

Fox Marble Holdings plc
("Fox Marble" or the "Company")

Conditional placing to raise £0.8 million, Rescheduling of CULNs and Notice of General Meeting

- **Conditional placing of £0.8 million with new and existing shareholders through the issue of 45,714,292 new ordinary shares at a price of 1.75 pence per share;**
- **Rescheduling of £2.1m of cumulative unsecured loan notes ("CULN") to a new class of CULN at a reduced interest rate and a five and half year term maturity; and**
- **Appointment of Allenby Capital Limited ("Allenby Capital") as joint broker to the Company.**

Fox Marble (AIM:FOX), the AIM quoted company focused on marble quarrying in Kosovo and the Balkans region, is pleased to announce a conditional placing of 45,714,292 new Ordinary Shares ("Placing Shares") at a price of 1.75 pence per share ("Placing Price") through Allenby Capital and Brandon Hill Capital Limited to raise c.£0.8 million before expenses (the "Placing"). Warrants over new ordinary shares will be issued on the basis of one for every two Placing Shares, exercisable at a price of 3.5 pence per share, representing a 100% premium to the Placing Price, for 18 months, conditional, *inter alia*, on the General Meeting (as detailed below).

The Placing is conditional, *inter alia*, on shareholders giving the directors authorities to issue new ordinary shares on a non-pre-emptive basis. A General Meeting of shareholders will be convened as detailed below.

The Company has reached agreement with the holders of £2.1 million of its CULNs. Under this agreement the Company will replace 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.

In order to conserve cash, the Directors of the Company have agreed to utilise their accrued fees to subscribe for new Ordinary Shares in the Company. The Non-Executive Directors will do this for the duration of 2020 whilst the Executive Directors will do this until such point as operations affected, as a result of COVID-19, return to normal. The number of Ordinary Shares subscribed for will be calculated quarterly in arrears and with reference to the 30 day volume weighted average price at the end of the quarter. The value of fees to be applied to the subscription for shares, including fees accrued to date, is expected to be approximately £230,000, depending on the length of the current Covid-19 related operational slowdown. A further announcement will be made later in the year when the subscription takes place.

The Company intends to use the net proceeds from the Placing to provide working capital for the medium term and to enable the Company to fund the previously announced business strategy of:-

- Growing factory sales of processed marble within Kosovo and the greater Balkans area;
- Increasing block sales to China and other large block markets;

- Growing the Company's marble reserves base and opening new quarries in Kosovo as demand increases once the worst effects of the current pandemic subsides; and
- Developing the Company's sales and marketing activities.

Related Party Transaction

Andrew Muir, who, prior to the Placing, has an interest over 35,306,113 ordinary shares (13.44%) is a substantial shareholder in the Company and is therefore deemed to be a related party pursuant to the AIM Rules. Andrew Muir is subscribing for 3,428,572 Placing Shares at the Placing Price.

The participation of Mr Muir in the Placing is a related party transaction pursuant to AIM Rule 13 ("the Transaction") as he is a substantial shareholder. The Directors, all of who are independent of the Transaction, consider, having consulted with the Company's nominated adviser, that the terms of the transaction are fair and reasonable insofar as shareholder are concerned.

A circular, convening a General Meeting at 10.00 a.m. on 15 June 2020 to grant the Board authority to allot the Placing Shares for cash on a non pre-emptive basis, will be sent to Shareholders today and will be available for download from the Company's website at www.foxmarble.net.

Application will be made for the 45,714,292 Placing Shares to be admitted to trading on AIM on or around 17 June 2020 ("Admission"). The Placing Shares will rank *pari passu* with the existing ordinary shares of the Company.

Following Admission, the Company will have in issue 308,372,214 ordinary shares with voting rights. The above figure may be used by shareholders as the denominator for calculations by which they will determine if they are required to notify their interest in, or a change to their interest in, the Company under the Disclosure Guidance and Transparency rules.

Appointment of Joint Broker

Allenby Capital has been appointed as joint broker to the Company with immediate effect. Optiva Securities Limited will cease to act as joint broker to the Company with immediate effect.

Annual Report and Accounts

Due to the current COVID-19 outbreak, the Company will be unable to post its annual audited accounts to shareholders for the year to 31 December 2019 by the 30 June 2020 deadline pursuant to AIM Rule 18.

Further to the guidance provided by AIM Regulation in "Inside AIM" on 26 March 2020, the Company requested an additional period of up to three months to publish its annual audited accounts for the year ended 31 December 2019.

AIM Regulation has granted the extension, and therefore the Company will publish its annual audited accounts to 31 December 2019 by 30 September 2020. Fox Marble has also applied for and been granted an extension to delay the filing of its audited annual accounts by Companies House until 30 September 2020.

Chris Gilbert, CEO of Fox Marble, commented: “I am pleased to announce this Conditional Placing and rescheduling of the CULNs which considerably strengthens the balance sheet of the Company. This allows us to continue to develop the business despite the cessation of activities in our quarries due to the Coronavirus, which has also reduced production in our factory which nonetheless is allowed to continue to operate as a designated sector operation in Kosovo.”

“The reduction in production is a result of our concern for our workforce who maintain social distancing practices balanced against the need to continue to supply our customers and generate revenue for all stakeholders.”

“I would like to take this opportunity to thank our existing and new Shareholders for the support shown.”

“We are now well-placed to meet the expected demand for our products as the worst effects of this pandemic recede. I look forward to updating the market in due course regarding new contracts for our processed marble and block sales once our customers are able to return to purchase our desirable material.”

Definitions in this announcement are the same as those included in the Company's circular to be posted to shareholders today, dated 27 May 2020, available on the Company's website at www.foxmarble.net. An extract of the Company's circular is set out below.

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014. In addition, market soundings (as defined in MAR) were taken in connection with the Placing as a result of which certain persons became aware of inside information (as defined in MAR), as permitted by MAR. This inside information is set out in this Announcement. Therefore, those persons that received such inside information in a market sounding are no longer in possession of such inside information relating to the Company and its securities.

For more information on Fox Marble please visit www.foxmarble.net or contact:

Fox Marble Holdings plc

Chris Gilbert, Chief Executive Officer
Fiona Hadfield, Finance Director

Tel: +44 (0) 20 7380 0999
Tel: +44 (0) 20 7380 0999

Allenby Capital Limited (Joint Broker)

Amrit Nahal (Broking)
Nick Naylor/Nick Athanas/Liz Kirchner (Corporate Finance)

Tel: +44 (0) 203 328 5656

Brandon Hill Capital (Joint Broker)

Oliver Stansfield

Tel: +44 (0) 20 3463 5000

Cairn Financial Advisers LLP (Nomad)

Liam Murray / Sandy Jamieson

Tel: +44 (0) 20 7213 0880

Notes to Editors:

Fox Marble (AIM: FOX), is a marble production, processing and distribution company in Kosovo and the Balkans region.

Its marble products, which includes Alexandrian Blue, Alexandrian White, Breccia Paradisea, Etruscan gold and Grigio Argento and are gaining sales globally both to international wholesale companies as well as being supplied directly into luxury residential properties. In the UK these include among others St George's Homes and Capital and Counties Plc's Lillie Square development. In Sydney, Australia Rosso Cait, Alexandrian White and Breccia Paradisea marble have been used in what is expected to be Australia's most expensive residential property. These sales serve to demonstrate the desirability of Fox Marble's premium marble products as the stone of choice in some of the most prestigious and expensive residential developments around the world.

Extracts from the Circular

The following has been extracted from, and should be read in conjunction with, the Circular, which will shortly be made available for download from the Company's website: www.foxmarble.net

1. Background to and reasons for the Placing

The Group's long-term strategy is to become a major international supplier of high-quality marble blocks and processed marble products from the Company's own processing facility based in Lipjan, Kosovo. The Group has made significant progress in the period since admission to AIM in August 2012. The Company is carrying out the Placing to expand its sales and marketing activities and provide additional working capital thereby putting the Group on a secure footing to meet the expected demand for its products, once the worst effects of the pandemic have subsided.

2. Current Trading

Sales

Unaudited sales for the year ended 31 December 2019 were €1.4 million (2018 - €1.4 million). The fall in block sales of Illirico Selene following the closure of operations in Maleshevë was offset by increased block sales from the Prilep quarry in Macedonia. Sales from the factory increased significantly in the final quarter of the year, outpacing the previous three quarters, following the appointment of a new factory manager and a non-board COO, and we expect this trend to continue in 2020. Sales of processed marble are expected to form an increasing proportion of sales in the future.

Quarry Operations

The quarry in Prilep in Macedonia, which produces Alexandrian White and Alexandrian Blue marble, has seen production nearly double in the 2019 financial year compared to 2018, a product of both the investment in new machinery at the start of 2019 and the new quarry team appointed at the end of 2018. Production has effectively doubled two years in a row at the quarry (2017 production – 2,285 tonnes) and further growth is expected during this financial year. Current production level is at around 10,000 tonnes per annum and the

Directors believe there is potential capacity of 20,000 tonnes through redeploying equipment from the quarries in Kosovo.

The Cervenillë and Syrigane quarries in Kosovo – sources respectively of our Argento Grigio, Rosso Cait and Breccia marbles are open, with machinery on site and ready for deployment. At present quarry teams are not on site, however as the Company has a significant reserve of material in stock, the quarries can be staffed at short notice. This allows the Company to preserve working capital, whilst using existing stock reserves to provide material for sale from the factory.

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

Quarry production at the Maleshevë quarry in Kosovo was stopped in July 2019 a result of the ongoing dispute with Green Power Sh.p.k. The Company has filed civil claims in Kosovo against Green Power Sh.pk for breach of contract and damages, in addition to the wider arbitration case launched against the Government of Kosovo, as announced in September 2019. The Company is represented by its legal advisers, Stephenson Harwood LLP, as well as its Kosovan lawyers. As the Company believes the Kosovan Government to be in clear breach of its responsibilities towards the Company, which is a foreign investor in Kosovo, the Company is of the opinion that this action is in the best interests of its shareholders and employees and anticipates a fair and satisfactory resolution. The Company is in the process of obtaining litigation funding and will not fund the case from operating cash flows. The first hearing on the arbitration case is expected to take place in London within the next 12 months.

Factory Operations

The Group's processing facility is a 5,400 square metre double skinned steel factory for the cutting and processing of blocks into polished slabs and tiles which was erected on a 10-hectare site that the Company acquired in Lipjan in 2013, close to Pristina airport in Kosovo. The new factory manager Secondino de Costas, under the direction of our new COO Francisco Espinosa has implemented new processes and improved operations across the factory site.

The factory has a processing capacity of 165,000 square metres per annum with output dependent on the number of shifts applied. The Directors believe that capacity can be expanded to 247,500 square metres with an investment of c.€600,000. The Company has sufficient block stock extracted in Kosovo to supply the factory with stock for up to 24 months without any further investment in extraction in Kosovo. Processing allows access to higher margin sales.

The Group entered into three new contracts to process material for third parties at the factory. These agreements represent a new revenue stream for the Group, whereby it provides marble cutting and polishing services to other companies quarrying in the wider Balkan region. These agreements have allowed the Group to expand capacity at the factory whilst maximising operating efficiencies and continuing to process its own material for sale. On 14 April 2020, Fox Marble announced that it has been awarded a contract to supply up to 20,000 square metres of paving to a local municipality for the town square in the town of Suhareka in Kosovo. Fox Marble has been selected to supply its material after a competitive tender process as is usual for local authority contracts. This stone is to be supplied from the

Group's factory in Kosovo over the course of a year with the first 8,000 square metres to be delivered by September 2020. The stone will be processed from existing blocks of Grigio Argento, Flora and Alexandrian White already extracted and awaiting processing. Material already specified and contracted under the first two stages of the project has a total value in excess of €400,000, and once all 20,000 square metres has been supplied the project is expected to be worth in excess of €750,000.

As a result of the lockdown in place in Kosovo due to the Coronavirus, the supply of the material will be delayed until the local contractor installing the paving is allowed to resume work on this municipal project. However, the Company currently anticipates that work will resume on this project by the end of September 2020 which was detailed in the announcement released by the Company on 13 May 2020.

Impact of Coronavirus

As announced on 3 April 2020, the spread of Coronavirus (COVID-19) continues to have a significant impact across industries worldwide, including the marble extraction and processing market, given the international travel and working restrictions now in place in many countries.

The Board's highest priority is the continued wellbeing of its employees, customers and stakeholders both in the UK and Kosovo. Given the continued uncertainty on the potential impact and duration of the COVID-19 pandemic, the Board has taken preemptive steps not only to ensure the wellbeing of those affected, but also to best position the Group for future operations.

Under the current legislation, the Group's operations in Kosovo are permitted to continue, as it falls within a designated sector. The Group will continue to operate the factory, though it has scaled back operations to specific projects. This will allow the implementation of extra distancing procedures to protect our workforce, as well as to take into account the impact of COVID-19 on the Group's customers. Existing and committed projects are being completed, and timelines will be closely managed in co-ordination with our clients. The level of operations at the factory will be assessed every two weeks.

COVID-19 has had a significant impact on demand for block marble due to travel restrictions since January 2020 placed on China, which is the location of the principal buyers of the Group's block marble. The spread of the virus into Europe and the resulting impact on cross-border travel and trade has magnified this effect. The Group has elected to significantly scale back production at the quarry in order to keep operational cash flow neutral until the international block marble market returns to normality. The Group is well-positioned to ramp up operations as and when it is feasible to do so.

The Board continues to closely monitor the situation and working capital will continue to be tightly managed. Whilst operations are temporarily suspended, the Company will seek to eliminate all unnecessary costs. Head Office staff in London are on government furlough, as we work to retain our hard working and committed team.

In order to conserve cash, the Directors have agreed to utilise their accrued fees to subscribe for new Ordinary Shares. The Non-Executive Directors will do this for the duration of 2020 whilst the Executive Directors will do this until such point as operations affected, as a result of COVID-19, return to normal. The number of Ordinary Shares subscribed for will be

calculated quarterly in arrears and with reference to the 30 day volume weighted average price at the end of the quarter. The value of fees to be applied to the subscription for Ordinary Shares, including fees accrued to date, is expected to be approximately £230,000, depending on the length of the current Covid-19 related operational slowdown. A further announcement will be made later in the year when the subscription takes place.

3. Information on the Placing

The Placing Shares will be credited as fully paid and rank equally with the existing issued Ordinary Shares if and when issued. Application will be made for the Placing Shares to be admitted to trading on AIM on or around 17 June 2020.

Use of Proceeds:

The Company intends to use the net proceeds from the Placing to provide sufficient working capital for the medium term and to help fund the previously announced business strategy of:

- growing factory sales of processed marble within Kosovo and the greater Balkans area;
- increasing block sales to China and other large block markets;
- growing the marble reserves base and opening new quarries in Kosovo as demand increases once the worst effects of the current pandemic subside; and
- Developing the Company's sales and marketing activities.

Caution regarding forward looking statements

Certain statements in this announcement, are, or may be deemed to be, forward looking statements. Forward looking statements are identified by their use of terms and phrases such as "believe", "could", "should", "envisage", "estimate", "intend", "may", "plan", "potentially", "will" or the negative of those, variations or comparable expressions, including references to assumptions. These forward looking statements are not based on historical facts but rather on the Directors' current expectations and assumptions regarding the Company's future growth, results of operations, performance, future capital and other expenditures (including the amount, nature and sources of funding thereof), competitive advantages, business prospects and opportunities. Such forward looking statements reflect the Directors' current beliefs and assumptions and are based on information currently available to the Directors.

A number of factors could cause actual results to differ materially from the results discussed in the forward looking statements including risks associated with vulnerability to general economic and business conditions, competition, environmental and other regulatory changes, actions by governmental authorities, the availability of capital markets, reliance on key personnel, uninsured and underinsured losses and other factors, many of which are beyond the control of the Company. Although any forward looking statements contained in this announcement are based upon what the Directors believe to be reasonable assumptions, the Company cannot assure investors that actual results will be consistent with such forward looking statements. Accordingly, readers are cautioned not to place undue reliance on forward looking statements. Subject to any continuing obligations under

applicable law or any relevant AIM Rule requirements, in providing this information the Company does not undertake any obligation to publicly update or revise any of the forward looking statements or to advise of any change in events, conditions or circumstances on which any such statement is based.

Information to Distributors

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("MiFID II"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "Product Governance Requirements"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the Product Governance Requirements) may otherwise have with respect thereto, the Placing Shares have been subject to a product approval process, which has determined that the Placing Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "Target Market Assessment"). Notwithstanding the Target Market Assessment, investors should note that: the price of the Placing Shares may decline and investors could lose all or part of their investment; Placing Shares offer no guaranteed income and no capital protection; and an investment in the Placing Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Placing. Furthermore, it is noted that, notwithstanding the Target Market Assessment, only investors who have met the criteria of professional clients and eligible counterparties have been procured. For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Placing Shares.