average price calculated. The price of Alexandrian White in particular is very dependent on the grade of material, where the whiteness has a dramatic effect on price and pure white can be several thousand euros per cubic metre.

Arbitration claim

Background

Kosovo's mining laws have been built on those introduced by the UN in 1999. Mining rights are overseen by the ICMM which has the authority to grant mining licences. A mining license for all minerals other than energy minerals can be issued with a maximum term of no more than 25 years with a possibility of extension for a further maximum duration of 25 years.

The Kosovo Investment and Business Guide states that capital investment in mineral exploitation is a high priority for Kosovo's economic development and the legislative and regulatory framework has been **specifically designed to be business friendly** (our bold). Furthermore, the new Kosovo Mines and Minerals Regulations, which are administered by the ICMM are stated to be in compliance **with the best practices for international mineral mining...and business**.

As noted earlier, Fox Marble has launched a claim for €195m against the Government of Kosovo which the Company is pursuing in an International Court of Arbitration (ICC) as a result of the Government's failure to support and protect Fox Marble and its interests in Kosovo, in particular respect to the Malishevë quarry which was unilaterally locally in 2019.

The Company believes that the claim has substantial merit and is set out as a separate line of activity with no relationship to the Group's ongoing quarrying operations in Kosovo. The Government of Kosovo is keenly aware that the claim is being monitored by prospective overseas business interests and investors and is therefore mindful that any outcome does not damage its reputation.

With regard to investors' concerns that such proceedings against the Government of Kosovo could damage the Group's relationship with the authorities, it should be noted that since the Arbitration Claim, the Group has been awarded substantial contracts with local municipalities that have been funded from central Government.

Management considers this to be a one-way upside bet for the Group which has entered into negotiations with a third party litigation specialist funder who will finance the sums required to pursue the claim through the courts in either the UK, the Hague or Washington on a no win-no fee basis.

The ICC is the world's leading arbitral institution for the resolution of international commercial disputes. It operates under the auspices of the International Chamber of Commerce and consists of more than 100 arbitrators from roughly 90 countries. Contrary to what its name suggests, the ICC does not issue formal judgements, instead it provides "judicial supervision of arbitration proceedings".

Financials

Fox listed in 2012 and has since raised and invested over €15m in setting up its quarrying operations in Kosovo and Macedonia which has included purchasing the rights and mining licences to five quarries, recruitment and training of the workforce, construction of access roads and installation of services, the detailed mapping of the quarries and block parks and clearance of the overburden.

Only after these processes were complete could quarrying operations then commence. Also included in that figure has been the cost of acquiring, constructing and equipping its processing factory in Lipjan and the acquisition in 2019 of Green Power and Scope.

This investment programme has provided facilities that are now capable of generating substantial revenue for the group through block sales, sales of its own processed marble and the ability to process block marble from third parties.

To date revenues have increased only modestly and the rate of expansion has been somewhat disappointing given the scale of resources and growing demand. However, in the Group's defence it is a relatively new company which has had to invest many millions of Euros over an extensive time horizon developing and equipping what were greenfield sites and a factory as well as having to negotiate headwinds such as the seizure of its quarry at Malishevë, the Arbitration Claim and most recently of course the COVID-19 pandemic.

Revenues initially only reflected sales of block marble with any processing having to be shipped to third party processors inhibiting sales and depressing margins. Only in the latter part of 2017 did the new factory become fully operational and since then we have seen an improvement in gross margins reflecting the added value inherent in the processing of its own and third-party marble blocks.

Revenue growth has of course had to lag the rise in production and administration expenses as the infrastructure had to be built out in order to facilitate and support future sales growth and it only now that we are beginning to see the fruits of that investment, although that has been temporarily halted due to COVID-19 related issues.

Orders and sales

Although the processing factory at Lipjan opened in December 2016, it was not until well into 2017 that revenues from the processing of marble became significant to the Group. Until then, Fox was essentially a supplier of block marble under large offtake agreements where customers would physically inspect the extracted block marble, choose and mark those that they wished to purchase and call-off on those products as and when required for their own internal projects.

The problem with this type of arrangement is that if the customer decides that for whatever reason, its own requirements have reduced and therefore they decide not to take delivery of the blocks, then there is little that Fox can do to alleviate the position. The effect on revenue visibility and cash flows can therefore be difficult to predict. Now that the Group can supply finished product under project work the visibility and cash flows are far more predictable. The Group has, over the past few months, announced orders worth around €2m for project-based work in Kosovo with the inference that there is more of the same to come.

Future strategy

As we stated earlier, the rate of growth has by necessity had to be relatively slow given that its quarries were all greenfield sites at the outset. However, the necessary investment to develop and exploit the resources has now been largely completed and while further expenditure will be required to purchase new sites and further expand the processing capability as well as sales and marketing we can now see a clear path to eventual profitability and cash generation.

Over the period 2021-2022 Fox will seek to increase production at its Prilep quarry through investment in new capital equipment. At its processing factory further investment of around €700,000 will increase capacity to around 250,000 tonnes per annum. The Group will seek to complete competent person reports and drilling on new and existing unexploited resources while showing year-on-year revenue growth and the achievement of profitability.

Over a longer-term horizon, we expect quarry sites opened in 2021-2022 to increasingly supplement existing production with an internal target of opening one new quarry site per year. Once the Group has maximised the potential within its Balkan home market, we would expect the Group to look to increase its geographic sales horizon.

The global marble market is worth approximately \$20bn per annum and is a non-commoditised, stable market where pricing is dependent on the quality and desirability of the stone and consequently there are no spot prices. It is a hugely fragmented market which offers tremendous scope for a company such as Fox to exploit its growing resource base, its low cost of production and state of the art quarrying and processing techniques together with strict cost controls and operational leverage.

Thus we see the prospects for the Group to be very encouraging going forward leading to strong capital growth for long-suffering shareholders and an attractive investment case for investors wishing to participate in a unique investment proposition which should in the medium term offer dividend income as well as capital growth.

All of this, in our opinion, creates an attractive investment proposition on its own merits with the longer-term potential from the Stone Alliance project and the outcome of the Arbitration Claim effectively in for nothing.

The Board

Andrew Allner – Non-Executive Chairman

Andrew Allner is currently Non-Executive Chairman of Shepherd Building Group, Non-Executive Chairman of Marshalls plc and SIG plc and Non-Executive Director at Northgate plc. Previously, Andrew was Chairman of Go Ahead Group pc, Non-Executive Director of Moss Bros, CSR plc and AZ Electronic Materials SA and Group Finance Director at RHM plc, taking a lead role in its flotation on the London Stock Exchange in 2005 and CEO at Enodis plc. He has also served in senior executive positions with Dalgety plc, Amersham International plc and Guinness plc, and was a Partner at PriceWaterhouseCoopers.

Christopher Gilbert – Chief Executive Officer

Chris Gilbert has developed several successful businesses, with specific responsibility for fundraising, executive business management and their subsequent disposals. In that time, Chris has raised significant sums for companies he has founded or reorganised.

In 1992, Chris co-founded Infectious Records, an independent record company which grew to be one of the most successful independent record companies in the UK until it was sold to Rupert Murdoch's News Corporation in 1999. Following this he founded Auriga Networks, a satellite transmission company which has developed a unique technology to deliver mpeg 3 video over VSAT networks and numbers amongst its clients NATO, the British and US Army, BBC, Fox Television and CBS News. In addition, Chris co-founded DarkStar Technologies, a hi tech start up providing internet security and data management services to the entertainment industry with such clients as EMI, Sony, BMG, Warner Brothers Pictures and Universal-NBC, subsequently sold in 2010.

In 2005, Chris co-founded Crosstown Songs, a buy & build music publishing venture funded by Cargill which became a major independent music publishing company which was sold to KKR / Bertelsmann in 2009.

Fiona Hadfield – Finance Director

Fiona Hadfield is a chartered accountant. She previously worked with Deloitte LLP and qualified in 2005. In 2009, Fiona joined Crosstown Songs as Chief Financial Officer, overseeing all financial aspects of the company's disposal of assets to KKR and Bertelsmann. Fiona is a graduate of Oxford University.

Sir Colin Terry KBE, CB, DL, FRENG – Non-Executive Director

Sir Colin spent 37 years in the Royal Air Force, where he reached the rank of Air Marshal. He was Director-General of Support Management in 1993, Chief of Staff at RAF Logistics Command in 1995 and Air Officer Commanding-in-Chief at RAF Logistics Command in 1997 before retiring in 1999. Sir Colin is the former Non-Executive Chairman of Meggitt plc, a position he held between 2004 and 2016. He is qualified as a chartered engineer and fellow of Imperial College.

Roy Harrison OBE – Non-Executive Director

A former Chief Executive of Tarmac plc, Roy completed the sale of Tarmac to the Anglo-American Mining Group in 2000. He is the former Chairman of Renew Holdings plc and was a Senior Independent Director of the BSS Group plc. Roy is chairman of the Thomas Telford Multi Academy Trust, having spent 25 years establishing and running new or rescued schools under the Thomas Telford Banner.

Key operational personnel

Francisco Espinosa – Chief Operating Officer

Francisco has worked for Levantina Y Asociados de Minerales S.A.U., one of the largest stone companies in the world for 12 years, rising to the level of Chief Operating Officer. Founded in 1959 and based in Spain, Levantina provides the much-famed Crema Marfil and Emperador marble in over 100 countries around the world. In this role, he was responsible for 600 employees and accountable for seven factories (marble, granite and ceramic). He also holds an MBA from the European School of Business in Madrid. He has in previous times worked for Caterpillar, ITT Industries and ENEBE Sport Group.

He was appointed to role of COO in a non-board capacity in October 2019 and is responsible for all of the operations of Fox Marble with specific emphasis on sales as Head of Sales worldwide, as well as the operational efficiency of the quarries and the factory.

Don Nicholson - Senior Advisor and Non-Executive Vice Chairman designate

Don Nicholson is a senior business leader with over 35 years' experience in the extractive industries (oil, gas, mining and natural stone). He has held multiple Board and senior executive roles both in the UK and internationally. This included 26 years with BP where he ran oil and gas businesses in the UK, United States and Canada. Some of his key roles included being Director North Sea, Chief of Staff to BP CEO (E&P) and VP BP Alaska. He also has significant Board level experience in mining, both in the UK and South Africa including CEO and Executive Vice Chairman roles.

One of Don's most recent roles was that of Chairman, and interim CEO of Levantina -The Natural Stone Company, headquartered in Spain. Levantina is a world leader in the quarrying, processing and marketing of natural stone. It is one of the largest companies in the sector, operates several quarries including El Coto, believed to be the largest Crema Marfil quarry in the world. The company distributes and markets natural stone products to multiple countries around the globe.

Don was appointed Senior Advisor to Fox Marble in September 2019 providing advice on strategy, business planning and performance improvement. It is intended that Don will join the board of Fox Marble Holdings Plc as Vice Chairman and Non-Executive Director in due course providing increased capacity and capability to the business.

Income statement

EXHIBIT 12: INCOME STATEMENT				
	€000	€000	€000	€000
Y/E December	FY 2017A	FY 2018A	FY 2019A	H1 2020A
UNDERLYING				
Revenue	1,203	1,410	1,423	186
Cost of sales	-796	-888	-815	-105
Gross profit	407	522	608	81
margin	33.8%	37.0%	42.7%	43.5%
Production and admin expenses (excl D&A)	-2,905	-2,847	-2,190	-567
Underlying EBITDA	-2,498	-2,325	-1,582	-503
Amortisation	-31	-12	-44	-26
Depreciation	-405	-90	-648	-152
Underlying operating loss	-2,934	-2,427	-2,274	-681
Finance income	100	282	258	192
Finance expense	-603	-120	-518	-310
Underlying loss before tax	-3,437	-2,265	-2,534	-799
Tax	0	0	0	0
Underlying net loss after tax	-3,437	-2,265	-2,534	-799
STATUTORY				
Underlying operating loss	-2,934	-2,427	-2,274	-681
Share based charges	0	0	0	0
FX (loss)/gain	0	0	0	0
Exceptional items	0	0	0	0
Fair value adjustment	0	0	0	0
Finance income	100	282	258	192
Finance expense	-603	-120	-518	-310
Statutory loss before tax	-3,437	-2,265	-2,534	-799
Tax	0	0	0	0
Statutory net loss after tax	-3,437	-2,265	-2,534	-799
Weighted average shares (m)	181.198	214.023	230.948	234.937
Year-end shares (m)	181.345	217.885	262.658	308.372
EPS Basic (cents)	(0.02)	(0.01)	(0.01)	(0.003)

Source: Fox Marble

Balance sheet

EXHIBIT 13: BALANCE SHEET				
	€000	€000	€000	€000
Y/E December	FY 2017A	FY 2018A	FY 2019A	H1 2020A
Non-current assets				
Intangible assets	1,162	2,881	2,837	2,811
PP&E	4,754	4,844	5,088	5,026
Receivables	56	0	0	0
Total non-current assets	5,972	7,725	7,925	7,837
Current assets				
Receivables	986	889	1,183	1,053
Inventories	3,319	3,807	3,928	4,086
Cash	542	438	578	781
Total current assets	4,847	5,134	5,689	5,920
Total assets	10,819	12,859	13,614	13,756
Current liabilities				
Payables	-1,373	-1,185	-1,199	-1,221
Borrowings	-1,739	-89	-1,930	-86
Total current liabilities	-3,112	-1,274	-3,129	-1,307
Non-current liabilities				
Borrowings	-1,702	-3,683	-2,525	-4,492
Deferred tax	0	-85	-84	-85
Lease commitments	0	0	-221	-229
Total non-current liabilities	-1,702	-3,768	-2,830	-4,805
Total liabilities	-4,814	-5,042	-5,959	-6,112
Net current assets	1,735	3,860	2,560	4,613
Net assets	6,005	7,817	7,655	7,643
BALANCE SHEET RATIOS				
	€000	€000	€000	€000
Y/E December	FY 2017A	FY 2018A	FY 2019A	H1 2020A
Long-term financial debts	(1,702)	(3,683)	(2,525)	(4,492)
Short term financial debts	(1,739)	(89)	(1,930)	(86)
Gross (debt)	(3,441)	(3,772)	(4,455)	(4,578)
Cash and cash equivalents	542	438	578	781
Net (debt) / cash	(2,899)	(3,334)	(3,877)	(3,797)
Acid test (Current Assets less inventory / Current Liabilities)	0.49	1.04	0.56	1.40

Source: Fox Marble

Cash flow

EXHIBIT 14: CASH FLOW				
	€000	€000	€000	€000
Y/E December	FY 2017A	FY 2018A	FY 2019A	H1 2020A
Operating loss	-2,933	-2,427	-2,274	-681
Amortisation	32	12	44	26
Depreciation	405	90	648	152
Exchange gains on cash	31	7	0	0
Equity settled transactions	1	1	0	0
Provision for bad debts	92	125	163	0
Provision for inventory	493	252	392	0
Cash flow before WC	-1,879	-1,940	-1,027	-503
<i>Decrease/(Increase) in inventories</i>	<i>-581</i>	<i>-207</i>	<i>-514</i>	<i>-157</i>
<i>Decrease/(Increase) in receivables</i>	<i>504</i>	<i>-6</i>	<i>-456</i>	<i>130</i>
<i>(Decrease)/increase in accruals</i>	<i>121</i>	<i>-31</i>	<i>125</i>	<i>46</i>
<i>(Decrease)/increase in payables</i>	<i>362</i>	<i>-158</i>	<i>-110</i>	<i>-24</i>
Net WC movement	406	-402	-955	-5
Net cash used in operating activities	-1,473	-2,342	-1,982	-509
PP&E	-496	-500	-650	-90
Expenditure on right of use assets	0	0	-23	0
Deposits paid on PP&E	-70	0	0	0
Interest income	0	1	1	0
Net cash used in investing activities	-566	-499	-672	-90
Proceeds from issue of shares	28	3,137	2,371	787
Proceeds from issue of long term debt	2,062	1,314	610	56
Repayment of debt	-171	-1,604	0	0
Interest cost	-244	-103	-187	-39
Net cash from financing activities	1,675	2,744	2,794	805
Net decrease/increase in cash	-364	-97	140	207
Cash at start of year	937	542	438	578
FX	-31	-7	0	-4
Cash at end of year	542	438	578	781

Source: Fox Marble

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