



FOX MARBLE
HOLDINGS PLC
ANNUAL REPORT
& FINANCIAL STATEMENTS

2021

Index

Index	1
Introduction	3
Chairman's statement	4
Strategic Report	6
Directors	17
Report of the Directors	19
Corporate Governance Report	23
Report of the Audit Committee	28
Statement of Directors' responsibilities in respect of the financial statements	31
Independent auditor's report to the members of Fox Marble Holdings Plc	32
Consolidated Statement of Comprehensive Income	38
Consolidated Statement of Financial Position	39
Consolidated Statement of Cash Flows	40
Consolidated Statement of Changes in Equity	41
Statement of Financial Position of the parent company	42
Statement of Changes in Equity of the parent company	43
Notes to the consolidated and parent company financial statements	44
Notice of Annual General Meeting	74

Introduction

Fox Marble Holdings plc ('Fox Marble' or 'Company') is a marble company focused on the extraction and processing of dimension stone from quarries in Kosovo and the Republic of North Macedonia. Established in 2011, Fox Marble acquired the rights to over 300 million cubic metres of a range of premium quality marble. Fox Marble is the first UK quoted company investing and operating primarily in Kosovo, and the first to be producing and marketing high quality marble.

Fox Marble's long-term goal is to expand its portfolio of quarries and production capacity, and to create a premium marble brand through which Kosovo and the Balkan region is established as a major centre of marble production as part of the enlarged group.

Highlights for the year ended 2021

- Revenue for the year of €0.6 million (2020 – €0.7 million). Revenue from the sale of processed marble consistent with prior year at €0.6 million (2020 – €0.6 million) driven by a number of large-scale contracts signed for projects in Kosovo. Revenue from the sale of block marble remains at a low level due to the impact of the COVID-19 pandemic throughout the year on the marble market and increased shipping and energy costs.
- Operating loss for the year of €1.7 million (2020 – loss of €2.6 million). Loss for the year of €1.9 million (2020 – loss of €2.8 million). Adjusted LBITDA of €1.2 million (2020 – LBITDA of €1.4 million) helped by strict measures to control cost.
- Further sales agreements signed in 2021 for processed marble to be supplied to projects in Kosovo over 2021 and 2022 from our factory in Prilep. These include agreements to supply marble for a new municipal contract in Mitrovice worth €0.2 million, and with the Berisha building group for supply of marble to their projects with an expected value of €0.2 million.
- Appointment of Dentons Europe CS LLP and Samuel Wordsworth QC and secured funding in respect of the €195 million arbitration case against the Republic of Kosovo.
- Production at our quarries continues to be strictly controlled due to the ongoing disruption in the market for block marble. Production for the year to 31 December 2021 was 3,200 tonnes (2020 – 6,060 tonnes). The Company continues to use its existing stock of blocks to supply material for the factory.

Highlights year to date 2022

- Sales to 30 May 2022 were €282k (2021 – €108k) an increase of 160% on prior year.
- Fox Marble agreed heads of terms for the proposed acquisition of Eco Buildings Group Limited. Eco Buildings, will design, manufacture, and construct buildings made from glass fibre reinforced gypsum (GFRG) modular sections that capture cost and design efficiencies and advantages in build quality and performance that traditional building methods cannot deliver.
- The Company has arranged funding by way of a convertible loan note of £400k with which it has made a loan facility of up to £400k available to ECO Buildings for general working capital needs ahead of the proposed acquisition.
- The Proposed Acquisition will constitute a reverse takeover pursuant to AIM Rule 14 under the AIM Rules for Companies. Fox Marble intends to undertake a significant capital expansion, including capital reorganisation and change its name to ECO Buildings Group Plc. The Proposed Acquisition is conditional on, inter alia, certain approvals and a shareholder vote at a General Meeting of the Company. There can be no certainty nor guarantee that the Proposed Acquisition will complete.

Chairman's statement

Dear Shareholders,

The marble industry continues to operate in very challenging conditions. The block market continues to be significantly affected by the ongoing repercussions of the Covid-19 pandemic. Pricing for block marble is still materially below pre-Covid levels, as quarries in the region scramble to deal with stock backlogs, increased shipping and energy costs as well as significantly lower demand from markets such as India and China. In the face of these ongoing challenges Fox Marble has focused on securing working capital, and on growing its processed marble trade within Kosovo.

We continue to consider opportunities to grow our marble reserve base within the Kosovo region, with a number of applications for Exploration Permits pending with International Commission for Mines and Minerals. Each opportunity is considered on its merits and subject to a comprehensive assessment of the quarries opportunities and resource.

Operating losses for the year decreased to €1.7 million (2020 – €2.6 million), with a lower provision recognised on stock of €0.1 million (2020 – €0.9 million) and cost controls. Through what has been a very tough year, we continue to monitor and control working capital. The Board has carefully considered its responsibilities around assessment of going concern and in doing so the Board has considered its forecasts, the impact of the proposed acquisition, the pipeline of sales and its ability to raise further funds if necessary.

On 11 April 2022, the Company announced its proposed acquisition of Eco Buildings Group Ltd. Eco Buildings is a manufacturer of GFRG panels for use in construction and has secured large contracts for the supply of housing in the Balkans. The Board has given careful consideration to every step of the proposed acquisition of Eco Buildings Group Ltd. We believe this transaction will be transformational for the group and provide significant opportunities for our existing shareholders. Eco Buildings Group Ltd represents a new phase for the Company, and one that will enhance both companies

Our Arbitration case brought against the republic of Kosovo is ongoing and we continue to believe the Kosovan Government to be in clear breach of its responsibilities towards the Company as a foreign investor in Kosovo and that this action is in the best interests of its shareholders and employees. The Company anticipates a fair and satisfactory resolution. The Stone Alliance project remains part of the Group's long term plan, but progress on this matter is currently dependent on the outcome of the arbitration proceedings.

Sir Mark Lyall Grant joined the board as a Non-executive Director in April 2022. Sir Mark is one of the United Kingdom's most senior public servants, with more than 30 years of experience in leadership, policy making, negotiation and public presentation. We are pleased to welcome Sir Mark to the Board and look forward to leveraging his wealth of experience.

I would like to thank all our employees who are very committed and hardworking, and, importantly have embraced our vision to establish Kosovo and the Balkans as a major supplier of high-quality marble worldwide.

Andrew Allner

Non-Executive Chairman

Reports

Pages 6 – 16 comprise the Strategic report, pages 19 – 22 the Report of the Directors and pages 23 – 27 the Corporate Governance Report, all of which are presented in accordance with the UK Companies Act. The liabilities of the Directors in connection with these reports shall be subject to the limitations and restrictions provided by such law. These reports are intended to provide information to shareholders and are not designed to be relied upon by any other party for any other purpose.

Disclaimer

This Annual Report and Financial Statements may contain certain statements about the future outlook for Fox Marble Holdings Plc and its subsidiaries. Although we believe our expectations are based on reasonable assumptions, any statement about the outlook may be influenced by factors that could cause actual outcomes and results to be materially different.

Strategic Report

Our Vision

- ***Establish Kosovo and the Balkans as a centre for marble, providing a core business on which to build a new stone industry in the region.***
- ***Build on the unique opportunities of a large resource, low costs of production, a highly trained workforce and proximity to major markets to create a profitable business.***
- ***Bring premium quality marble to the global market in volume and at competitive prices.***

Sales and marketing

Sales for the year were €0.6 million (2020 – €0.7 million). The block marble market continues to be impacted by the Covid 19 pandemic as well as a significant increase in global shipping rates. The processed marble market has shown more positive signs.

A number of new contracts were signed for processed marble in 2021 which, together with contracts signed in 2020 are expected to form the backbone of sales through the end of 2021 and 2022.

- A contract to supply 6,500 square metres of cut and finished paving tiles for installation in the town square for the Municipality of Kamenica in Kosovo in March 2021. Fox Marble has been processing blocks of a range of marble from its own quarries for this project and supplying this material from its factory in Kosovo over the course of 2021 with €118k sales made to 31 December 2021. The total value of the contract is in excess of €160,000.
- A contract to supply 20,000 square metres of cut and finished paving tiles for installation in the town square for the Municipality of Mitrovica in Kosovo was signed in April 2021. Fox Marble will be processing blocks of a range of marble from its own quarries for this project and supplying this material from its factory in Kosovo over the course of 2022. The total value of the contract is in excess of €186k.
- In addition, in December 2021 the Company signed a non-binding agreement to supply Unik Construction LLC with up to 30,000 square metres of material for ongoing projects they are planning across Europe.
- In March 2022, Fox Marble signed a contract with BA Engineering, a local Kosovan construction company with multiple developments in Kosovo. Given BA Engineering is also engaged in developing a number of large prestigious projects in Kosovo, the Company believes this will be the first of a series of orders that BA Engineering will place.

Factory

A 5,400 square metre double skinned steel factory for the cutting and processing of blocks into polished slabs and tiles has been erected on a 10-hectare site that the Company acquired in Lipjan in 2013, close to Pristina airport in Kosovo.

In June 2020, the Company announced that it had acquired two additional automatic CNC cutting machines to be installed in its factory in Kosovo. The two machines were manufactured by Simec Srl and Garcia Ramos SA and with the existing Gravellona Machine Marmo CNC machine has doubled the capacity to cut tiles.

The machines, and procedural improvements implemented have helped drive an increase in processing volumes. The factory processed 30,529 square metres of slabs in 2021 (2020 – 29,737 square metres) and over 20,184 square metres of tile and cut to size material processed (2020– 24,000 square metres).

In 2021 Fox Marble has continued its focus on the local market for its processed material and range of products from cut and polished tiles to stair pieces, door and window lintels to slabs.

Quarry Operations

Prilep

The Company entered into an agreement to operate a quarry in Prilep, North Macedonia in 2013. The agreement was for a period of 20 years with an irrevocable option to extend the period for a further 20 years thereafter. The Prilep quarry contains highly desirable white marbles, Alexandrian White and Alexandrian Blue. This is one of a small cluster of quarries, in the Stara river valley, overlooked by the Sivec pass. Quarrying operations were stopped in

April 2020 as a result of the COVID-19 crisis. It was reopened in August 2020, though to a limited level. Production in 2021 was 2,456 tonnes (2019 – 4,955 tonnes).

A royalty of 35% of gross revenue is payable to the original licence holder of the quarry.

The Company also has the rights to an additional adjacent quarry, Prilep Omega, which it acquired in 2014. The Company has not yet developed this quarry.



Cervenillë

This site was the first of our quarries to be opened in November 2012. It is being exploited across three separate locations (Cervenillë A, B & C) from which red (Rosso Cait), red tinged grey (Flora) and light and darker grey (Grigio Argento) marble is being produced in significant quantities. The polished slabs from this quarry have sold well. The most noteworthy sales included those to St George PLC (Berkeley Homes) for the prestigious Thames riverside Chelsea Creek development in London.

In 2016, the decision was made to focus quarry resources at the nearby Maleshevë quarry to accelerate development to address expected demand. Quarry staff and equipment were therefore re allocated from this quarry. Production was re-started in September 2020 to address the anticipated upcoming demand for Grigio Argento from existing and future contracts. Production in 2021 was 744 tonnes (2020 – 1,112 tonnes), as the Company manages level of production to strictly match demand, and preserve working capital until the block market is back to normal.

Syrganë

The quarry at Syrganë is open across four benches with a significant block yard adjacent to the quarry site. The site contains a variety of the multi-tonal breccia and Calacatta-type marble and produces significant volumes of breccia marble in large compact blocks. Output is marketed as Breccia Paradisea (predominantly grey and pink) and Etrusco Dorato (predominantly gold and grey).



Maleshevë

In October 2015, the Company acquired the rights to a 300-hectare site close to the Company's existing licence resource in Maleshevë from a local company. By November 2015, this quarry had been opened and the first blocks extracted and sent for testing. The quarry was operated subject to an agreement with the licence holder, Green Power Sh.P.K ('Green Power'), a company incorporated in Kosovo, which granted Fox Marble's Kosovan subsidiary the rights to develop and operate the quarry, in return for a royalty arrangement.

The quarry contained a mixture of Illirico Bianco, Illirico Superiore and the silver-grey marble Illirico Selene. The initial market response to both the Illirico Selene and Illirico Bianco was significant and to address this anticipated demand the Company has invested significant resources and effort since 2016 to accelerate the development of these quarries to produce multiple open high-volume benches capable of producing blocks in the quantities to meet demand. The Company quarried 2,850 tonnes during 2019 (2018 – 7,278 tonnes).

On 4 April 2019, Fox Marble announced it had conditionally acquired the entire share capital of Green Power, for a consideration of £1,000,000 to be satisfied by the issue of 13,000,000 new ordinary shares in the Company at a price that equates to 7.69 pence per share. However, prior to approval of the issue of shares at the Company's AGM in June 2019, Green Power announced their intention to breach the agreed acquisition contract and blocked Fox Marble's access to the quarry site.

Quarry production at the Maleshevë quarry in Kosovo was stopped in July 2019 as a result of the ongoing dispute with Green Power Sh.P.K.. The Company has filed civil claims in Kosovo against Green Power Sh.P.K. for breach of contract and damages, in addition to the wider Arbitration case launched against the Government of Kosovo, as announced in September 2019. Further details on the arbitration claim can be found below.

Arbitration Proceedings

On 4 September 2019, Fox Marble launched United National Commission on International Trade Law (UNCITRAL) arbitration proceedings, against the Republic of Kosovo for damages in excess of €195 million, as a result of the failure of the State to protect Fox Marble's rights over the Maleshevë quarry.

The Company believes the Kosovan Government to be in clear breach of its responsibilities towards the Company as a foreign investor in Kosovo and that this action is in the best interests of its shareholders and employees. The Company anticipates a fair and satisfactory resolution. All the Company's other operations, including the quarries and processing factory in Kosovo and the Prilep quarry in Northern Macedonia, are unaffected.

The background to the claim is the dispute arising with the former shareholders of Green Power Sh.P.K and Scope Sh.P.K, which has resulted in Fox Marble being prevented from operating the Maleshevë quarry. Since the dispute arose, Fox Marble has been working to resolve the matter with the appropriate Kosovan Government agencies, namely the Kosovo mining regulator, the Independent Commission of Mines and Mineral ('ICMM') and the Agjencia e Regjistrimit të Bizneseve ('ARBK'), the Kosovo business registration agency. However, in what is a clear breach of Kosovo Law 04/L-220 'On Foreign Investment' (2014), Fox Marble has been prevented from asserting its rights in these matters.

Despite the cumulative weight of evidence, Fox Marble was denied the right to appeal any decision relating to the Maleshevë quarry in direct contravention of the provisions of the Kosovo foreign investment law, Law 04 /L-220. As a direct consequence of the ARBK and ICMM decisions, the Company has brought arbitration proceedings against the Republic of Kosovo pursuant to Article 16 of the Kosovo foreign investment law (as above). The basis of the claim for damages is the investment made to date in the Maleshevë quarry, loss of future revenues associated with the site and future investment plans in Kosovo. Significant future investment plans are the subject of the MOU signed in October 2016 by the Government of Kosovo and Stone Alliance LLC which is majority owned by Fox Marble.

On 16 December 2020 the Company announced that it had engaged the services of Dentons CS Europe LLP to act on the Company's behalf in its circa €195 million claim against the Republic of Kosovo. Dentons have agreed a fee arrangement which enables Fox Marble to bring the Arbitration through to its conclusion.

The Company announced the appointment of the eminent British Barrister and Queens Counsel, Samuel Wordsworth QC of Essex Court Chambers on the 19 May 2021. He will work with Dentons Europe CS LLP, the world's largest law firm by number of lawyers, in support of the Company's €195M claim against the Republic of Kosovo.

Proposed Acquisition and Suspension

The Company is proposing to acquire the entire issued share capital of Eco Buildings for an aggregate purchase price of £30 million, to be satisfied by the issue of ordinary shares in the Company. It is therefore estimated that the Company as enlarged by the acquisition will have an equity value of £34.4m (based on Fox Marble's share price at

the time of suspension being 1.085p). In addition, as part of the RTO, the Company is also proposing to raise up to £10m by way of a placing (the "Placing").

There can be no guarantee that the RTO nor the Placing will be completed as they are subject to a significant number of pre-conditions, which inter alia, include the following:

- a) readmission of the Company's shares to trading on AIM following the acquisition and obtaining of all relevant approvals ("Admission") becoming effective;
- b) Shareholder approval in a general meeting;
- c) Certain Regulatory approvals being received;
- d) The publication of an admission document by the Company; and
- e) A placing agreement becoming unconditional in all respects (save for Admission).

Information on Eco Buildings

Eco Buildings will operate in the prefabricated modular housing sector. Eco Buildings has acquired the proven and innovative prefabricated modular technology using glass fibre reinforced gypsum (GFRG), an alternative construction method to achieve faster and more economical development of residential, commercial and industrial dwellings. Since 2006, over US \$6 million has been invested in the technology by Dominic Redfern, who will be joining the revised board, to establish a high quality, low cost and environmentally friendly range of modular housing products.

Based on this technology, Eco Buildings' management team has utilised its network, particularly in the Balkans, to secure two initial contracts that are expected to generate first sales revenue of approximately €38 million per annum in the first three years following Admission (c. €114 million in total).

The Directors believe Eco Buildings' range of modular housing products provides a solution for the construction of both affordable and high-end housing, with Eco Buildings' products being up to 50% cheaper, two-thirds lighter and five times faster to deploy than conventionally built homes.

The Directors believe that Fox Marble's existing building products and operations should deliver revenue synergies when combined with Eco Buildings. These include Fox Marble's intention to supply and process dimensional marble from its existing quarries for use within Eco Buildings' modular housing projects. The Directors believe that by developing Eco Buildings' pipeline of prospective projects globally, it intends to also further expand the markets in which Fox Marble's dimensional stone product can be marketed.

Walling System Manufacturing Process

Eco Buildings' panels are manufactured using a panel casting system. It involves a single vertical panel casting machine which automates the moulding process and uses a liquid mix of calcined plaster, water, fiberglass rovings, together with proprietary waterproofing agents and curing admixtures.

Eco Buildings' first production line, which consists of a vertical panel casting machine and supporting equipment has been moved from the United Arab Emirates (UAE) to a newly built 2,400m² factory building in Albania for the sake of proximity to its initial contracted customers and is anticipated to be operational in Q4 2022. A production line is capable of producing 11,264m² of panelling per month or the equivalent of 31 housing units (372 units annually).

The 8,000m² factory site is located close to Albania's capital, Tirana, adjacent to the port of Durres, Albania's principal seaport.

Operational Expansion

Once the facility is fully operational, Eco Buildings plans to expand as follows:

Phase I

- Increase the number of production lines from 1 to 4 – to meet existing contractual obligations, the Directors intend to add a second and third line to the factory in 2023 and a fourth in 2024. The first three production lines are expected to produce approximately 1,100 residential units per annum with production capacity increasing to approximately 1,500 units per annum when the fourth line is added.
- Vertical integration – Once the Company is cash flow positive Eco Buildings intends to construct a calcination plant. This will allow the Group to produce its own GFRG, the key raw material in the production of the Eco Buildings' turnkey solution.

Phase II

Approximately one-third of the urban population in the southern hemisphere live in informal settlements, which lack access to basic services such as electricity, running water, or sanitation.

After an extensive ideation and conceptual design process, the Group intends to complete the manufacturing, design and construction of the first of its mobile manufacturing units that can be deployed at speed remotely in 2023. These 'pop up' facilities will be used in areas with less developed infrastructure than the factory site and/or areas where traditional construction is markedly less cost effective than the Eco Buildings' system deployed locally and/or at large-scale, multi-year new town or new community developments where there significant social, logistical or financial gains can be made over several project phases.

Update on Temporary Suspension

Further to the announcement of 11 April 2022, the Company was suspended from trading on AIM on 11 April 2022 and remains so, pending either the publication of an admission document or until the proposed acquisition negotiations are terminated.

Pursuant to AIM Rule 41, if the Company's ordinary shares have been suspended from trading for a period of six months, the admission of its ordinary shares to trading on AIM will then be cancelled.

Financing

Please refer to the Report of the Directors for the going concern assessment by the Directors.

COVID-19 Response

The spread of Coronavirus (COVID-19) continues to have a significant impact across industries worldwide, including the marble extraction and processing market, given the changeable international travel and working restrictions 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 pre-emptive steps not only to ensure the well-being of those affected, but also to best position the Company for future operations.

Demand for block marble fell significantly in January 2020 as a result of travel restrictions placed on China, the principal buyers of the Company's block marble. The spread of the virus into Europe and the resulting impact on cross border travel and trade magnified this effect through 2020 and 2021. As travel restrictions have lifted the market for block marble continues to show weakness as a result of increased transport and fuel costs, and continued uncertainty in China. The Company elected to suspend production at the quarries during 2020 in order to keep operational cash flow neutral until the international block marble market returned to normality. Production at the quarries continues to be tightly managed, with quarries in use solely to meet known demand for blocks.

Stone Alliance Project

In October 2016, Fox Marble announced that Stone Alliance LLC, a new company formed and 59% owned by Fox Marble, signed a non-binding Memorandum of Understanding with the Parliament of Kosovo with the aim of creating a world class new stone industry for Kosovo. The Company has been granted Commercial Advocacy by the Advocacy Centre of the United States Department of Commerce, ensuring the company benefits from the active support of the US Government. Through submission of exploration licences, Stone Alliance now has exclusive rights for a 40-year period to 40 quarry sites offering a variety of marble and dimension stone. Stone Alliance intends to raise a minimum €100m from external sources to facilitate the opening of 40 proposed marble quarries and factories over a five-year period in the region with a view to establishing Kosovo as a global presence in the stone industry, creating in excess of 2,000 jobs.

Fox Marble's role, in addition to being a major shareholder within the Stone Alliance project, will be as follows:

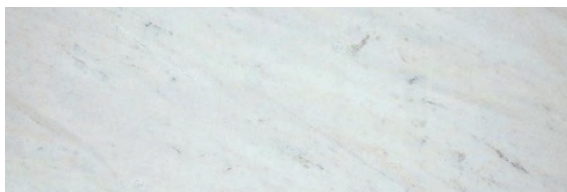
- To provide expertise on technical matters, including quarry operations, gained from having been the sole marble quarry owner and operator in the region; in addition, Fox Marble will provide management and strategic services to Stone Alliance in the initial phases of the operations allowing Stone Alliance to progress more quickly in its development. These services will be provided by Fox Marble at cost plus an agreed margin.
- To provide the sales and marketing platform to sell Stone Alliance material. Fox Marble will provide access to its customer database and use of the Fox Marble brand to facilitate the entry of the Stone Alliance product to

the market. Fox Marble will act as a sales agent and in return it will earn a commission on sales of the Stone Alliance product.

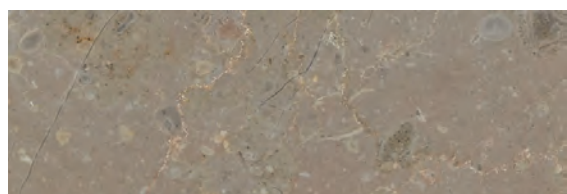
- The Chairman and CEO of Fox Marble Holdings Plc both sit on the board of Stone Alliance.

Progress on the Stone Alliance is on hold pending the resolution of the arbitration proceedings.

Materials



Alexandrian White is a predominantly white, fine-grained sculpture-grade dolomitic marble. Quarried at our Prilep Alpha quarry in North Macedonia, the grey marking on this stone can vary from largely linear stripes to an attractive dappling.



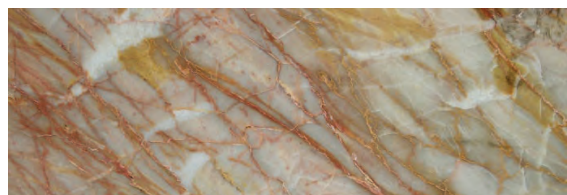
Grigio Argento ranges in colour from almost blue grey to a warmer tone. It has an impressive dense quality and attractive white to gold veining. It can be quarried and processed to maximise or minimise the presence and effect of fossils. This versatile stone comes from our Cervenillë quarry in Kosovo.



Alexandrian Blue This stone comes from the same Prilep quarry as the Alexandrian White in North Macedonia. The unusual and attractive blue grey banding is far denser than in any of the Alexandrian White but the white remains to establish the full tonal range on larger pieces.



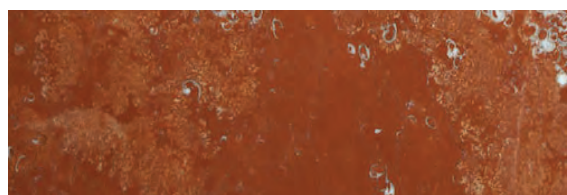
Flora comes from the same quarry as the Grigio Argento and Rosso Cait, this is both technically similar to them and transitional between them in colour. The transitional character of the stone yields a broad colour and pattern range.



Breccia Paradisea is one of two fine and crystalline breccias from Syrganë in northern Kosovo. It has red as the highlight colour over the grey and white background it shares with its twin, Etrusco Dorato. The gold of the Etrusco lifts the other colours where it is present.



Etrusco Dorato exhibits a dominant gold colour over a grey and white field, complemented by the reds also to be found in the Breccia Paradisea. Single slabs are striking. Book matched they are stunning.



Rosso Cait is the red complement to Grigio Argento and Flora and comes from the same quarry, Cervenillë. This stone, which exhibits some colour and fossil marking variation, works well as a highlight or bold statement colour.

Results

<i>Key Performance Indicators</i>	2021	2020
Number of operational quarries	4	4
Quarry production (tonnes)	3,200	6,060
Revenue	€646,064	€715,900
Average recorded selling price (blocks per tonne)	€83	€120
Average recorded selling processed (per sqm)	€25	€28
EBITDA	(€1,387,116)	(€2,435,315)
Operating loss for the year	(€1,650,693)	(€2,637,872)
Loss for the year	(€1,895,738)	(€2,804,371)

The Group recorded revenues of €646,064 in the year ended 31 December 2021 (2020 – €715,900). Revenues for the year fell as a direct result of the Covid-19 pandemic's effect on block sales, partially offset by significant growth in the sale of processed marble. The Group incurred an operating loss of €1,650,693 for the year ended 31 December 2021 (2020 – €2,637,872). The lower operating loss is due to the fall in the level of stock provision recognised in 2021 compared to 2020. The Company has recognised an additional provision of €118,137 (2020 – €926,762) on the stock held by the Group, with the large provision recognised in 2020 due to the impact of the market disruption caused by the pandemic on block pricing. The average recorded selling price per sqm for processed material remained consistent with the prior year. The fall in the selling price per sqm for block material has been driven by the disruption of COVID-19 on the international block market.

The Group incurred a loss after tax for the year ended 31 December 2021 of €1,895,738 (2020 – €2,804,371).

Reconciliation of EBITDA to Loss for the year

	Year to 31 December 2021 €	Year to 31 December 2020 €
Loss for the year before tax	(€1,895,738)	(€2,924,086)
Plus/(less):		
Net finance costs	245,045	286,214
Depreciation	219,213	158,751
Amortisation	44,364	43,807
EBITDA	(1,387,116)	(2,435,315)
Plus/(less):		
Inventory Provision	118,137	927,481
Share option charge	19,444	21,355
Adjusted EBITDA	(1,249,535)	(1,486,479)

The Company does not anticipate payment of dividends until its operations become significantly cash generative.

Sustainable development

Fox Marble aims to build and maintain relationships based on trust and mutual benefit with its stakeholders. Preventing and managing social and environmental risks, while seeking opportunities for improvement, are critical to maintaining the Group's competitiveness and capacity to grow.

Risk

Fox Marble recognises that risk is inherent in its business activities. Risks can have a financial, operational or reputational impact. The Company's system of risk identification, supported by established governance controls, ensures that it effectively responds to such risks, whilst acting ethically and with integrity for the benefit of our stakeholders.

Once identified, risks are evaluated to establish root causes, financial and non-financial impacts, and likelihood of occurrence. Consideration of risk impact and likelihood is considered to create a prioritised risk register and to determine which of the risks should be considered as a principal risk. The effectiveness and adequacy of mitigating controls are assessed. If additional controls are required, these will be identified, and responsibilities assigned.

The Group's management is responsible for monitoring the progress of actions to mitigate key risks. The risk management process is continuous; key risks are reported to the Audit Committee and at least once a year to the full Board.

The following risk factors, which are not exhaustive, are particularly relevant to the Group's business activities:

Operational risks

The activities of the Group are subject to the hazards and risks associated with natural resource companies. These risks and uncertainties include, but are not limited to, environmental hazards, industrial accidents, geological problems, unanticipated changes in rock formation characteristics, encountering unanticipated ground or water conditions, land slips, flooding, levels of wastage, periodic interruptions due to the interruption of utilities, inclement or hazardous weather conditions and other acts of God or unfavourable operating conditions.

Should any of these risks and hazards affect the Group's operations, it may cause the cost of production to increase to a point where it would no longer be economic to extract stone from the Group's quarries, require the Group to write-down the carrying value of one or more quarries, cause delays or a stoppage of mining and processing, result in the destruction of mineral properties or processing facilities, cause death or personal injury and related legal liability, any and all of which may have a material adverse effect on the Group.

Risks to personnel are mitigated through the implementation of robust health and safety training and practices, supported by detailed procedures. Oversight of the Group's procedures lies with the Board of Directors. The Group has instilled a zero-tolerance attitude for safety incidents at all levels of operations, with rules incorporated into operational procedures, safety manuals and all communications on safety. All significant incidents on site are required to be reported to the Board of Directors. Other operational risks are mitigated using trained personnel, detailed monitoring of operations on a technical and geological basis to ensure that issues are identified and addressed promptly. No significant incidents were reported in the current or previous year.

Quarry development risk

Several of the Group's quarries are at an early stage of development. As a result, there can be no assurance that the colour, texture, quality and other characteristics of the marble slabs processed, and blocks mined from the quarries will be consistent with the material that has been quarried to date. In addition, the mineralogical and chemical composition, bulk density, hardness, water absorption and mechanical properties of marble quarried may change as the resource is further exploited. If the marble extracted is of a lower quality than expected, then demand for, and the realisable price of, the Group's marble may be lower than expected.

The Group mitigates these risks with the use of trained quarry personnel and geologists, and the detailed assessment of the resource including, where appropriate, drilling, technical surveys and third-party reviews. Further, the Group maintains a broad portfolio of quarry projects and prospects with enough potential in terms of inferred and indicated resources.

Production and sales risk

There can be no assurance that the Group will be profitable in the future. The Group expects to continue to incur losses unless and until such time as some or all the quarries are at a level of development which allows the production of commercially significant volumes of material and generation of sufficient revenues to fund continuing operations.

The Group is at an early stage in the development of its sales and customer base. The Group's level of historical sales is low, and the volume of sales is anticipated to grow significantly. The Group has invested in the development of its customer base through marketing initiatives to develop awareness of its brand and product.

To mitigate production risk, quarry operations have approved business plans and targets while working within strict working capital controls and robust budgeting and cost control processes.

Environmental risks and hazards

All phases of the Group's operations are subject to environmental regulation in Kosovo and North Macedonia. Environmental legislation is evolving in a manner that may require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that existing or future environmental regulation will not adversely affect the Group's business, financial condition and results of operations. Environmental hazards may exist on the properties on which the Group holds interests that are unknown to the Group at present and that have been caused by previous or existing owners or operators of the properties.

To mitigate this risk, the Group has developed and is rolling out policies and procedures to ensure environmental standards are met in excess of current local legislation. The Group will continue to monitor evolving standards within each of its operating environments.

Political and regulatory risk

The Group's operating activities are subject to laws and regulations governing expropriation of property, health and worker safety, employment standards, waste disposal, protection of the environment, mine development, land and water use, mineral production, exports, taxes, labour standards, occupational health standards, toxic wastes, the protection of endangered and protected species and other matters.

Kosovo has less developed legal systems than more established economies which could result in risks such as: (i) effective legal redress in the courts of such jurisdictions, whether in respect of a breach of law or regulation, or in an ownership dispute, being more difficult to obtain; (ii) a higher degree of discretion on the part of governmental authorities; (iii) the lack of judicial or administrative guidance on interpreting applicable rules and regulations; (iv) inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; or (v) relative inexperience of the judiciary and courts in such matters.

To mitigate this risk the Group takes an active role in industry and other stakeholder engagement processes with the local government.

In September 2019 Fox Marble launched an Arbitration claim against the government of Kosovo. Further information on this action can be found in note 27.

Key personnel risk

Key personnel risk is the risk of losing either a member of the Board or one of the Group's key quarrying or sales professionals. This could have an adverse effect on the ability of the business to complete its operational plans.

To mitigate this risk, the Group's management has put in place plans to ensure skills development and retention and proactive recruitment processes are in place.

Capital risk

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may issue new shares or sell assets to reduce debt. Consistent with others in the industry, the Group monitors capital based on the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet, plus net debt.

COVID-19

The outbreak of the recent global COVID-19 virus has resulted in business disruption and stock market volatility. The extent of the effect of the virus, including its long-term impact, remains uncertain. The Group has implemented extensive business continuity procedures and contingency arrangements to ensure that they are able to continue to operate. The Group's activities expose it to several risks including cash flow risk, liquidity risk and foreign currency risk. Disclosure of management's objectives, exposure and policies in relation to these risks can be found in note 21 to these financial statements.

Proposed Acquisition and suspension of shares

On 11 April 2022 Fox Marble announced that it has arranged funding by way of a convertible loan note of £400k. The purpose of this fundraising is to provide a loan facility to assist in the planned acquisition of the entire issued share capital of ECO Buildings Group Limited. The Company has agreed heads of terms with Eco Buildings for the proposed acquisition.

The proposed acquisition will constitute a reverse takeover pursuant to AIM Rule 14 under the AIM Rules for Companies.

As part of the process, Fox Marble intends to undertake a significant capital expansion, including capital reorganisation and change its name to ECO Buildings Group Plc (the 'Enlarged Group'). The Proposed Acquisition is conditional on, inter alia, certain approvals and a shareholder vote at a General Meeting of the Company. There can be no certainty nor guarantee that the Proposed Acquisition will complete.

At the request of the Company, the Company's ordinary shares were suspended from trading on AIM with effect from 7.30 a.m. on 11 April 2022, pending either the publication of an admission document or until the Proposed Acquisition negotiations are terminated.

Pursuant to AIM Rule 41, if the Company's ordinary shares have been suspended from trading for a period of six months, the admission of its ordinary shares to trading on AIM will then be cancelled.

Section 172(1) Statement – Promotion of the Company for the benefit of the members as a whole

The Directors believe they have acted in the way most likely to promote the success of the Company for the benefit of its members as a whole, as required by s172 of the Companies Act 2006.

The requirements of s172 are for the Directors to:

- Consider the likely consequences of any decision in the long term,
- Act fairly between the members of the Company,
- Maintain a reputation for high standards of business conduct,
- Consider the interests of the Company's employees,
- Foster the Company's relationships with suppliers, customers and others, and
- Consider the impact of the Company's operations on the community and the environment.

The Company continues to progress the development of its existing projects in Kosovo and North Macedonia. The application of the s172 requirements can be demonstrated in relation to the some of the key decisions made during 2019:

- Continuing evaluation of existing licence areas and assessment of potential new licence areas;
- Undertaking feasibility studies as part of the assessment of new projects or significant capital expenditure; and
- Continued assessment of corporate overheads, expenditure levels and wider market conditions.

As a mining Group operating in Kosovo and North Macedonia, the Board takes seriously its ethical responsibilities to the communities and environment in which it works. We abide by the local and relevant UK laws on anti-corruption & bribery. Wherever possible, local communities are engaged in the geological operations & support functions required for field operations, providing much needed employment and wider economic benefits to the local communities. In addition, we follow international best practise on environmental aspects of our work. Our goal is to meet or exceed standards, in order to ensure we maintain our social licence to operate from the communities with which we interact. The interests of our employees are a primary consideration for the Board. Personal development opportunities are supported and a health and security support network is in place to assist with any issues that may arise on our quarries.

Finally, I would like to thank all our staff and our Board colleagues for their unstinting efforts on behalf of Fox Marble.

On behalf of the board

Chris Gilbert

Chief Executive Officer

29 September 2022

Directors



Andrew Allner, Non-Executive Chairman

Andrew is currently Non-Executive Chairman of Shepherd Building Group Ltd and SIG plc. He was Non-Executive Chairman of Marshalls plc, and Go-Ahead Group plc and Non-Executive Director and Chairman of the Audit Committee of CSR plc and Northgate plc and Senior Independent Director and Chairman of the Audit Committee of AZ Electronic Materials SA. Previously Andrew was Group Finance Director of RHM plc, taking a lead role in its flotation on the London Stock Exchange and its subsequent sale to Premier Foods plc. He was CEO of Enodis plc and also served in senior executive positions with Dalgety plc, Amersham International plc and Guinness plc. He was a partner at PricewaterhouseCoopers LLP and is a graduate of Oxford University. Andrew has been Non-Executive Chairman since 2012 and also chairs the nomination committee and sits on the remuneration committee.



Chris Gilbert, CEO

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. Following this he founded Auriga Networks, a satellite transmission company which numbered among its clients NATO, the British and US Army, BBC, Fox Television and CBS News. In addition, Chris co-founded DarkStar Technologies, a high tech start up providing internet security and data management services to the entertainment industry. Chris co-founded Crosstown Songs, a buy and build music publishing venture funded by Cargill which became a major independent music publishing company which was sold to KKR / Bertelsmann. Chris has been CEO since the formation of the Company in 2011.



Sir Colin Terry KBE CB DL FEng, Non-Executive Director

Sir Colin spent 37 years in the Royal Air Force reaching the rank of Air Marshal. He was Chief of Staff at RAF Logistics Command, Chief Engineer (RAF) and Air Officer Commanding-in-Chief at RAF Logistics Command, and RAF Board member for logistics. He was Group Managing Director at Inflite Engineering and Chair of the Engineering Council (UK) in addition to being a senior advisor to both Safran and Alenia Aermacchi for several years. In addition, Sir Colin was Non-Executive Chairman of Meggit plc, and AviaMediaTech Ltd. Sir Colin is currently a Non-Executive Chairman of Boxarr Ltd. He is the former Executive Chairman of Centronic Group Ltd and former Non-Executive Chairman of Centronic Ltd and a Non-Executive director of Aveillant Limited. He is also a Fellow of the Royal Academy of Engineering and of Imperial College, and a Deputy Lieutenant in Buckinghamshire. Sir Colin has been a Non-Executive Director of Fox Marble since 2012 and also chairs the audit committee and sits on the remuneration and nomination committees.



Fiona Hadfield, Finance Director

Fiona Hadfield is a chartered accountant. She previously worked with Deloitte LLP. 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. Fiona joined Fox Marble as Finance Director in 2011.



Roy Harrison OBE, Non-Executive Director

A former Chief Executive of the Tarmac Group, Senior Non-Executive Director at the BSS Group and President of the Construction Products Association, Roy also served as Non-Executive Chairman of the AIM listed Renew Holdings plc and has held Non-Executive roles in a number of private construction products companies. 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. Roy has been a Non-Executive Director of Fox Marble since 2012 and also chairs the remuneration committee and sits on the audit and nomination committees.



Sir Mark Lyall Grant, Non-Executive Director

Sir Mark is one of the United Kingdom's most senior public servants, with more than 30 years of experience in leadership, policy making, negotiation and public presentation. He has held diplomatic postings on four continents, including High Commissioner to Pakistan and Ambassador to the United Nations. He was National Security Adviser to the Prime Minister from 2015 to 2017. He is currently a visiting professor at King's College London, and a Consultancy Adviser on National and International Security. He is a qualified barrister and was appointed to the Bench of Middle Temple in 2011.

Advisers

Company Secretary

Ben Harber
60 Gracechurch Street,
London,
EC3V 0HR

Brokers

Tavira Financial Limited
88 Wood St,
London
EC2V 7DA

Independent Auditors

PKF LittleJohn LLP
15 Westferry Circus,
Canary Wharf,
London E14 4HD

Nominated advisor

Cairn Financial Advisers LLP
9th Floor
107 Cheapside
London
EC2V 6DN

Principal Bankers

HSBC Bank plc
70 Pall Mall,
London
SW1Y 5EZ

Registrars

Computershare
The Pavilions,
Bridgwater Road,
Bristol
BS13 8AE

Report of the Directors

The Directors present their report and the audited financial statements of the Group and Company for the year ended 31 December 2021.

Principal Activities

The principal activity of Fox Marble Holdings plc ('Fox Marble' or 'Company') and its subsidiary and associate companies (the 'Group') is the exploitation of marble quarry reserves in the Republic of Kosovo and the Republic of North Macedonia.

A detailed business review of the year and future developments is included in the Chairman's statement and Strategic Report on pages 6 – 16.

Results and Dividends

The Group's results are set out in the consolidated statement of comprehensive income on page 38. The audited financial statements for the year ended 31 December 2021 are set out on pages 38 to 73.

The Group incurred an operating loss €1,650,693 for the year ended 31 December 2021 (2020 – €2,637,872). The Group incurred a loss after tax for the year ended 31 December 2021 of €1,895,738 (2020 – €2,804,371).

The Company does not anticipate payment of dividends until the operations become significantly cash generative. Further detail is included in the Strategic Report on pages 6 – 16.

Directors

The Directors of Fox Marble Holdings plc who served during the year and up to the date of signing the financial statements, unless otherwise indicated, were:

Andrew Allner
Chris Gilbert
Fiona Hadfield
Roy Harrison OBE
Sir Colin Terry KBE CB DL
Sir Mark Lyall Grant KCMG (appointed 3 April 2022)

Directors' interests in the share capital of the Company

The interests of the directors who held office during the year ended 31 December 2021 in the shares of the Company are given below.

<i>Director</i>	<i>As at 31 December 2021</i>	<i>As at the date of this report</i>
Andrew Allner	2,518,997	2,518,997
Chris Gilbert	21,384,456	21,384,456
Fiona Hadfield	–	–
Roy Harrison	10,088,554	10,088,554
Sir Colin Terry	959,587	959,587
Sir Mark Lyall Grant	–	–

Significant Shareholders

Fox Marble Holdings plc has been notified as of 23 September of the following interests in excess of 3% of its issued share capital:

	<i>Number of ordinary shares</i>	<i>% of issued share capital</i>
Andrew Muir	38,734,685	9.28%
Premier Miton Group Plc	27,665,169	6.63%
SPREADEX LTD	26,650,620	6.39%
Dr Etrur Albani	22,472,254	5.38%
Mr Christopher Gilbert	21,384,456	5.12%
Kesari Tours Pvt Ltd	19,047,619	4.56%
Artemis Investment Management LLP	13,495,807	3.23%

The Group does not provide any third-party qualifying indemnity provisions or qualifying pension scheme indemnity provisions.

Strategic Report

The Company has chosen, in accordance with Section 414C of the Companies Act 2006, to set out the following information in the Strategic Report which would otherwise be required to be contained in the Directors' Report:

- Financial risk management objectives;
- Indication of exposure to principal risks;
- Disclosures required by s172 of the Companies Act 2006;
- Future developments of the business.

The Impact of COVID-19 on the Group

Since March 2020, the Board has made preparations to mitigate the impact of COVID-19 on the business through several action plans and mitigation strategies. These will continue to be monitored and updated as required.

The Impact of Brexit on the Group

The Board has considered the extent of challenges to our business model and operations arising from the withdrawal of the United Kingdom from the European Union ('Brexit'). The Board does not envisage Brexit having a significant impact on the Group, based on the location of its operations and most of its customer base being located outside the EU. The Board will continue to evaluate the impact on the Group accordingly.

Supplier payment policy

The Group's current policy concerning the payment of trade creditors is to aim follow the CBI's Prompt Payers Code (copies are available from the CBI, Centre Point, 103 New Oxford Street, London WC1A 1DU).

The Group's current policy concerning the payment of trade creditors is to:

- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the Group's contractual and other legal obligations.

Corporate Governance

The Board of Directors is committed to developing and applying high standards of corporate governance appropriate to the Company's size and stage of development. The Board of Directors seeks to apply the QCA Code, revised in April 2019 as devised by the Quoted Companies Alliance. These disclosures can be found in the Corporate Governance Report.

Internal controls and financial risk management

The Board acknowledges its responsibility for maintaining appropriate internal control systems and procedures to safeguard the Group's assets, employees and the business of the Group. The directors have recognised the changing requirements of the Group as it has developed from a private company start-up through re-registration as a public company and admission to trading on AIM, to a growing multi-asset operating Group.

The Board has established and operates a policy of continuous review and development of appropriate financial, operational, compliance and risk management controls, which cover expenditure approval, authorisation and treasury management, together with operating procedures consistent with the accounting policies of the Group.

The internal control system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide reasonable but not absolute assurance against material misstatement or loss.

The Board has approved the Group's current operating and capital budget, and performance against budget is monitored and reported to the Board on a monthly basis. The directors confirm that the effectiveness of the internal control system during the accounting year has been reviewed by the Board. Steps are underway to reinforce as needed all processes and systems as the Company grows. The Board does not consider it necessary to establish an internal audit function considering the current size of the Group.

Environmental policy

The Group is aware of the potential impact that its subsidiary companies may have on the environment. The Group ensures that it complies with all local regulatory requirements and seeks to implement a best practice approach to managing the environmental aspects of its operations based on ISO 14001.

Health and Safety

Quarrying and stone processing will always carry risks. Protecting the safety of employees and contractors is of fundamental importance. A safe and healthy workforce contributes to an engaged, motivated and productive workforce that mitigates operational stoppages. Safety is also considered a principal risk. The Group's aim is to achieve and maintain a high standard of workplace safety. In order to achieve this objective the Group provides training and support to employees and sets demanding standards for workplace safety. There were no significant incidents or significant near misses in 2021. Throughout 2021, all operations continued to implement safety plans, with a focus on effective management required to manage significant safety risks, learning and identifying potential hazards, and promoting accountability. These will remain priorities in 2022, with the aim of ensuring that each of our sites follows a consistent approach.

Independent Auditors

Each of the Directors at the date of the approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the Director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

PKF Littlejohn LLP have indicated their willingness to be reappointed at the Annual General Meeting.

Going Concern

The Directors have reviewed detailed projected cash flow forecasts and are of the opinion that it is appropriate to prepare this report on a going concern basis. In making this assessment they have considered:

- a) the current working capital position and operational requirements;
- b) the proposed transaction to acquire Eco Buildings Group Limited, and anticipated fundraise;
- c) the proposed business plan for the combined entity;
- d) the timing of expected sales receipts and completion of existing orders, as well as collection of outstanding debtors;
- e) the sensitivities of forecast sales figures over the next two years;
- f) the timing and magnitude of planned capital expenditure; and
- g) the level of indebtedness of the company and timing of when such liabilities may fall due, and accordingly the working capital position over the next 18 months.

The forecasts assume that the transaction to acquire Eco Buildings Group Limited will be completed in 2022 with a planned fundraise. The forecasts assume that the Company will execute a new business plan for the combined entity, as described in the strategic report. It further assumes that production at the Fox Marble factory will continue to operate in good order. The forecast assumes existing contracts held by the Company will be fulfilled on a timely basis. Furthermore, the forecasts assume that sales of block marble will resume as the global effect of the pandemic recedes. Further the Company is anticipating significant growth in revenue through the realisation of existing sale contracts and offtake agreements as well as from newly generated sales.

Further the forecast assumes the Company will be successful in extending the term of the existing Gulf Loan Note. The loan note holders have indicated their willingness to do so, however final documentation is still in progress.

There are several scenarios which management have considered that could impact the financial performance of the Company. These include:

- a) The acquisition of Eco Buildings Group Limited and planned fundraise could be delayed or the fundraise could be lower than expected;
- b) The business plan for the combined entity, including planned capital and strategic expansions could be delayed or result in further losses for the group;
- c) Levels of production at the quarries or new factory can be impacted by unforeseen delays due to inclement weather or equipment failure; lower than expected quality of material being produced, and the continuing effects of the pandemic;
- d) Fulfilment of the Company's order book could be delayed, or the payment of amounts due under such contracts could be delayed.
- e) The continued progression of Covid-19 may have a further detrimental impact on sales or on operations, and
- f) The resumption of block sales to the international block market may be slower than expected.

If the cash receipts from sales are lower than anticipated the Company has identified that it has available to it several other contingent actions, that it can take to mitigate the impact of potential downside scenarios. These include seeking additional financing, leveraging existing sale agreements, reviewing planned capital expenditure, reducing overheads and further renegotiation of the terms on its existing debt obligations.

In conclusion having regard to the existing and future working capital position and projected sales, the Directors are of the opinion that the application of the going concern basis is appropriate.

Signed, on behalf of the Board of Directors

Chris Gilbert,

Director

29 September 2022

Corporate Governance Report

The Board of Fox Marble Holdings plc has adopted the QCA Corporate Governance Code ('the Code') as its code of corporate governance. The Code is published by the Quoted Companies Alliance ('QCA') and is available at www.theqca.com. The key governance related matter that occurred during the financial year ended 31 December 2021 was the response of the Board to ongoing impact of COVID 19 on the business and wider industry, as well as consideration of the proposed acquisition of Eco Buildings Group Limited announced on the 11 April 2022.

Corporate Governance Report

The QCA Code sets out 10 principles that should be applied. These are listed below together with a short explanation of how the Company applies each of the principles:

Principle One

Business Model and Strategy

The Board has concluded that the highest medium and long-term value can be delivered to its shareholders by the adoption of a single strategy for the Company. The principal activity of the Group is the exploitation of marble quarry reserves in the Republic of Kosovo and the Republic of North Macedonia.

The Board have considered the long term strategic plan for the Company and believe that the proposed acquisition of Eco Buildings Group Limited is of significant benefit to the shareholders of Fox Marble Holdings Plc and provides for the long term future of the Group, through diversification into a new area of business that could provide significant growth, as well as opportunities for the existing elements of the business.

The Board implements this strategy by meeting on a regular basis to discuss the strategic direction of the Company, and progress in achieving against its aims. Details on the Company's strategy can be found in the strategic report on page 6 – 16.

Principle Two

Understanding Shareholder Needs and Expectations

The Board is committed to maintaining good communication and having constructive dialogue with its shareholders. Fox Marble has a Board of Directors with experience in understanding the needs and expectations of its shareholder base. It supplements this Board with professional advisers in the form of Public Relations company, NOMAD, Broker and Company Secretary who provide advice and recommendations in various areas of its communications with shareholders. Fox Marble engages with shareholders in the following ways:

- The Company website has been designed as a hub to provide information to shareholders and communicate with them. The website is regularly reviewed to ensure the information is up to date and relevant. The website contains copies of all Company communications and public documents.
- The Company provides regular updates to the market via the Regulatory News Service.
- The Company's Annual Report provides required information regarding historical performance, strategy and objectives of the Company. An Annual General Meeting is held to which all shareholders are invited and may engage with the Board of Directors.
- Contact details for the Company are provided on the Company website along with public documents.

Principle Three

Considering Wider Stakeholder and Social Responsibilities

The Board recognises that the long-term success of the Company is reliant upon the efforts of the employees of the Company and its contractors, suppliers, regulators and other stakeholders. The Board has put in place a range of processes and systems to ensure that there is close oversight and contact with its key resources and relationships. For example, employees are encouraged to raise any concerns they may have with relevant management and are also provided with independent contact should they not want to engage directly with their managers. The mechanisms for feedback from shareholders have been considered under point (2) above. Feedback from customers is at present informal. Sales agents will contact customers on an ad hoc basis following completion of a sale or project and provide verbal feedback where necessary to senior management. Feedback from regulators is provided via the regular framework of reporting and inspections that are carried out.

These feedback processes help to ensure that the Company can respond to new issues and opportunities that arise to further the success of the Company.

Principle Four

Risk Management

Fox Marble recognises that risk is inherent in all of its business activities. Its risks can have a financial, operational or reputational impact. The Company's system of risk identification, supported by established governance controls, ensures that it effectively responds to such risks, whilst acting ethically and with integrity for the benefit of all of our stakeholders. Once identified, risks are evaluated to establish root causes, financial and non-financial impacts, and likelihood of occurrence. Consideration of risk impact and likelihood is taken into account to create a prioritised risk register and to determine which of the risks should be considered as a principal risk. The effectiveness and adequacy of mitigating controls are assessed. If additional controls are required, these will be identified, and responsibilities assigned. The Company's management is responsible for monitoring the progress of actions to mitigate key risks. The risk management process is continuous; key risks are reported to the Audit Committee and at least once a year to the full Board.

The Directors have established procedures, as represented by this statement, for the purpose of providing a system of internal control. An internal audit function is not considered necessary or practical due to the size of the Company and the close day to day control exercised by the executive Directors. However, the Board will continue to monitor the need for an internal audit function.

Principle Five

A Well-Functioning Board of Directors

During the year ended 31 December 2021 the Board had five Directors, three of whom are non-executive. In April 2022, Sir Mark Lyall Grant joined the board as an independent non-executive director. The Board is responsible for the management of the business of the Company, setting its strategic direction and establishing appropriate policies. It is the Directors' responsibility to oversee the financial position of the Company and monitor its business and affairs, on behalf of the shareholders, to whom they are accountable. The primary duty of the Board is to act in the best interests of the Company and stakeholders at all times. The Board also addresses issues relating to internal controls and risk management.

The Non-Executive Directors, Andrew Allner, Roy Harrison, Sir Colin Terry and Sir Mark Lyall Grant, bring a wide range of skills and experience to the Company, as well as independent judgment on strategy, risk and performance. The independence of each Non-Executive Director is assessed at least annually, and all of the Non-Executive Directors are considered to be independent at the date of this report.

It is the Group's policy that the roles of the Chairman and CEO are separate, with their roles and responsibilities clearly divided and recorded. A summary of their roles is as follows:

- The Chairman is responsible for leadership of the Board, ensuring its effectiveness and setting its agenda. The Chairman facilitates the effective contribution and performance of all Board members whilst identifying any development needs of the Board. He also ensures that there is enough and effective communication with shareholders to understand their issues and concerns.
- The CEO is responsible for executing the strategy agreed by the Board and developing the Group objectives through leadership of the senior executive team. He will recommend to the Board any investment or new business opportunities which meet this strategy. He also ensures that the Group's risks are adequately addressed, and appropriate internal controls are in place. The CEO is responsible for meeting with shareholders and ensuring effective communication.
- The CEO is responsible for the day-to-day management of the Company, and for maintaining the highest ethical standards and integrity in the interest of the shareholders, employees, customers and the wider community.

The following table shows the directors' attendance at scheduled Board meetings, which they were eligible to attend during the 2021 financial year:

<i>Director</i>	<i>Attendance at Board Meetings</i>	<i>Attendance at Audit Committee Meetings</i>
Andrew Allner	8/8	2/2
Chris Gilbert	8/8	2/2
Fiona Hadfield	8/8	2/2
Roy Harrison OBE	8/8	2/2
Sir Colin Terry KBE CB DL	7/8	2/2

As at the date hereof the Board comprised, the Non-Executive Chairman Andrew Allner, the CEO Chris Gilbert, the Finance Director Fiona Hadfield and three Non-Executive Directors, Roy Harrison, Sir Colin Terry and Sir Mark Lyall Grant. Biographical details of the current Directors are set out within Principle Six below. Executive and Non-Executive Directors are subject to re-election at intervals of no more than three years. The letters of appointment of all Directors are available for inspection at the Company's registered office during normal business hours.

Principle Six

Appropriate Skills and Experience of the Directors

The Board of Fox Marble has been assembled to allow each Director to contribute the necessary mix of experience, skills and personal qualities to deliver the strategy of the company for the benefit of the shareholders over the medium to long term. Full details of the Board Members and their experience and skills can be found on pages 17 and 18 of these financial statements.

Together the Board of Directors provide relevant quarrying and mining sector skills, the skills associated with running large public companies, technical skills, country experience and technical and financial qualifications to assist the Company in achieving its stated aims.

The Directors keep their skillsets up to date through as required through the range of roles they perform and consideration of technical and industry updates.

The Board has sought external advice in regard to Arbitration against the government of Kosovo and the proposed transaction to acquired Eco Buildings Group Limited. Other than this matter the Board has not sought advice on any significant matter, apart from advice sought in the normal course of business from our auditors, lawyers and tax compliance advice. No external advisers have been engaged by the Board of Directors. The key advisers to the Company are listed on page 18 of these financial statements.

The role of Company Secretary is fulfilled by Ben Harber and supports and advises the Board in its function.

The Board shall review annually the appropriateness and opportunity for continuing professional development whether formal or informal.

Principle Seven

Evaluation of Board Performance

Fox Marble has yet to carry out a formal assessment of Board effectiveness, given its stage of development as an entity. The Board are considering how this first assessment will be carried out. The Board will keep this under consideration and put in place procedures when it is felt appropriate.

The Company's policy is to maintain levels of compensation for the Group that are comparable and competitive with peer group companies, so as to attract and retain individuals of the highest calibre, by rewarding them as appropriate for their contribution to the Group's performance. The Company may take independent advice in structuring remuneration packages of directors and employees.

The terms of each Executive Director's appointment are set out in their service agreements which are effective for an indefinite period but may be terminated in accordance with specified notice periods of between six and twelve months. Each service agreement sets out details of basic salary, fees, benefits-in-kind and share option grants. The Directors do not participate in any group pension scheme and their remuneration is not pensionable.

The executive directors are eligible to participate in discretionary bonus arrangements. Bonuses are payable in cash and are awarded by the Board, upon recommendations by the Remuneration Committee. Details of the Directors' compensation are set out in the notes to the financial statements.

The terms of appointment of the Non-Executive Directors are set out in their letters of appointment which are effective for renewable three-year terms but may be terminated in accordance with specified notice periods. The Non-Executive Directors do not participate in any group pension scheme and their remuneration is not pensionable. Details of Non-Executive Directors' compensation are set out below.

The basic salary of each Executive Director is established by reference to their responsibilities. The fees paid to Non-Executive Directors are determined by the Board and reviewed periodically to reflect current rates and practice commensurate with the size of the Company and their roles.

Principle Eight

Corporate Culture

The Board recognises that their decisions regarding strategy and risk will impact the corporate culture of the Company as a whole and that this will impact the performance of the Company. The Board is very aware that the tone and culture set by the Board will greatly impact all aspects of the Company as a whole and the way that employees behave. The corporate governance arrangements that the Board has adopted are designed to ensure that the Company delivers long term value to its shareholders and that shareholders have the opportunity to express their views and expectations for the Company in a manner that encourages open dialogue with the Board. A large part of the Company's activities is centred upon what needs to be an open and respectful dialogue with employees, clients and other stakeholders.

Therefore, the importance of sound ethical values and behaviours is crucial to the ability of the Company to successfully achieve its corporate objectives. The Board places great importance on this aspect of corporate life and seeks to ensure that this flows through all that the Company does. The Directors consider that at present the Company has an open culture facilitating comprehensive dialogue and feedback and enabling positive and constructive challenge. The Company has adopted, with effect from the date on which its shares were admitted to AIM, a code for Directors' and employees' dealings in securities which is appropriate for a company whose securities are traded on AIM and is in accordance with the requirements of the Market Abuse Regulation which came into effect in 2016.

Principle Nine

Maintenance of Governance Structures and Processes

Ultimate authority for all aspects of the Company's activities rests with the Board, the respective responsibilities of the Chairman and Chief Executive Officer arising as a consequence of delegation by the Board. The Board has adopted appropriate delegations of authority which set out matters which are reserved to the Board. The Chairman is responsible for the effectiveness of the Board, while management of the Company's business and primary contact with shareholders has been delegated by the Board to the Chief Executive Officer.

The terms of reference of the board committees are reviewed regularly and are available on the Company's website www.foxmarble.net.

Remuneration Committee

The Remuneration Committee consists of Andrew Allner, Sir Colin Terry and Roy Harrison (Committee Chairman). It is responsible for reviewing the performance of the senior executives and for determining their levels of remuneration. The Committee makes recommendations to the Board, within agreed terms of reference regarding the levels of remuneration and benefits.

Nomination Committee

The Nomination Committee meets as required to consider the composition of and succession planning for the Board, and to lead the process of appointments to the Board. The Committee Chairman is Andrew Allner. The other members of the Committee are Chris Gilbert, Roy Harrison and Sir Colin Terry.

Audit Committee

The Audit Committee consists of two Non-Executive Directors: Roy Harrison and Sir Colin Terry (Committee Chairman). Andrew Allner attends the Committee meetings by invitation. The Audit Committee meets at least three times a year to consider the annual and interim financial statements and the audit plan. The Audit Committee is responsible for ensuring that appropriate financial reporting procedures are properly maintained and reported upon, reviewing accounting policies and for meeting the auditors and reviewing their reports relating to the financial statements and internal control systems. The report of the Audit Committee can be found on page 28.

Non-Executive Directors

The Board has adopted guidelines for the appointment of Non-Executive Directors which have been in place and which have been observed throughout the year. In accordance with the Companies Act 2006, the Board complies with: a duty to act within their powers; a duty to promote the success of the Company; a duty to exercise independent judgement; a duty to exercise reasonable care, skill and diligence; a duty to avoid conflicts of interest; a duty not to accept benefits from third parties and a duty to declare any interest in a proposed transaction or arrangement.

Principle Ten

Shareholder Communication

The Board is committed to maintaining good communication and having constructive dialogue with its shareholders. The Company has close ongoing relationships with its private shareholders. Institutional shareholders and analysts have the opportunity to discuss issues and provide feedback at meetings with the Company. In addition, all shareholders are encouraged to attend the Company's Annual General Meeting. Historical annual reports and other governance-related material, notices of all general meetings over the last five years can be found on the website.

There have been no votes where a significant proportion of votes (e.g. 20% of independent votes) have been cast against a resolution at any general meeting.

Report of the Audit Committee

This report details how the Audit Committee has met its responsibilities under its Terms of Reference in the last twelve months. The Audit Committee focused particularly on the appropriateness of the Group's financial statements. The Committee has satisfied itself, and has advised the Board accordingly, that the 2021 Annual Report and Financial Statements are fair, balanced and understandable, and provide the information necessary for shareholders to assess the Group's performance, business model and strategy. The significant issues that the Committee considered in relation to the financial statements and how these issues were addressed are set out in this Report.

One of the Audit Committee's key responsibilities is to review the Group's risk management and internal controls systems, including in particular internal financial controls. During the year, the Committee carried out a robust assessment of the principal risks facing the company and monitored the risk management and internal control system on an on-going basis. The Committee also reviewed the effectiveness of both the external audit process as part of the continuous improvement of financial reporting and risk management across the Group.

The Board has established an Audit Committee to monitor the integrity of the Company's financial statements and the effectiveness of the Group's internal financial controls. The Committee's role and responsibilities are set out in the Committee's terms of reference which are available from the Company and are displayed on the Group's website. The Terms of Reference are reviewed annually and amended where appropriate. During the year, the Committee worked with management, the external auditors, and other members of the Board in fulfilling these responsibilities.

Committee membership and meetings

The Audit Committee consists of two non-executive Directors: Roy Harrison and Sir Colin Terry (Committee Chairman). Andrew Allner attends the committee meetings by invitation. The biographies of each can be found on pages 17 – 18. The Board considers that the Committee as a whole has an appropriate and experienced blend of commercial, financial and industry expertise to enable it to fulfil its duties. The Committee met two times during the year ended 31 December 2021 and all members of the Committee attended each meeting.

Each committee meeting was attended by the Group CEO and the Group Financial Director. The external auditors may also attend these meetings as required. The Company Secretary is the secretary of the Audit Committee.

The Chairman of the Audit Committee also met with the external audit lead partner outside of committee meetings as required throughout the year.

The Audit Committee report deals with the key areas in which the Audit Committee plays an active role and has responsibility. These areas are as follows:

- 1) Financial Reporting and related primary areas of judgement;
- 2) The External Audit process; and
- 3) Risk Management and Internal controls.

Financial Reporting and related primary areas of judgement

The Committee is responsible for monitoring the integrity of the Group's financial statements and reviewing the financial reporting judgements contained therein. The financial statements are prepared by a finance team with the appropriate qualifications and expertise.

The Committee confirmed to the Board that the Annual Report and Financial Statements, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

In respect of the year to 31 December 2021, the Committee reviewed:

- the Group's Interim Report for the six months to 30 June 2021; and
- the Final Results Announcement and Annual Report and Financial Statements to 31 December 2021.

In carrying out these reviews, the Committee:

- reviewed the appropriateness of Group accounting policies and monitored changes to and compliance with accounting standards on an on-going basis;
- discussed with management and the external auditors the critical accounting policies and judgements that had been applied;
- discussed a report from the external auditors at that meeting identifying the significant accounting and judgemental issues that arose in the course of the audit;
- considered the management representation letter requested by the auditors for any non-standard issues;
- discussed with management future accounting developments which are likely to affect the financial statements; and
- considered key areas in which estimates, and judgement had been applied in preparation of the financial statements.

The primary areas of judgement considered by the committee in relation to the Group's 2021 financial statements, and how they were addressed by the committee are set out below.

Significant risks considered by the Committee in relation to the financial statements

Corresponding actions taken by the Committee to address the issues

Impairment Assessment

The Committee reviewed the key judgements, operating and economic assumptions which underlie the assessment of whether there are indications that assets may be impaired. The external auditor reviewed management's assessment and discussed this review with the Committee.

Group's ability to continue as a going concern

The Committee reviewed the Group's going concern statement set out in the Report of the Directors. In considering the assessments made, the Committee paid attention to the robustness of the stress testing scenarios. The external auditor reviewed management's assessment and discussed this review with the Committee.

Valuation of Inventory

The Committee reviewed the calculations and assumptions provided by management which support the valuation of inventory. The Committee reviewed the judgements around the expected net realisable value of the inventory in conjunction with forecast sales. The Committee is comfortable with the carrying value of inventory.

External Audit Process

The Audit Committee has responsibility for overseeing the Group's relationship with the external auditor including reviewing the quality and effectiveness of their performance, their external audit plan and process, their independence from the Group, their appointment and their audit fee proposals. Prior to commencement of the 2021 year-end audit, the Committee approved the external auditor's work plan and resources and agreed with the auditor's various key areas of focus, including impairment, inventory and going concern. During the year the Committee met with the external auditor without management being present. This meeting provided the opportunity for direct dialogue and feedback between the Committee and the auditor. The Audit Committee considers the requirements and guidance for auditor rotation on an annual basis and makes recommendations as appropriate to the Company.

The Committee is responsible for ensuring that the external auditor is objective and independent. PKF Littlejohn LLP was appointed in 2019, following a formal tender process in which several leading global firms submitted tenders and presentations. This was the last formal tender process carried out by the Group. The Committee received confirmation from the auditor that they are independent of the Group under the requirements of the Financial Reporting Council's Ethical Standards for Auditors. The auditors also confirmed that they were not aware of any relationships between the Group and the firm or between the firm and any persons in financial reporting oversight roles in the Group that may affect their independence.

In order to further ensure independence, the Committee has a policy on the provision of non-audit services by the external auditor that seeks to ensure that the services provided by the external auditor are not, or are not perceived to be, in conflict with auditor independence. By obtaining an account of all relationships between the external auditor and the Group, and by reviewing the economic importance of the Group to the external auditor, the committee ensured that the independence of the external audit was not compromised. During the year the committee reviewed and updated its policy on the engagement of external auditors and the provision of non-audit services in order to bring it into full compliance with the EU audit reform legislation. An analysis of fees paid to the external auditor, including non-audit fees, is set out in Note 6 to the 2020 Annual Report.

Risk Management and Internal controls

The Audit Committee has been delegated the responsibility for monitoring the effectiveness of the Group's system of risk management and internal control by the Board. The Audit Committee monitors the Group's risk management and internal control processes through detailed discussions with management and executive Directors, and the external audit reports, as part of both the year-end audit, all of which highlight the key areas of control weakness in the Group. All weaknesses identified by the external audit are discussed by the Committee with Group management and an implementation plan for the targeted improvements to these systems is put in place. As part of its standing schedule of business, the Committee carries out an annual risk assessment of the business to formally identify the key risks facing the Group.

This report was approved by the Board of Directors and signed on its behalf by:

Sir Colin Terry

Chairman of the Audit Committee

29 September 2022

Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of the profit or loss of the group and parent company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed for the group financial statements and United Kingdom Accounting Standards, comprising FRS 101, have been followed for the company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and parent company will continue in business.

The Directors are also responsible for safeguarding the assets of the group and parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and parent company's transactions and disclose with reasonable accuracy at any time the financial position of the group and parent company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the parent company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Chris Gilbert,

Director

29 September 2022

Independent auditor's report to the members of Fox Marble Holdings Plc

Opinion

We have audited the financial statements of Fox Marble Holdings plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Equity, the Statement of Financial Position of the parent company, the Statement of Changes in Equity of the parent company and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK-adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2021 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

The group is in the middle of a transaction to acquire Eco Buildings Group Ltd. This transaction is described in detail in the Strategic Report on page 8.

We draw attention to notes 4 and 17 in the financial statements which indicate that the terms of the Gulf Marble convertible loan notes which fall due within the going concern period are in the process of renegotiation. The group may not have the funds to satisfy the repayment in full on the due date if the proposed acquisition of Eco Buildings and related fund raising does not take place, the renegotiation of terms is not finalised, or other refinancing cannot be arranged.

Furthermore, the group has ongoing working capital commitments to fund to allow for the future feasibility of the group.

Although the Directors are confident that the transaction will be completed and funds raised to provide the necessary funds to support the going concern basis, at the date of signing this report completion has not taken place.

As stated in notes 4 and 17, these events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the group's and company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the groups and parent company's ability to continue to adopt the going concern basis of accounting included:

- checking the mathematical accuracy of the spreadsheet used to model future financial performance, agreed the underlying cash flow projections to management-approved forecasts, recalculating liquidity headroom for the base case scenario;
- assessing the impact of the mitigating factors available to management in respect of the ability to restrict expenditure, re-negotiate the terms of borrowings and to raise additional funds; and
- assessing whether management has adequately disclosed the conditions which cast significant doubt on the ability of the Group and Company to continue as a going concern in the financial statements.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Our application of materiality

The materiality applied to the group financial statements as a whole was €90,000 (2020: €110,500) based on thresholds of 1.5% of net assets. The net asset benchmark was concluded as most relevant to shareholders and investors for a mining group with projects in different stages of development and with external borrowings. The performance materiality for the group was €54,000 (2020: €66,300), representing 60% of overall materiality, which was considered an accurate reflection of the risk of misstatements within the accounting systems of the Group and Parent. The threshold used for reporting unadjusted differences to the audit committee was €4,500 (2020: €5,525).

The materiality applied to the parent company financial statements was €81,000 (2020: €99,450) based on a threshold of 1.5% of net assets but capped at 90% of group materiality to ensure adequate audit evidence was obtained over the parent company financial statements in relation to the Group. The net asset benchmark was concluded as most relevant to shareholders and investors for a non-trading parent undertaking. The performance materiality of the parent company was €48,600 (2020: €59,670), representing a consistent approach in percentage allocation with that of the Group.

Whilst materiality for the group financial statements as a whole was set at €90,000, component materiality for the significant components in Kosovo and the UK were set at €80,125 based upon a stratified proportional allocation of the maximum aggregate component materiality level. Performance materiality was set at 60% for the significant components equating to €48,075 and €48,075 respectively.

Our approach to the audit

In designing our audit, we determined materiality and assessed the risk of material misstatement in the financial statements. In particular, we looked at areas involving significant accounting estimates and judgement by the directors and considered future events that are inherently uncertain, including those as outlined in the going concern section above. We also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

The accounting records of the parent company and all subsidiary undertakings are centrally located and audited by us based upon materiality or risk. The key audit matters addressed, and how these were addressed are outlined below. A stock count was attended by a member firm, with direction from the central audit team.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to going concern, described in the Material uncertainty related to going concern section above, we determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter
How our scope addressed this matter

Valuation of inventory (refer Note 3 and 15)

Inventory has a carrying amount of €2.9m in the financial statements as at 31 December 2021.

The recoverability of inventory is reliant on the net realisable value which reflects future demand and market trends which are difficult to anticipate. There is a risk that the carrying value of inventory is materially misstated with regards to valuation. We consider this to be a key audit matter given the financial significance (Inventory represents 25.1% of the group's total assets at 31 December 2021) and that management use judgement and estimation in arriving at the valuation.

Our work included:

We have obtained and reviewed management's assessment of inventory valuation. Our work included the following:

- Arranged attendance (by PKF Macedonia) at an inventory count in significant quarries in Kosovo and North Macedonia post year end which included an audit of the reconciling items between the year-end inventory position and inventory held at the time of the count. This excludes the Maleshevë quarry which is referenced in the key observations paragraph below;
 - Critically reviewed the weighted average cost of inventory and challenged management estimations and judgements inherent in the calculation;
 - Reviewed the net realisable value of inventory with reference to management's cost by testing contractually agreed selling prices and forecasted sales;
 - Reviewed management's revenue order book for additional assurance that the demand for the inventory exists as well as a review of management's ability to forecast by referring to previous forecast models compared to actual;
 - Assessed management's provisioning methodology and re-performed the assessment to ensure the provision is not understated.
-

Carrying value of intangible assets (refer Note 12)

Intangible assets have a carrying amount of €2.7m in the financial statements as at 31 December 2021.

Intangible assets relate predominantly to mining rights and licences in respect of the Prilep Alpha and Omega quarries in North Macedonia. The recoverability of these assets is determined with reference to the group's ability to successfully operate the quarries.

Management have performed a review for impairment indicators in respect of intangible assets.

There is a risk that the valuation of intangible assets is materially misstated with regards to valuation. We consider this to be a key audit matter because of the financial significance (intangible assets represent 23% of the group's total assets at 31 December 2021) and that management use judgement and estimation in arriving at the valuation.

Our work included:

We have obtained and reviewed the Directors impairment review of intangible assets which considered the areas listed as indicators of impairment. Our work included the following:

- Obtaining the impairment assessment prepared by management and reviewing for reasonableness;
- Obtaining the current licences and ensuring that they remain valid;
- A review of the indicators of impairment listed in IFRS 6 for exploration assets and IAS 36 for producing assets for evidence of impairment;
- A site visit by a member firm to review for physical evidence of impairment indicators;
- An assessment of the amortisation of intangible asset in accordance with the relevant standard; and
- A review of the disclosures made in the financial statements for accuracy.

In assessing the group's ability to successfully operate the quarries to which the intangible assets relate, we have considered the financial resources required to do this. We draw attention to the material uncertainty related to going concern paragraph which states that the group is negotiating the repayment terms of convertible loan notes which fall due within the going concern period. If the group does not have available resources to develop the quarries into production, the associated intangible assets may require an impairment. These financial statements do not include the adjustments that would result if the group is not able to develop the quarries into production.

Carrying value of net investment in subsidiaries (refer Note 25)

The parent company's net investment in subsidiaries at 31 December 2021 is €20,449,998.

The carrying value of the net investment in subsidiaries is ultimately dependent on the value of the underlying assets. Many of the underlying assets are at an early stage of their lifecycle making it difficult to determine their value. Valuations for these sites are therefore based on judgments and estimates made by the Directors – which leads to a risk of misstatement.

Our work included:

We have obtained and reviewed the Director's impairment review of the underlying assets. Our work included:

- Reviewing the impairment indicators listed in IFRS 6 and IAS 36 and challenging management's assessment of the underlying assets, ensuring that the financial statements meet the disclosure requirements of the standards.
 - Discussing with management the basis for impairment or non-impairment of investment in subsidiaries and loans receivable from subsidiaries.
-

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the group and parent company financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Report of the Directors, the directors are responsible for the preparation of the group and parent company financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the group and parent company financial statements, the directors are responsible for assessing the group and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the group and parent company and the sector in which they operate to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, application of audit knowledge and experience of the sector.

Our audit procedures were designed to ensure the audit team considered whether there were any indications of non-compliance by the group and parent company with those laws and regulations. The group and parent company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation, mining legislation, and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

In addition, the group and parent company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety; various regulation around the mining and general environmental protection legislation; fraud; bribery and corruption; export control; Consumer Rights Act; and employment law recognising the nature of the group and parent company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other management and inspection of regulatory and legal correspondence, if any. The identified actual or suspected non-compliance was not sufficiently significant to our audit to result in our response being identified as a key audit matter.

We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, that the recognition of revenue, posting of unusual journals and manipulating the group's alternative performance profit measures and other key performance indicators to meet externally communicated targets.

As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Eric Hindson (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor

15 Westferry Circus
Canary Wharf
London E14 4HD
29 September 2022

Consolidated Statement of Comprehensive Income

For the year ended 31 December

	Note	2021 €	2020 €
Revenue	5	646,064	715,900
Cost of sales	6	(530,295)	(559,358)
Gross profit		<u>115,769</u>	<u>156,542</u>
Administrative and other operating expenses	6	(1,766,462)	(2,794,414)
Operating loss	6	<u>(1,650,693)</u>	<u>(2,637,872)</u>
Finance costs	8	(386,198)	(456,786)
Finance income	9	141,153	170,572
Loss before taxation		<u>(1,895,738)</u>	<u>(2,924,086)</u>
Taxation credit	10	–	119,715
Loss for the year		<u>(1,895,738)</u>	<u>(2,804,371)</u>
Other comprehensive income		–	–
Total comprehensive income for the year attributable to owners of the parent company		<u>(1,895,738)</u>	<u>(2,804,371)</u>
Earnings per share			
Basic earnings per share	11	(0.005)	(0.01)
Diluted earnings per share	11	(0.005)	(0.01)

The notes on pages 44 to 73 are an integral part of these financial statements.

Consolidated Statement of Financial Position

As at 31 December

	Note	2021 €	2020 €
Assets			
Non-current assets			
Intangible assets	12	2,748,771	2,793,135
Property, plant and equipment	13	4,429,161	4,818,716
Total non-current assets		7,177,932	7,611,851
Current assets			
Trade and other receivables	14	1,134,487	1,152,317
Inventories	15	2,986,621	3,041,278
Cash and cash equivalents	21	369,017	337,741
Restricted cash	21	189,265	39,937
Total current assets		4,679,390	4,571,273
Total assets		11,857,322	12,183,124
Current liabilities			
Trade and other payables	16	1,407,650	1,560,865
Borrowings	17	1,997,852	1,841,493
Total current liabilities		3,405,502	3,402,358
Non-current liabilities			
Deferred tax liability	10	84,504	84,504
Lease Commitments	18	146,202	260,481
Borrowings	17	2,704,916	2,799,128
Total non-current liabilities		2,935,622	3,144,113
Total liabilities		6,341,124	6,546,471
Net assets		5,516,194	5,636,653
Equity			
Called up share capital	19	4,958,386	3,721,007
Share premium	19	32,575,443	32,056,986
Accumulated losses		(32,179,224)	(30,283,485)
Share based payment reserve	20	126,046	106,602
Other reserve		35,543	35,543
Total equity		5,516,194	5,636,653

The notes on pages 44 to 73 are an integral part of these financial statements. The financial statements on pages 38 to 73 were approved and authorised for issue by the Board on 29 September 2022 and are signed on its behalf.

Chris Gilbert

Director

29 September 2022

Consolidated Statement of Cash Flows

For the year ended 31 December

	Note	2021 €	2020 €
Cash flows from operating activities			
Loss before taxation		(1,895,738)	(2,924,086)
Adjustment for:			
Finance costs	8	386,198	456,786
Finance income	9	(141,153)	(170,572)
Operating loss for the year		<u>(1,650,693)</u>	<u>(2,637,872)</u>
Adjustment for:			
Amortisation	12	44,364	43,807
Depreciation	13	318,481	420,693
Disposal of PPE		42,311	28,571
Equity settled transactions	20	19,444	21,355
Provision for impairment of receivables	14	69,515	14,359
Provision for inventory		118,137	927,841
Changes in working capital:			
(Increase)/Decrease in trade and other receivables	14	(51,685)	135,723
Increase in inventories	15	(63,481)	(40,721)
Decrease in accruals	16	(129,408)	(46,807)
(Decrease)/Increase in trade and other payables	16	(23,804)	424,324
Net cash used in operating activities		<u>(1,306,819)</u>	<u>(708,727)</u>
Cash flow from investing activities			
Expenditure on property, plant & equipment	13	(37,440)	(179,635)
Expenditure on rights of use assets		(62,556)	-
Interest on bank deposits	9	42	189
Net cash used in investing activities		<u>(99,954)</u>	<u>(179,446)</u>
Cash flows from financing activities			
Proceeds from issue of shares (net of issue costs)	19	1,755,836	763,904
Repayment of loan notes	17	(83,905)	-
Interest paid on loan note instrument	17	(84,554)	(76,470)
Net cash generated from financing activities		<u>1,587,377</u>	<u>687,434</u>
Net increase/(decrease) in cash and cash equivalents		180,604	(200,739)
Cash and cash equivalents at beginning of year		377,678	578,417
Cash and cash equivalents at end of year including restricted cash	21	558,282	377,678

The notes on pages 44 to 73 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity

Note	Share Capital	Share Premium	Share based payment reserve	Other Reserve	Accumulated losses	Total equity
	19		20			
	€	€	€	€	€	€
Balance at 1 January 2020	3,220,221	31,793,870	85,247	35,543	(27,479,114)	7,655,767
Loss and total comprehensive loss for the year					(2,804,371)	(2,804,371)
Transactions with owners						
Share options charge			21,355			21,355
Share capital issued	500,786	263,116	–	–		763,902
Balance at 31 December 2020 and at 1 January 2021	3,721,007	32,056,986	106,602	35,543	(30,283,485)	5,636,653
Loss and total comprehensive loss for the year					(1,895,738)	(1,895,738)
Transactions with owners						
Share options charge	–	–	19,444			19,444
Share capital issued	1,237,379	518,457	–	–		1,755,836
Balance at 31 December 2021	4,958,386	32,575,443	126,046	35,543	(32,179,223)	5,516,194

The notes on pages 44 to 73 are an integral part of these financial statements.

Other reserves of €35,543 (2020 – €35,543) arose on acquisition of Fox Marble Limited by Fox Marble Holdings Plc in October 2011 which was accounted for as a Common Control transaction.

Statement of Financial Position of the parent company

As at 31 December

	Note	2021 €	2020 €
Assets			
Non-current assets			
Investments	25	19,926,997	19,313,372
Property, plant and equipment	13	142,827	189,861
Total non-current assets		20,069,824	19,503,233
Current assets			
Trade and other receivables	14	147,542	81,979
Cash and cash equivalents	21	300,173	112,338
Restricted cash	21	189,265	39,937
Total current assets		636,980	234,254
Total assets		21,706,804	19,737,487
Current liabilities			
Trade and other payables	16	723,927	617,809
Borrowings	17	1,997,852	1,841,493
Total current liabilities		2,721,779	2,459,302
Non-current liabilities			
Borrowings	17	2,704,916	2,799,128
Lease Liability	18	146,202	174,239
Total non-current liabilities		2,851,118	2,973,367
Total liabilities		5,572,897	5,432,669
Net assets		15,133,907	14,304,818
Equity			
Share capital	19	4,958,386	3,721,007
Share premium	19	32,575,443	32,056,986
Accumulated losses		(22,525,968)	(21,579,777)
Share based payment reserve	20	126,046	106,602
Total equity		15,133,907	14,304,818

The notes on pages 44 to 73 are an integral part of these financial statements.

The Company has elected to take advantage of the exemption under section 408 of the Companies Act 2006 not to present the parent company statement of comprehensive income. The loss for the year for the Company is €946,191 (2020 – €738,448). The financial statements on pages 38 to 73 were approved and authorised for issue by the Board on 29 September 2022 and signed on its behalf.

Chris Gilbert,

Director

29 September 2022

Company number: 07811256

Statement of Changes in Equity of the parent company

Note	Share Capital	Share Premium	Share based payment reserve	Accumulated losses	Total equity
	19	19	20		
	€	€	€	€	€
Balance at 1 January 2020	3,220,221	31,793,870	85,247	(20,841,329)	14,258,009
Loss and total comprehensive income for the year	-	-	-	(738,448)	(738,448)
Transactions with owners					
Share options charge	-	-	21,355	-	21,355
Share capital issued	500,786	263,116	-	-	763,902
Balance at 31 December 2020 and at 1 January 2021	3,721,007	32,056,986	106,602	(21,579,777)	14,304,818
Loss and total comprehensive income for the year				(946,191)	(946,191)
Transactions with owners					
Share options charge	-	-	19,444	-	19,444
Share capital issued	1,237,379	518,457	-	-	1,755,836
Balance at 31 December 2021	4,958,386	32,575,443	126,046	(22,525,968)	15,133,907

Notes to the consolidated and parent company financial statements

1. General information

The principal activity of Fox Marble Holdings plc and its subsidiary and associate companies (collectively 'Fox Marble Group' or 'Group') is the exploitation of quarry reserves in the Republic of Kosovo and the Republic of North Macedonia.

Fox Marble Holdings plc is the Group's ultimate Parent Company ('the parent company'). It is incorporated in England and Wales and domiciled in England. The address of its registered office is 160 Camden High Street, London, NW1 0NE. Fox Marble Holdings plc shares are admitted to trading on the London Stock Exchange's AIM market.

2. Basis of Preparation

These consolidated financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. IFRS includes Interpretations issued by the IFRS Interpretations Committee (formerly – IFRIC).

The consolidated financial statements have been prepared under the historical cost convention, apart from financial assets and financial liabilities (including derivative instruments) which are recorded at fair value through the profit and loss. The financial assets and liabilities which are recorded at fair value through the profit and loss relate to the conversion option on the existing loan notes.

In publishing the parent company financial statements together with the Group financial statements, the Company has taken advantage of the exemption in section 408 of the Companies Act 2006 not to present its individual statement of comprehensive income and related notes that form a part of these approved financial statements.

The parent company financial statements of Fox Marble Holdings plc have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention, and derivative financial assets and financial liabilities measured at fair value through profit or loss, and in accordance with the Companies Act 2006, as applicable to Companies using FRS 101.

The preparation of the parent company's financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

The following exemptions from the requirements of IFRS have been applied in the preparation of the parent company financial statements, in accordance with FRS 101:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted-average exercise prices of share options, and how the fair value of goods or services received was determined);
- IFRS 7, 'Financial Instruments: Disclosures';
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities);
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of: (i) paragraph 79(a)(iv) of IAS 1; (ii) paragraph 73(e) of IAS 16 Property, plant and equipment; (iii) paragraph 118(e) of IAS 38 Intangible assets (reconciliations between the carrying amount at the beginning and end of the period);
- The following paragraphs of IAS 1, 'Presentation of financial statements': 10(d), (statement of cash flows) 16 (statement of compliance with all IFRS), 38A (requirement for minimum of two primary statements, including cash flow statements), 38B-D (additional comparative information), 111 (cash flow statement information), and 134-136 (capital management disclosures);
- IAS 7, 'Statement of cash flows';
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation); and
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

The accounting policies set out below have been applied consistently across the Group and to all periods presented in these financial statements.

3. Significant accounting policies

Basis of consolidation

The Group financial statements consolidate those of Fox Marble Holdings plc (the Company) and its subsidiaries. The parent company financial statements present information about the Company as a separate entity and not about its group.

The consolidated financial statements incorporate the financial information of Fox Marble Holdings plc and its subsidiaries Fox Marble Limited, Fox Marble Kosova Sh.P.K., H&P Sh.P.K., Granit Shala Sh.P.K., Rex Marble Sh.P.K., Fox Marble Asia Limited, Gulf Marble Investments Limited, Fox Marble FZC and Stone Alliance LLC.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and can affect those returns through its power over the entity. Further to this, subsidiaries are entities for which the Group has the power to govern the financial and operating policies and consistent accounting policies have been adopted across the Group. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The acquisition method of accounting is used to account for business combinations by the Group.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated, unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

Associates and joint ventures are all entities over which the group has significant influence but not control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates and joint ventures are accounted for using the equity method of accounting, after initially being recognised at cost.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit or loss, and the group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment. Where the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

Revenue Recognition

Revenue is recognised in a manner that depicts the pattern of the transfer of goods and services to customers. The amount recognised reflects the amount to which the Group expects to be entitled in exchange for those goods and services. Sales contracts are evaluated to determine the performance obligations, the transaction price and the point at which there is transfer of control. The transactional price is the amount of consideration due in exchange for transferring the promised goods or services to the customer, and is allocated against the performance obligations and recognised in accordance with whether control is recognised over a defined period or at a specific point in time.

Revenue is derived principally from the sale of block and processed marble and is measured at the fair value of consideration received or receivable, after deducting discounts, value added tax and other sales taxes. A sale is recognised when control has been transferred. This is usually when title and insurance risk have passed to the customer and the goods have been delivered to a contractually agreed location.

The identification of performance obligations includes a determination of whether the goods and services provided are distinct. Where the contract involves the provision of multiple elements, such as the provision of marble and

processing services management applies a judgement in determining whether services are distinct. Where the provision of goods/services is distinct revenue is recognised separately for each element.

An assessment of the timing of revenue recognition is made for each performance obligation. Revenue is recognised at a point in time for all revenue transactions where control of goods provided is transferred to the customer. Revenue is also recognised at a point in time for all contracts that involve multiple elements when the agreed output is produced. The Group does not normally enter into contracts which involve the recognition of revenue over time.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent.

Inventory

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis. The production cost of inventory includes direct materials, direct labour and an appropriate proportion of depreciation and production overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment, and where the cost of the item can be measured reliably, the expenditure is capitalised as an additional cost of that asset or as a replacement.

Depreciation of quarrying equipment and infrastructure for fully developed quarries is calculated using the Units of Production ('UOP') method to write off the cost of the assets proportionately to the extraction of material from the quarries. Fully depreciated assets are retained in the accounts until they are no longer in use and no further charge for depreciation is made in respect of these assets.

Depreciation of processing equipment and infrastructure is calculated using the UOP method to write off the cost of the assets proportionately to the production of processed slabs in the factory. Fully depreciated assets are retained in the accounts until they are no longer in use and no further charge for depreciation is made in respect of these assets.

Depreciation of items of property, plant and equipment, other than quarrying & processing equipment and infrastructure, is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life.

The estimated useful lives of property, plant and equipment are as follows:

- Quarry Plant and machinery – 5–15 years
- Factory Plant and Machinery – 5–20 years
- Leasehold improvements – Period of the lease
- Office equipment – 3–5 years
- Land – indefinite

Where parts of an item of property and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Land is not depreciated.

Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at the end of each reporting period.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Leases

The Group recognises a right-of-use asset and corresponding liability at the date at which a leased asset is made available for use by the Group, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

Lease liabilities are measured at the present value of the future lease payments, excluding any payments relating to non-lease components. Future lease payments include fixed payments, in-substance fixed payments, and variable lease payments that are based on an index or a rate, less any lease incentives receivable. Lease liabilities also take into account amounts payable under residual value guarantees and payments to exercise options to the extent that it is reasonably certain that such payments will be made.

The payments are discounted at the rate implicit in the lease or, where that cannot be readily determined, at an incremental borrowing rate.

Right-of-use assets are measured initially at cost based on the value of the associate lease liability, adjusted for any payments made before inception, initial direct costs and an estimate of the dismantling, removal and restoration costs required in the terms of the lease.

The Group presents right-of-use assets in 'property, plant and equipment' in the consolidated statement of financial position. Subsequent to initial recognition, the lease liability is reduced for payments made and increased to reflect interest on the lease liability (using the effective interest method).

The related right-of-use asset is depreciated over the term of the lease or, if shorter, the useful economic life of the leased asset. The lease term shall include the period of an extension option where it is reasonably certain that the option will be exercised. Where the lease contains a purchase option the asset is written off over the useful life of the asset when it is reasonably certain that the purchase option will be exercised.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate. Leases for which the Group is a lessor are classified as finance or operating leases.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards of ownership to the lessee and classified as an operating lease if it does not.

Intangible Assets

All costs associated with exploration and evaluation including the costs of acquiring exploration and exploitation licences, annual licence fees, rights to explore, topographical, geological and geophysical studies of extracting a dimensional stone resource, are capitalised as intangible exploration and evaluation assets until such time as when the technical feasibility and commercial viability of extracting a mineral resource are demonstrable. After initial recognition they are subsequently measured at cost.

The costs are allocated to quarry locations within a licence area. Each area is treated as a cash-generating unit ('CGU') because the underlying geology and risks and rewards of exploration within a quarry are similar.

If an exploration project is successful, the related expenditures will be transferred to intangible or tangible assets and be amortised over the estimated life of the reserves or life of the licence whichever is less on a straight-line basis. The asset is amortised once it is in the location and condition necessary for it to be capable of operating in the manner intended by management. The amortisation is included within operating loss in the statement of comprehensive income. Where a project does not lead to the discovery of commercially viable quantities of dimensional stone resources and is relinquished, abandoned, or is of no further commercial value to the Group, the related costs are written off to profit or loss.

The recoverability of capitalised exploration costs is dependent upon the discovery of economically viable reserves, the ability of the Group to obtain necessary financing to complete the development of reserves and future profitable production or proceeds from the extraction thereof.

Intangible assets not related to exploration and evaluation are measured initially at fair value and amortised over their estimated useful lives. Intangible assets relating to quarries in operation are assessed annually for indicators of impairment in accordance with IAS 36.

Impairment of exploration and evaluation assets and property, plant and equipment

Whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable, an asset is reviewed for impairment. An asset's carrying value is written down to its estimated recoverable amount (being the higher of the fair value less costs to sell and value in use) if that is less than the asset's carrying value. Impairment losses are recognised in profit or loss.

Impairment reviews for intangible exploration and evaluation assets and property, plant and equipment are carried out based on quarry sites with each area representing a single CGU. An impairment review is undertaken when indicators of impairment arise but typically when one of the following circumstances applies:

- unexpected geological occurrences that render the resources uneconomic;
- title to the asset is compromised;
- variations in dimensional stone prices that render the project uneconomic;
- variations in foreign currency rates; or
- the Group determines that it no longer wishes to continue to evaluate or develop the field.

Non-financial assets which have suffered impairment are reviewed for possible reversal of the impairment at each reporting period.

Investments

Investments in subsidiaries, associates and joint ventures are recorded at cost in the parent company's Statement of Financial Position. They are tested for impairment when there is objective evidence of impairment. Any impairment losses are recognised in profit or loss in the period in which they occur.

Financial instruments

Financial assets and financial liabilities are recognised when the Group has become a party to the contractual provisions of the instrument.

Financial assets

Trade and other receivables

Trade and other receivables are classified as loans and receivables and are initially recognised at fair value. They are subsequently measured at their amortised cost using the effective interest method less any provision for impairment.

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

Financial liabilities and equity

Convertible loan notes

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all its liabilities.

Interest-bearing loans (including loan notes) are recorded initially at their fair value, net of direct transaction costs. Such instruments are subsequently carried at their amortised cost and finance charges, including premiums payable on settlement, redemption or conversion, are recognised in profit or loss over the term of the instrument using the effective rate of interest.

Instruments where the holder has the option to redeem for a variable amount of cash a pre-determined quantity of equity instruments are classified as a derivative liability. The derivative element is fair valued using the Black Scholes model at each period and any changes in fair value are recognised in profit or loss.

The interest expense on the liability component is calculated by applying the prevailing market interest rate for similar non-convertible debt to the instrument. The difference between this amount and the interest paid is added to the carrying value of the convertible loan note.

Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently at amortised cost using the effective interest method.

Equity settled transactions

The Group has applied the requirements of IFRS 2 Share-Based Payments for all grants of equity instruments.

The Group has entered into equity settled share-based payments as consideration for services received. Equity settled share-based payments are measured at fair value at the date of issue.

The Group has measured the fair value by reference to the equity instruments issued as it is not possible to measure reliably the fair value of the services received. In the absence of market prices, fair value has been based on the Directors' valuation of the Company as at the issue date.

Income tax

The tax expense represents the sum of the tax payable for the period and deferred tax.

The tax payable is based on taxable profit for the year. The Group's liability for current tax is calculated by using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised, or the liability is settled based upon rates enacted and substantively enacted at the reporting date. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis. Tax credits in respect of research and development are recognised in the period in which the receipt of the asset is considered to be probable.

Foreign currencies

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Euros (€) which is the Company's functional and the Group's presentation currency. The Euro/Sterling exchange rate at 31 December 2021 was 1.1911 (31 December 2020 – 1.1053). The average Euro/Sterling exchange rate for the year ended 31 December 2021 was 1.1482 (31 December 2020 – 1.123).

Transactions in currencies other than the functional currency are initially recorded at the exchange rate prevailing on the date of the transaction. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the exchange rate prevailing at the reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on retranslation are included in profit or loss for the period, except for exchange differences on non-monetary assets and liabilities, which are recognised directly in other comprehensive income when the changes in fair value are recognised directly in other comprehensive income.

On consolidation, the assets and liabilities of the Group's overseas operations are translated into the Group's presentational currency at exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period unless exchange rates have fluctuated significantly during the year, in which case the exchange rate at the date of the transaction is used. All exchange differences arising, if any, are transferred to the Group's translation reserve, except to the extent that they relate to non-controlling interests, and are recognised as income or as expenses in the period in which the operation is disposed of, or when control, significant influence or joint control is lost.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Business Combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the group;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity, on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquired entity; and

The acquisition date fair value of any previous equity interest in the acquired entity, over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Acquisitions costs are included in the profit and loss unless they specifically relate to the issue of shares in connection with a business combination.

Critical accounting estimates and areas of judgement

The preparation of consolidated financial statements under IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The key areas of judgement and critical accounting estimates are explained below.

Impairment assessment

The Group assesses at each reporting date whether there are any indicators that its assets and cash generating units ('CGUs') may be impaired. Operating and economic assumptions, which could affect the valuation of assets using

discounted cash flows, are updated regularly as part of the Group's planning and forecasting processes. Judgement is therefore required to determine whether the updates represent significant changes in the service potential of an asset or CGU and are therefore indicators of impairment or impairment reversal.

In performing the impairment reviews, the Group assesses the recoverable amount of its operating assets principally with reference to fair value less costs of disposal, assessed using discounted cash flow models. These models are subject to estimation uncertainty and there is judgement in determining the assumptions that are considered to be reasonable and consistent with those that would be applied by market participants as outlined below.

Going concern

The Group assesses at each reporting date whether it is a going concern for the foreseeable future. In making this assessment management considers:

- (a) the current working capital position and operational requirements;
- (b) the timing of expected sales receipts and completion of existing orders;
- (c) the sensitivities of forecast sales figures over the next two years;
- (d) the timing and magnitude of planned capital expenditure; and
- (e) the level of indebtedness of the company and timing of when such liabilities may fall due, and accordingly the working capital position over the next 18 months.

Management considers in detail the going concern assessment, including the underlying assumptions, risks and mitigating actions to support the assessment. The assessment is subject to estimation uncertainty and there is judgement in determining underlying assumptions.

Quarry reserves

Geological estimates of the Group's quarry reserves are inherently imprecise and represent only approximate amounts because of the significant judgments involved in developing such information. There are authoritative guidelines regarding the geological criteria that must be met before estimated quarry reserves can be designated as "proved" and "probable". Proved and probable quarry reserve estimates are updated at regular intervals considering recent production and technical information about each quarry. In addition, as prices and cost levels change from year to year, the value of proved and probable quarry reserves also changes. This change is considered a change in estimate for accounting purposes and is reflected on a prospective basis in depreciation and amortisation rates calculated on units of production ('UOP') basis.

Changes in the estimate of quarry reserves are also considered in impairment assessments of non-current assets.

Treatment of convertible loan notes

The convertible loan notes have been accounted for as a liability held at amortised cost. At the date of issue, the fair value of the liability component was estimated using the prevailing market interest rate for similar non-convertible debt.

The conversion option results in the Company repaying a GBP denominated liability in return for issuing a fixed number of shares and as such has been classified as a derivative liability. The liability is held at fair value and any changes in fair value over the period are recognised in profit or loss.

The Company has fair valued the identified embedded derivatives included within the contract using a Black Scholes methodology, which has resulted in the recording of a liability of €17,920 at 31 December 2021 (2020 - €159,222). The main assumptions used in the valuation of the derivative conversion option as at 31 December 2021 were: underlying share price of £0.0138 (31 December 2020: £0.0250), EUR/GBP spot rate of 1.1911 (31 December 2020: 1.1053), historic volatility of 33% (31 December 2020: 34%) and risk free rate of 1.52% (31 December 2020: 0.3%)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined based on weighted average costs and comprises direct materials and direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

In calculating the net realisable value of the inventory management has to make a judgment about the expected sales price of the material. Management makes this judgment based on its historical experience of the sale of similar material and taking into account the quality or age of the inventory concerned.

New standards and interpretations not yet adopted

(a) New standards, amendments and interpretations

In the current year, the Group has applied the below amendments to IFRS Standards and Interpretations issued by the Board that are effective for an annual period that begins on or after 1 January 2021. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

(i) Amendments to References to the Conceptual Framework in IFRS Standards

Together with the revised Conceptual Framework, which became effective upon publication on 29 March 2018, the IASB has also issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.

Not all amendments, however, update those pronouncements with regard to references to and quotes from the framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASB Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework. The amendments, where they actually are updates, are effective for annual periods beginning on or after 1 January 2020, with early application permitted.

(ii) Amendments to IAS 1 and IAS 8 Definition of material

The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.

The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'.

The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of material or refer to the term 'material' to ensure consistency.

No other new standards, amendments or interpretations, effective for the first time for the financial year beginning on or after 1 January 2020 have had a material impact on the group or parent company. At the date of authorisation of these financial statements, the following key standards and amendments were in issue but not yet effective. The Group has not applied these standards in the preparation of these financial statements.

• IFRS 17	Insurance Contracts
• IFRS 10 and IAS 28 (amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
• Amendments to IAS 1 and IAS 8	Definition of material
• Amendments to IFRS 3	References to the Conceptual Framework
• Amendments to IAS 16	Property, Plant and Equipment—Proceeds before Intended Use
• Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
• Annual Improvements to IFRS Standards 2018-2020 Cycle	Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture

The adoption of the above standards and interpretations is not expected to lead to any changes to the Group's accounting policies or have any other material impact on the financial position or performance of the Group.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

4. Going concern

The Directors have reviewed detailed projected cash flow forecasts and are of the opinion that it is appropriate to prepare this report on a going concern basis. In making this assessment they have considered:

- a) the current working capital position and operational requirements;
- b) the proposed transaction to acquire Eco Buildings Group Limited, and anticipated fundraise;
- c) the proposed business plan for the combined entity;
- d) the timing of expected sales receipts and completion of existing orders, as well as collection of outstanding debtors;
- e) the sensitivities of forecast sales figures over the next two years;
- f) the timing and magnitude of planned capital expenditure; and
- g) the level of indebtedness of the company and timing of when such liabilities may fall due, and accordingly the working capital position over the next 18 months.

The forecasts assume that the transaction to acquire Eco Buildings Group Limited will be completed in 2022 with a planned fundraise. The forecasts assume that the Company will execute a new business plan for the combined entity, as described in the strategic report. It further assumes that production at the Fox Marble factory will continue to operate in good order. The forecast assumes existing contracts held by the Company will be fulfilled on a timely basis. Furthermore, the forecasts assume that sales of block marble will resume as the global effect of the pandemic recedes. Further the Company is anticipating significant growth in revenue through the realisation of existing sale contracts and offtake agreements as well as from newly generated sales.

Further the forecast assumes the Company will be successful in extending the term of the existing Gulf Loan Note. The loan note holders have indicated their willingness to do so, however final documentation is still in progress.

There are several scenarios which management have considered that could impact the financial performance of the Company. These include:

- a) The acquisition of Eco Buildings Group Limited and planned fundraise could be delayed or the fundraise could be lower than expected;
- b) The business plan for the combined entity, including planned capital and strategic expansions could be delayed or result in further losses for the group;
- c) Levels of production at the quarries or new factory can be impacted by unforeseen delays due to inclement weather or equipment failure; lower than expected quality of material being produced, and the continuing effects of the pandemic;
- d) Fulfilment of the Company's order book could be delayed, or the payment of amounts due under such contracts could be delayed.
- e) The continued progression of Covid-19 may have a further detrimental impact on sales or on operations, and
- f) The resumption of block sales to the international block market may be slower than expected.

If the cash receipts from sales are lower than anticipated the Company has identified that it has available to it several other contingent actions, that it can take to mitigate the impact of potential downside scenarios. These include seeking additional financing, leveraging existing sale agreements, reviewing planned capital expenditure, reducing overheads and further renegotiation of the terms on its existing debt obligations.

In conclusion having regard to the existing and future working capital position and projected sales, the Directors are of the opinion that the application of the going concern basis is appropriate.

5. Segmental information

The chief operating decision maker is the Board of Directors. The Board of Directors reviews management accounts prepared for the Group as a whole when assessing performance.

All the operations of Fox Marble Holdings plc are in the Republic of Kosovo and the Republic of North Macedonia. All sales of the Group are as a result of the extraction and processing of marble. It is the opinion of the directors that the operations of the Company represent one segment and are treated as such when evaluating its performance.

Of the non-current assets held by the Group of €7,177,932 (2020 – €7,611,851), €3,934,751 (2020 – €4,309,546) relates to Property, Plant and Machinery acquired for the exploitation of assets in Kosovo and €350,079 (2020 – €433,702) relates to Property, Plant and Machinery acquired for the exploitation of assets in North Macedonia. Intangible assets held by the Group relate to intangible assets acquired in relation to mining rights and licences in North Macedonia of €2,591,865 (2020 – €2,633,424) and exploration and evaluation expenditure incurred in Kosovo of €72,402 (2020 – €75,207).

	Kosovo 31 December 2021 €	Macedonia 31 December 2021 €	Other 31 December 2021 €	Total 31 December 2021 €
Property, Plant and Machinery	4,284,831	–	144,330	4,429,161
Intangible assets	72,402	2,591,865	84,504	2,748,771
Total non-current assets				7,177,932
	31 December 2020 €	31 December 2020 €	31 December 2020 €	31 December 2020 €
Property, Plant and Machinery	4,309,546	433,072	75,492	4,818,716
Intangible assets	75,207	2,633,424	84,504	2,793,135
Total non-current assets				7,611,851

The Group incurs certain costs in the United Kingdom in relation to head office expenses. In the year under review included in the operating costs for the year of €1,650,693 (2020 – €2,794,414) were costs incurred in the United Kingdom of €1,022,251 (2020 – €1,175,189). Of the net interest cost of the Group of €245,045 (2020 – €286,214), €245,045 is incurred in the United Kingdom (2020 – €279,002).

All revenue, which represents turnover, arises solely within Kosovo and North Macedonia and relates to external parties.

Group	Year ended 31 December 2021 €	Year ended 31 December 2020 €
Revenue by territory		
Europe	646,064	662,305
Middle East	–	–
China		53,595
Total revenue	646,064	715,900

Revenues from contracts with customers

The Group generates revenue through the sale of quarried marble as well as the processing of marble into slabs, tiles and bespoke cut to size items.

Group	Year ended 31 December 2021 €	Year ended 31 December 2020 €
Revenue by product		
Sale of block marble	80,761	154,606
Sale of processed marble	516,275	547,513
Provision of processing services	49,028	13,781
Total revenue	646,064	715,900

Revenue is recognised in a manner that depicts the pattern of the transfer of goods and services to customers. The amount recognised reflects the amount to which the Group expects to be entitled in exchange for those goods and services. Sales contracts are evaluated to determine the performance obligations, the transaction price and the point at which there is transfer of control. The transactional price is the amount of consideration due in exchange for transferring the promised goods or services to the customer, and is allocated against the performance obligations and recognised in accordance with whether control is recognised over a defined period or at a specific point in time.

Block marble may be sold under a sales agreement with a customer or on a non-contractual basis. Sales agreements for block marble generally contain agreed pricing and minimum volume, through which customers can gain exclusivity within a given region. Block marble may be sold on an ex-quarry basis or free on board ('FOB') basis. Revenue is recognised on the sale of block marble when control of the block marble is transferred to the buyer as the transfer of legal title, customer acceptance and an unconditional requirement to pay. The group derives revenue from the sale of blocks at a point in time.

Processed marble may be sold on an as seen basis or may be cut to order. The Company may enter into contracts to supply a given volume of processed marble as specified by the client. Processed marble may be sold on ex-factory basis or may include transport to customers. Revenue in relation to larger projects may involve separately identifiable performance obligations. Such performance obligations may include the separate delivery of instalments of product in accordance with the contractual schedule. Where marble is cut to order the Group does not consider the provision of marble and the processing of marble as separate obligations, unless the client selects and takes title to specific block marble.

The group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. Consequently, the Group does not adjust any of the transaction prices for the time value of money.

Group	Year ended 31 December 2021 €	Year ended 31 December 2020 €
Contractual basis	318,163	414,346
Non-contractual basis	327,901	301,554
Total revenue	646,064	715,900

The following table sets out financial assets and liabilities that relate to sales contracts the Group has entered into

Group	Year ended 31 December 2021 €	Year ended 31 December 2020 €
Trade receivables	273,234	189,448
Contract Liabilities (Advances received from customers)	310,981	293,360

6. Expenses by nature

Group	Year ended 31 December 2021 €	Year ended 31 December 2020 €
Operating loss is stated after charging/(crediting):		
Cost of materials sold	530,295	559,358
Inventory provision	118,137	927,841
Fees payable to the Company's auditors	83,655	73,979
Legal & professional fees	50,346	280,542
Consultancy fees and commissions	342,648	285,792
Staff costs	472,609	491,488
Other head office costs	109,969	116,947
Travelling, entertainment & subsistence costs	18,705	28,340
Depreciation	219,213	158,751
Amortisation	44,364	43,807
Quarry operating costs	69,476	279,615
Foreign exchange (loss)/gain	(4,532)	16,802
Share option charge	19,444	21,355
Marketing & PR	–	3,807
Testing, storage, sampling and transportation of materials	85,319	59,671
Provision for bad debts	69,515	14,359
Sundry (income)/expenses	67,594	(8,682)
Cost of sales, administrative and other operational expenses	2,296,757	3,353,772

The analysis of auditors' remunerations is as follows:

Group	Year ended 31 December 2021 €	Year ended 31 December 2020 €
Fees payable to the Company's auditors and its associates for services to the group		
Audit of UK parent company	16,711	16,711
Audit of consolidated financial statements	42,763	42,763
Audit of overseas subsidiaries	14,505	14,505
Audit of UK subsidiaries		
Total audit services	73,979	73,979

Since year end the Group has engaged the Company's auditors as reporting accountants as part of its planned acquisition of Eco Buildings Group Limited for a fee of €128,700 (2020 – Nil)

7. Directors and Employees

The employee benefit expenses during the year were as follows:

Group	2021 €	2020 €
Wages and salaries	381,109	434,945
Social security costs	91,500	56,543
	472,609	491,488
Company	2021 €	2020 €
Wages and salaries	140,400	121,449
Social security costs	19,375	15,912
	159,775	137,361

The monthly average number employed during the year, including the Executive Directors, was:

Group	2021	2020
Directors	5	5
Administration	9	9
Quarry and factory operations	43	46
	57	60
Company	2021	2020
Directors	3	3
	3	3

Key management personnel, as defined by IAS 24 'Related Party Disclosures', have been identified as the Board of Directors. Detailed disclosures of Directors' individual remuneration, Directors' transactions and Directors' interests and share options, for those Directors who served during the year, are set out below. The aggregate amount of Directors' remuneration for the year was as follows:

Group	2021 €	2020 €
Salary	396,031	227,492
Aggregate emoluments payable to directors	396,031	227,492
Company	2021 €	2020 €
Salary	157,817	132,600
Aggregate emoluments payable to directors	157,817	132,600

The Board of Directors' remuneration is settled in GBP and is therefore subject to foreign exchange movements upon translation to EUR. None of the Company's directors exercised share options during the years ended 31 December 2021 and 2020.

The highest paid director's emoluments were as follows

Group	2021 €	2020 €
Total amount of emoluments payable	157,817	66,300

Remuneration in respect of Directors was as follows:

Year ended 31 December 2021	Salary €	Total €
Executive directors		
Chris Gilbert ⁽¹⁾	157,817	157,817
Fiona Hadfield	95,286	95,286
	253,103	253,103
Non-Executive directors		
Andrew Allner ⁽²⁾	71,464	71,464
Sir Colin Terry ⁽²⁾	35,732	35,732
Roy Harrison ⁽²⁾	35,732	35,732
	142,928	142,928
	396,031	396,031

Year ended 31 December 2020	Salary €	Total €
Executive directors		
Chris Gilbert ⁽¹⁾	58,611	58,611
Fiona Hadfield	36,281	36,281
	94,892	94,892
Non-Executive directors		
Andrew Allner ⁽²⁾	66,300	66,300
Sir Colin Terry ⁽²⁾	33,150	33,150
Roy Harrison ⁽²⁾	33,150	33,150
	132,600	132,600
	227,492	227,492

(1) Executive Director Chris Gilbert agreed to utilise fifty per cent of his remuneration (net of tax) to subscribe for Ordinary Shares in the Company. The balance of €80,780 due from the 1 January 2017 to 28 February 2018 is accrued by the Company and not yet paid.

(2) The Non-Executive Directors of the Company agreed to utilise their fees (net of tax) to subscribe for Ordinary Shares in the Company. Remuneration for the period from 1 January 2019 to 31 December 2019 is accrued in the accounts and not yet paid. The Board of Directors' remuneration is settled in GBP and is therefore subject to foreign exchange movements upon translation to EUR.

8. Net finance costs

	2021 €	2020 €
Finance costs		
Interest expense on borrowings	168,001	279,957
Net foreign exchange loss on loan note instrument	203,717	–
Movement in the fair value of derivative (note 19)	–	153,096
Interest payable on lease liabilities	14,480	23,733
	386,198	456,786

9. Net finance income

	2021 €	2020 €
Finance income		
Movement in the fair value of derivative (note 19)	141,111	–
Net foreign exchange gain on loan note instrument	–	170,383
Interest income on bank deposits	42	189
	141,153	170,572

10. Taxation

The tax on the Group's loss before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to losses of the Group as follows:

	2021 €	2020 €
Reconciliation of effective tax rate		
Loss before income tax	(1,895,738)	(2,924,086)
Tax calculated at domestic tax rates applicable to profits in the respective countries at a weighted average rate of 16.38% (2020 – 15.05%)	310,585	440,166
Tax effect of expenses that are not deductible in determining taxable profit	(17,226)	(56,898)
Capital allowances in excess of depreciation and amortisation	–	–
Adjustment in respect of prior years	119,715	–
Deferred tax asset not recognised in respect of losses	(293,359)	(383,268)
Total tax credit for the year	–	119,715

The Company's losses for this accounting year are taxed at an effective rate of 19% (2020 – 19%). From the 1 April 2023 corporation tax rates will increase to 25%.

The tax computations of Fox Marble Holdings plc Group show it has tax losses carried forward of €21,422,898 (2020 – €20,365,322). However due to the uncertainty of the timing of future profits, no deferred tax asset has been recognised in these financial statements.

The deferred tax asset not recognised by the Group at 31 December 2021 is €5,181,814 (2020 – €3,607,271).

Group	2021 €	2020 €
The balance comprises temporary differences attributable to:		
Intangible assets recognised on acquisition	84,504	84,504
	84,504	84,504

A deferred tax liability arose on the acquisition of Gulf Marble Limited (UAE) in the year ended 31 December 2018 as a result of the fair valuation of the intangible asset acquired as part of the business combination.

11. Earnings per share

	2021 €	2020 €
Loss for the year used for the calculation of basic EPS	(1,895,738)	(2,804,371)

Number of shares

Weighted average number of ordinary shares for the purpose of basic EPS	377,727,054	287,591,514
Effect of potentially dilutive ordinary shares		
Weighted average number of ordinary shares for the purpose of diluted EPS	377,727,054	287,591,514

Earnings per share:

Basic	(0.005)	(0.01)
Diluted	(0.005)	(0.01)

Basic earnings per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

12. Intangible assets

Group:	Goodwill €	Mining rights and licences €	Capitalised exploration and evaluation expenditure €	Total €
As at 31 December 2020, 1 January 2021 and 31 December 2021	84,504	2,725,840	92,866	2,903,210
Accumulated amortisation				
As at 1 January 2020	–	50,975	15,294	66,269
Amortisation charge	–	41,441	2,365	43,806
As at 31 December 2020 and as at 1 January 2021	–	92,416	17,659	110,075
Charge for the year		41,559	2,805	44,364
As at 31 December 2021		133,975	20,464	154,439
Net Book Value				
As at 1 January 2020	84,504	2,674,866	77,572	2,836,942
As at 31 December 2020	84,504	2,633,424	75,207	2,793,135
As at 31 December 2021	84,504	2,591,865	72,402	2,748,771

Capitalised exploration and evaluation expenditure represent rights to the mining of decorative stone reserves in the Pejë, Syriganë and Cervenillë quarries in Kosovo. The Group was granted in 2011 rights of use by the local municipality for twenty years over land in the Syriganë and Rahovec region through acquisition of the issued share capital of Rex Marble SH.P.K and H&P SH.P.K.

On 16 August 2014 the Company entered into a sub-lease arrangement with New World Holdings (Malta) Limited in relation to the Omega Alexandrian White marble quarry at Prilep in North Macedonia. This new quarry site is adjacent to the Company's existing operations in Prilep. The consideration for the sub-lease was €1,256,376 (£1,000,000) and a subsequent 40% gross revenue royalty obligation. The sub-lease has an initial term of 20 years, which is extendable by the Company for a further twenty 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. The quarry is not yet operational.

On 8 October 2018 the Company acquired Gulf Marble Investments Limited (UAE). As part of this acquisition the Group acquired the direct sub licence to the Prilep Alpha quarry and eliminated the 40% gross revenue royalty payable under the original agreements. The Group has recognised an intangible asset with a provisional fair value of €1,469,464 which will be amortised over the remaining period of the licence. Further detail on this acquisition can be found in note 28. The acquisition gave rise to a technical deferred tax liability and a corresponding entry to goodwill of €84,504 in accordance with IFRS 3.

Intangible assets relating to quarries not yet in operation are treated as exploration and evaluation assets and assessed for impairment in accordance with IFRS 6 Exploration and evaluation of mineral resources. The Group has assessed intangible assets for indicators of impairment and performed a review for impairment and concluded that no such impairment exists. In considering the value in use the company made a number of judgments around anticipated production and sales, including judgments as to when block sales and pricing might recover from the impact of the Covid 19 pandemic.

Other intangible assets relating to quarries in operation include amounts spent by the Group acquiring licences. Where intangible assets are acquired through business combinations and no active market for the assets exists, the fair value of these assets is determined by discounting estimated future net cash flows generated by the asset. Intangible assets relating to quarries in operation are assessed annually for indicators of impairment in accordance with IAS 36.

13. Property, plant and equipment

Group:

	Quarry Plant & Machinery €	Factory Plant & Machinery €	Rights of use asset €	Land and buildings €	Office Equipment and Leasehold improvements €	Total €
Cost						
As at 1 January 2020	3,909,266	3,481,618	242,710	160,000	31,424	7,825,018
Additions	1,372	88,131	90,132	-	-	179,635
Disposals		(170,000)				(170,000)
As at 31 December 2020 and as at 1 January 2021	3,910,638	3,399,749	332,842	160,000	31,424	7,834,653
Additions		35,241		-	2,198	37,439
Reclassification	(170,000)	170,000				
Disposals	(86,148)		(90,132)			(176,280)
As at 31 December 2021	3,654,490	3,604,990	242,710	160,000	33,622	7,695,812

	Quarry Plant & Machinery €	Factory Plant & Machinery €	Rights of use asset €	Land and buildings €	Office Equipment and Leasehold improvements €	Total €
Accumulated depreciation						
As at 1 January 2020	2,450,867	248,464	6,827	–	30,516	2,736,674
Depreciation charge ⁽¹⁾	225,454	133,643	61,044	–	550	420,691
Disposals	–	(141,429)	–	–	–	(141,429)
As at 31 December 2020 and as at 1 January 2021	2,676,321	240,678	67,871	–	31,066	3,015,936
Reclassification	(141,429)	141,429	–	–	–	–
Depreciation charge ⁽¹⁾	97,664	172,730	47,034	–	1,053	318,481
Disposals	(52,744)	–	(15,022)	–	–	(67,766)
As at 31 December 2021	2,579,812	554,837	99,883	–	32,119	3,266,652
Net Book Value						
As at 1 January 2020	1,458,399	3,233,154	235,883	160,000	908	5,088,344
As at 31 December 2020	1,234,317	3,159,070	264,971	160,000	359	4,818,716
As at 31 December 2021	1,074,678	3,050,153	142,827	160,000	1,503	4,429,161

(1) Depreciation on plant and machinery is included in the cost of inventory to the extent it is directly related to production of that inventory. In the year ended 31 December 2021 €99,268 of depreciation was included in the cost of inventory produced (2020 – €261,871).

The Group has assessed property, plant and equipment for indicators of impairment and concluded there are no indicators of impairment arising in the current year.

Included in property, plant and equipment is €161,000 of assets that are currently located at the Maleshevë quarry site. Access to the quarry site has been under dispute since July 2019, as disclosed further in Note 30. Due to the dispute with Green Power Sh.P.K the Company were unable to physically inspect the assets as at 31 December 2020 year end. The assets were counted by an independent assessor in October 2019 as part of ongoing civil litigation against Green Power Sh.P.K, and an injunction was granted to the Company stopping Green Power Sh.P.K or any other third party moving, selling or interfering with them in any way. The Company is confident of its rights over the assets and the enforcement of those rights, and that the value of the assets is not impaired.

Company:	Rights of use asset €	Total €
Cost		
As at 1 January 2020	242,710	242,710
Additions	–	–
As at 31 December 2020	242,710	242,710
Additions	–	–
As at 31 December 2021	242,710	242,710
Accumulated depreciation		
As at 1 January 2020	6,827	6,827
Depreciation charge	46,022	46,022
As at 31 December 2020	52,849	52,849
Depreciation charge	47,034	47,034
As at 31 December 2021	99,883	99,883
Net Book Value		
As at 31 December 2019	235,883	235,883
As at 31 December 2020	189,861	189,861
As at 31 December 2021	142,827	142,827

Right-of-use assets

From 1 January 2019, the Group has adopted IFRS 16 Leases. Refer to notes 2 for the accounting policy. The right-of-use assets recognised on adoption of the new leasing standard are reflected in the underlying asset classes of property, plant and equipment.

14. Trade and other receivables

Group:	2021 €	2020 €
Current assets		
Trade receivables	558,425	459,226
Less: provision for impairment in receivables	(170,210)	(99,178)
Trade receivables (net)	388,215	360,048
Deposits on capital equipment	148,750	148,750
Accrued Revenue	87,374	87,374
Deposits	55,000	55,000
Other receivables	155,217	235,562
Prepayments	42,193	40,952
VAT recoverable	62,707	29,577
Amounts due from related party	195,031	195,090
	1,134,487	1,152,317
Company:	2021 €	2020 €
Current assets		
Prepayments	–	157
Other receivables	96,358	65,939
VAT recoverable	51,184	15,883
	147,542	81,979

Included in other receivables as at 31 December 2021 are other receivables of €59,732 (2020 – €55,145) relating to the issue of share capital made by the Company on 31 August 2011. Included in this balance are amounts due from directors of €26,694 (2020 – €24,884).

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the Group's impairment policies and the calculation of the loss allowance are provided in note 21.

As at 31 December 2021 €195,031 (2020 – €195,090) is due from Fox Marble FZC, a company in which the Company holds 34% of the issued share capital.

Information about the impairment of trade receivables and the Group's exposure to credit risk, foreign currency risk and interest rate risk can be found in note 21.

Trade receivables are disclosed net of a provision for bad and doubtful debts. The provision for bad and doubtful debts is based on specific risk assessment and reference to past default experience. Further details are included in note 21.

Included in receivables for the Group are receivables denominated in GBP of €147,542 (2020 – €248,040). There are nil receivables denominated in USD (2020 – nil). Included in receivables for the Company are receivables denominated in GBP of €147,542 (2020 – €81,979). All GBP denominated receivables have been translated to Euro at the exchange rate prevailing at 31 December 2021. All other receivables are Euro denominated. The Directors consider that the carrying amount of trade and other receivables approximates their fair value.

Included in receivables for the Group are deposits on capital equipment of €148,750 (2020 – €148,750). These relate to additional equipment for the factory site which the Group expects to install within the next twelve months. The Company is currently planning further factory capacity expansion and expects this to include expansion of the

gang saw capacity. To date the installation of the third gangsaw has been delayed till such point as the volume of sales at the factory necessitated its installation.

15. Inventories

Group:	2021 €	2020 €
Block Marble	2,688,840	2,794,092
Processed marble	297,781	247,186
	2,986,621	3,041,278

The cost of inventories recognised as an expense and included in cost of sales amounted to €530,295 (2020 – €559,358). In the current year the Group has recognised a provision of €118,137 (2020 – €927,841) in relation to inventory. The cumulative provision against inventory held in stock at 31 December 2021 is €2,083,000 (2020 – €2,082,640).

Included in inventories is €627,377 of block marble that is currently located at the Maleshevë quarry site. Access to the quarry site has been under dispute since July 2019, as disclosed further in Note 30. Due to the dispute with Green Power Sh.P.K the Company were unable to perform a stocktake as at 31 December 2021 year end. The stock was counted by an independent assessor in October 2019 as part of ongoing civil litigation against Green Power Sh.P.K, and an injunction was granted to the Company stopping Green Power Sh.P.K or any other third party moving, selling or interfering with the stock in any way. The Company is confident of its rights over this stock and the enforcement of those rights, and that the value of this stock is recoverable.

16. Trade and other payables

Group:	2021 €	2020 €
Trade payables	293,389	278,481
Contract Liabilities – Advances received from customers	310,901	293,360
Amounts due to related parties	486,594	500,371
Other payables	215,847	308,793
Accruals	63,910	144,093
Other tax and social security payable	37,009	35,767
	1,407,650	1,560,865
Company:	2021 €	2020 €
Trade payables	173,665	147,193
Amounts due to related parties	273,946	331,556
Accruals	75,692	83,313
Other payables	200,624	55,747
	723,927	617,809

Amounts due to related parties are considered further in note 24.

Included in trade and other payables of the Group are GBP denominated payables of €686,513 (2020 – €690,231) and USD denominated payables of €310,901 (2020 – €293,360). All other trade and other payables are Euro denominated. All GBP denominated payables have been translated to Euro at the exchange rate prevailing at 31 December 2021.

All trade and other payables of the Company are GBP denominated and have been translated to Euro at the exchange rate prevailing at 31 December 2021. All trade and other payables at 31 December 2021 are due within one year and are non-interest bearing. The directors consider that the carrying amount of trade and other payables approximates their fair value.

17. Borrowings

Group and Company:	2021 €	2020 €
Current borrowings		
Convertible loan notes held at amortised cost	1,997,391	1,841,027
Derivative over own equity at fair value	461	466
	1,997,852	1,841,493
Non-current borrowings		
Convertible loan notes held at amortised cost	2,687,458	2,640,372
Derivative over own equity at fair value	17,458	158,756
	2,704,916	2,799,128

a. Series 11 Loan Note

On 27 May 2020 the Company reached agreement with the holders of the Series 3, 4, 6, 7, 8, 9 and 10 loan note holders to reschedule the terms of the loan notes.

The existing loan notes were cancelled and replaced by the Series 11 Loan Note. The Series 11 Loan Note has an interest rate of 2% per annum. The Loan note is due for conversion or repayment on the 30 June 2026 with a conversion price of 5p.

As at 31 December 2021, the Series 11 Loan Note held at amortised cost had a balance of €2,687,458 (2020 – €2,494,470). The Stockholders' option to convert the loan has been treated as an embedded derivative and measured at fair value. As at 31 December 2021, the derivative had a value of €17,459 (2020 – €155,188). The fair value has been assessed using a Black Scholes methodology. The derivative is classified as a level 3 derivative on the basis that the valuation includes one or more significant inputs not based on observable market data.

The Directors consider that the carrying amount of borrowings approximates their fair value at 31 December 2021.

b. Gulf Loan Note

As consideration for the acquisition of Gulf Marble Investments Limited Fox Marble has issued an Unsecured Convertible Loan Note ('Gulf Loan Note') in the amount of €1,785,000. Under the terms of the Loan Note, the holder may elect to convert at a conversion price of 130% of the 3-month volume weighted average share price. The Loan Note is repayable from 1 October 2020. The Loan Note carries an interest rate of Libor plus 1.5% payable annually in arrears.

As at 31 December 2021, the Gulf Loan Note held at amortised cost had a balance of €1,855,611 (31 December 2020 – €1,757,740). The Stockholders' option to convert the loan has been treated as an embedded derivative and measured at fair value. As at 31 December 2021, the derivative had a value of €191 (31 December 2020 – €181). The fair value has been assessed using a Black Scholes methodology. The derivative is classified as a level 3 derivative on the basis that the valuation includes one or more significant inputs not based on observable market data.

The Company is currently in negotiation with the loan note holder to extend the term of this loan note to 31 December 2023.

c. Series 5 Loan Note

On 19 January 2018, the Company issued a convertible loan note with a value of £75,000 ('Series 5 Loan Note') to a non-related party. This new Series 5 Loan Note has an interest rate of 8% per annum. The Loan Note was repaid in January 2021.

d. Other Borrowings

In September 2019, the Company entered a short-term borrowing arrangement with a value of £345,000. The interest rate was 1% per calendar month with a repayment date of the 31 March 2020. On the 27 May 2020 holders of £225,000 of these borrowings agreed to exchange them with Series 11 Loan notes as described above. The term of the remaining borrowings amounting to £120,000 were varied to extend the repayment date to 30 September 2022.

As at 31 December 2021, the carrying value of these loans was €141,780 (2020 – €145,901).

18. Leases

From 1 January 2019, the Group has adopted IFRS 16 Leases. Refer to Note 2 for the accounting policy. The lease liabilities recognised on adoption of the new leasing standard are reflected in long term liabilities. The Group also has certain leases with lease terms of 12 months or less and leases of assets with low values. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases. Set out below are the carrying amounts of lease liabilities and the movements during the period.

Group:				Year ended 31 December 2021 €	Year ended 31 December 2020 €	
At 1 January				260,481	220,721	
Additions				–	90,131	
Disposals				(86,242)	–	
Interest expense				14,480	23,733	
Foreign Exchange				20,040	(25,725)	
Rent payments made in year				(62,557)	(48,379)	
At 31 December				146,202	260,481	
Company				Year ended 31 December 2021 €	Year ended 31 December 2020 €	
At 1 January				174,239	220,721	
Interest expense				14,480	16,522	
Foreign Exchange				20,040	(25,725)	
Rent payments made in year				(62,557)	(37,279)	
At 31 December				146,202	174,239	
As at 31 December 2021	Carrying Amount €	Contractual cash flows €	6 months or less €	6-12 months €	1-2 years €	2-5 years €
Lease Liability	146,202	152,575	28,061	28,061	56,121	40,333
As at 31 December 2020	Carrying Amount €	Contractual cash flows €	6 months or less €	6-12 months €	1-2 years €	2-5 years €
Lease Liability	260,481	323,131	38,861	38,861	77,721	167,689

19. Share capital

Group and Company:	2021 Number	2020 Number	Share capital 2021 €	Share capital 2020 €	Share premium 2021 €	Share premium 2020 €
Issued, called up and fully paid Ordinary shares of £0.01 each						
At 1 January	308,372,174	262,657,882	3,721,006	3,220,221	32,056,986	31,793,870
Issued in the year	108,961,579	45,714,292	1,237,380	500,786	518,457	263,116
At 31 December	417,333,753	308,372,174	4,958,386	3,721,007	32,575,443	32,056,986

On 4 January 2021 the Company issued 65,500,000 new Ordinary shares at a price of 1.60 pence per share through their broker to raise £1,0 million before expenses. On the 12 February 2021 the Company issued 5,000,000 new Ordinary shares at a price of 1.60 pence per share in settlement of consultancy feed of £80,000. On the 22 December 2021 the Company issued 38,461,579 shares at a price of 1.30 pence per share through their broker to raise £0.5 million before expenses. Expenses of €85,887 were offset to share premium in the year ended 31 December 2021 (2020 – €112,492).

20. Share based payment reserve

Group and Company:		Year ended 31 December 2021 €	Year ended 31 December 2020 €
At 1 January		106,602	85,247
Equity settled share-based payment charge		19,444	21,355
At 31 December		126,046	106,602

	Date of Issue	Exercise price	Granted	Outstanding
Performance Warrants				
Consultants	13 September 2019	4p	1,704,316	1,704,316
Consultants	06 December 2019	2.75p	1,818,182	1,818,182
Warrants				
Placing Warrants	17 June 2020	3.5p	22,857,146	22,857,146
Placing Warrants	15 December 2021	2p	19,230,769	19,230,769
Share options				
DSOP Share scheme	31 August 2012	20p	120,000	120,000

In 2019 the Company issued 3,522,498 warrants as part of the package of compensation to two senior consultants. The warrants vest in equal instalments over three years as a condition of continued employment.

On 17 June 2020 22,857,146 warrants were issued with an exercise price of 3.5p as part of the placing completed on that date. Warrants over new ordinary shares were 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. The warrants have a exercise period of 18 months.

On 15 December 2021 19,230,769 warrants were issued with an exercise price of 2p as part of the placing completed on that date. Warrants over new ordinary shares were issued on the basis of one for every two Placing Shares, exercisable at a price of 2 pence per share. The warrants have a exercise period of 3 years.

The Company has a set up a Discretionary Share Option Plan (DSOP) for the benefit of employees. The Company granted options over an aggregate of 120,000 Ordinary Shares at the IPO Placing Price of 20p to Fiona Hadfield under the terms of the DSOP on 31 August 2012. The options vested after three years. Fair value of the options has been evaluated using a Black Scholes model.

21. Capital and financial risk management

Capital risk management

The group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group consists of equity attributable to equity holders comprising issued share capital, reserves and retained earnings as disclosed in the Statement of Changes in Equity.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital based on the gearing ratio and net debt/cash. This ratio is calculated as total borrowings divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated statement of financial position plus total borrowings.

The gearing ratios at 31 December 2021 and 31 December 2020 are as follows:

Group	Year ended 31 December 2021 €	Year ended 31 December 2020 €
Total borrowings (note 17)	(4,702,768)	(4,640,621)
Less cash and cash equivalents	558,282	337,741
Net debt	(4,144,486)	(4,302,880)
Total equity	5,516,194	5,636,653
Total capital	10,218,962	10,277,273
Gearing ratio	46.0%	44.96%
Company	Year ended 31 December 2021 €	Year ended 31 December 2020 €
Total borrowings (note 17)	(4,702,768)	(4,640,621)
Less cash and cash equivalents	489,438	112,241
Net debt	(4,213,330)	(4,528,380)
Total equity	15,656,907	14,273,818
Total capital	20,359,675	18,914,440
Gearing ratio	23.0%	24.53%

Reconciliation of movement in Net Debt

Group	Balance at 1 January 2021 €	Foreign Exchange Difference €	Non cash movements €	Cash Flow €	Balance at 31 December 2021 €
Cash and cash equivalents	337,741	–	–	220,541	558,282
Borrowings	(4,640,621)	(203,717)	(24,239)	165,809	(4,702,768)
Net debt	(4,302,880)	(203,717)	(24,239)	386,350	(4,144,486)
Company	Balance at 1 January 2021 €	Foreign Exchange Difference €	Non cash movements €	Cash Flow €	Balance at 31 December 2021 €
Cash and cash equivalents	112,241	–	–	377,197	489,438
Borrowings	(4,640,621)	(203,717)	(24,239)	165,809	(4,702,768)
Net debt	(4,528,380)	(203,717)	(24,239)	543,006	(4,213,330)

Financial risk management

The Group is exposed to several financial risks through its normal operations, the most significant of which are credit, foreign exchange and liquidity risks.

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise the potential adverse effects on the Group's financial performance. Risk management is carried out by the board of directors. The Board has established policies and principles for overall risk management covering specific areas such as foreign exchange risk, credit risk and investment of excess liquidity.

Restricted cash

The Group and Company hold a balance of €189,265 of restricted cash at 31 December 2021 (31 December 2020 – €39,937) relating to litigation funding received as at 31 December 2021. Litigation funds received are required to be spent solely on costs associated with the arbitration proceedings being brought against the republic of Kosovo. Further details can be found in note 27.

Credit risk

Credit risk is managed on a group basis. The Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Credit risk arises from cash and cash equivalents, and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. If wholesale customers are independently rated, these ratings are used. If there is no independent rating, risk control assesses the credit quality of the customer, considering its financial position, past experience and other factors. Sales to retail customers are settled in cash. Management does not expect any losses from non-performance by these counterparties.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was €1,650,575 (2020 - €1,380,703). Financial assets are assessed for impairment annually and a provision for bad debt of €69,515 has been recognised in 2021 (2020 - €14,359).

The Group has two types of financial assets that are subject to the expected credit loss model:

- trade receivables for sales of inventory
- cash and cash equivalents

The Group was required to revise its impairment methodology under IFRS 9 for each of these classes of assets. While cash and cash equivalents are subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 24 month before 31 December 2021 or 1 January 2021 respectively and the corresponding historical credit losses experienced within this period.

The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The group has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at 31 December 2021 and 31 December 2020 was determined as follows for both trade receivables:

31 December 2021					
	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
Expected loss rate	11%	16%	21%	33%	30%
Gross Carrying Amount	€15,861	€17,126	€49,144	€476,294	€558,425
Loss allowance	€1,734	€2,797	€10,551	€155,128	€170,210
31 December 2020					
	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
Expected loss rate	11%	16%	22%	39%	36%
Gross Carrying Amount	€242,685	€4,500	€2,181	€209,862	€459,226
Loss allowance	€26,532	€735	€468	€71,442	€99,178

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments for a period of greater than 120 days past due.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

As at 31 December 2021 the Group holds €558,282 in cash and cash equivalents and restricted cash (2020 - €377,678). The Group mitigates banking sector credit risk through the use of banks with no lower than a single A rating.

As at 31 December 2021 the Company holds €489,438 in cash and cash equivalents and restricted cash (2020 – €152,275). The Company mitigates banking sector credit risk through the use of banks with no lower than a single A rating.

Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro and GBP. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

There is exposure to movements in the GBP/EUR exchange rate as a portion of the cash and restricted cash held by the group is denominated in GBP and the Group's borrowing facilities are GBP denominated.

	31 December 2021	31 December 2020
Group	€	€
Cash denominated in EUR	38,645	207,544
Cash denominated in GBP	519,575	130,093
Cash denominated in USD	62	104
	558,282	337,741
Company		
Cash denominated in EUR	–	97
Cash denominated in GBP	489,438	112,241
	489,438	112,338

Restricted cash is held in GBP.

On the 21 December 2020 the Company received a payment in error of € €212,239. Once the error had been noted and resolved the repayment of the balance was made in January 2021.

As at 31 December 2021, if the currency has weakened/strengthened by 10% against the GBP with all other variables constant, post-tax profit would have been €232,191 (2020 – €275,231) higher/lower, mainly as a result of the foreign exchange gains/losses on translation of the GBP denominated convertible loan note and GBP denominated receivables and payables. Similarly, the Company has calculated the impact of a 10% increase or decrease in the GBP/EUR exchange rate would have a €232,191 (2020 – €283,401) impact on the net assets of the Company, with all other variables held constant. A 10% variation in the foreign exchange rate is considered appropriate as it reflects a maximum volatility in the exchange rates over the given period.

For the Company, as at 31 December 2021, if the currency has weakened/strengthened by 10% against the GBP with all other variables constant, post-tax profit would have been € higher/lower, mainly as a result of the foreign exchange gains/losses on translation of the GBP denominated convertible loan note and GBP denominated receivables and payables €138,312 (2020 – €292,310). Similarly, the Company has calculated the impact of a 10% increase or decrease in the GBP/EUR exchange rate would have a €138,312 (2020 – €292,310) impact on the net assets of the Company, with all other variables held constant. A 10% variation in the foreign exchange rate is considered appropriate as it reflects a maximum volatility in the exchange rates over the given period.

The Group manages foreign exchange risk through natural hedging of its cash deposits against existing GBP/EUR commitments and by monitoring exchange rate fluctuations and forecast cash flows to examine the need for any formal hedging arrangement.

Liquidity risk

Cash flow forecasting is performed in the operating entities of the group and aggregated by group finance. Group finance monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs. Surplus cash held by the operating entities over and above the balance required for working capital management is transferred to the group treasury.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The following are the contractual maturities of financial liabilities for the Group as at 31 December 2021 based upon contractual cash flows:

31 December 2020	Carrying Amount €	Contractual cash flows €	6 months or less €	6-12 months €	1-2 years €	2-5 years €
Borrowings	4,640,621	4,605,568	134,665	1,825,165	64,413	2,581,325
Trade and other payables	1,560,865	1,560,865	1,560,865	-	-	-
31 December 2021	Carrying Amount €	Contractual cash flows €	6 months or less €	6-12 months €	1-2 years €	2-5 years €
Borrowings	4,702,768					
Trade and other payables	1,407,650	1,407,650	1,407,650	-	-	-

For the Company as at 31 December 2021 and 2020, contractual liabilities with regards to convertible loan notes are the same as for the Group. Trade and other payables contractual cash flows payable in 6 months or less as at 31 December 2021 are €796,044 (2020 – €617,089).

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Group's short-, medium-, long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cashflows, and by matching the maturity profiles of financial assets and liabilities.

Interest rate risk

As at 31 December 2021, the Company holds borrowings of €1,785,000 with variable interest rate (2020 – €1,785,000). The 2020 Convertible Loan Note carry an interest rate of Libor plus 1.5% payable annually in arrears. All other borrowings are under fixed interest rates. For each one hundred basis point rise in market interest rates at 31 December 2020 there would be an increase in loss before tax by approximately €17,850 (2020 – €17,850).

Fair Values

The directors have reviewed the financial statements and have concluded that, there are no significant differences between the book values and the fair values of the financial assets and financial liabilities of the Group and Company as at 31 December 2021 and 2020.

22. Interests in other undertakings

	% Ownership	Date acquired/ Incorporated	Registered Office	Place of incorporation	Principal activity
Fox Marble Limited	100%	3 August 2012	160 Camden High Street, NW1 0NE	England & Wales	Operating Company
Fox Marble Kosova Sh.P.K	100%	11 December 2012	Garibaldi 1/2, Pristina;	Kosovo	Operating Company
Rex Marble Sh.P.K	100%	3 August 2012	Bulevardi Ddshmoret e Kombit, Nr.72IA-7, Pristina	Kosovo	Holding of licences & rights
H&P Sh.P.K	100%	3 August 2012	Bill Klinton n36, Pristina	Kosovo	Holding of licences & rights
Fox Marble Asia Limited	51%	7 November 2016	160 Camden High Street, NW1 0NE	England & Wales	Dormant
Stone Alliance LLC	59%	13 April 2015	1209 Orange street, Wilmington, Delaware 19801	United States	Dormant
Gulf Marble Investments Limited	100%	8 October 2018	PO Box 37172, Dubai, UAE	United Arab Emirates	Holding of licences & rights
Gulf Marble Investments Limited	100%	8 October 2018	160 Camden High Street, NW1 0NE	England & Wales	Dormant
Fox Marble FZC	34%	2 September 2018	PO Box 932, Emirate of Ajman	United Arab Emirates	Sales activity
Fox Marble India Private Limited	49%	18 October 2018	2A Floor, Grd Plot-759 A Jyoti Sadan, Sitaladevi Temple Road, Mahim	India	Sales activity

All the shareholdings in subsidiary and associate undertakings comprise ordinary shares. Fox Marble Kosova Sh.P.K, Rex Marble Sh.P.K, H&P Sh.P.K and Granit Shala Sh.P.K are held via the Company's shareholding in Fox Marble Limited. Interest in Gulf Marble Investments Limited (UK) is held via the Company's shareholding in Gulf Marble Investments Limited (UAE). All subsidiary undertakings are included in the consolidation.

There are no significant restrictions on the Company's ability to access or use the assets and settle the liabilities of the group, to transfer cash or assets from other entities within the group or other requirements that may restrict dividends and other capital distributions being paid, or loans and advances being made or repaid, to (or from) other entities within the Group.

Fox Marble Limited is exempt from the requirements of the Companies Act 2006 relating to the audit of individual accounts by virtue of s479A of the Companies Act 2006 for the year ended 31 December 2021.

Non-controlling interests

There are no non-controlling interests in subsidiary undertakings that are considered material to the group in the year ended 31 December 2021 (2020 – nil), as the entities remain dormant. There were no transactions with non-controlling interests in the year ended 31 December 2021 (2020 – nil).

23. Related party transactions

The executive directors are also considered key management as defined by IAS 24 'Related Party Disclosures (revised 2009)'. The remuneration of key management is considered in note 8.

As at 31 December 2021 the Group has accrued €360,790 due to directors of the Company in respect of fees due to them (2020 – €423,628). As at 31 December 2021 the Company has accrued €273,946 due to directors of the Company in respect of fees due to them (2020 – €331,556). As at 31 December 2021 there is €42,429 payable (2020 – €29,238) to directors of the Company as repayment for corporate and travel expenses incurred on behalf of the Company.

The Company only financial statements of Fox Marble Holdings plc include amounts receivable from its subsidiary undertaking Fox Marble Limited of €16,738,871 (2020 – €15,571,245). Amounts provided to Fox Marble Limited relate to the provision of funding for operations and capital expenditure.

The Company and Group have receivables from directors and former directors of the Company of €26,694 (2020 – €24,844) relating to the issue of share capital on the 31 August 2011. Included in trade and other receivables is

€195,091 (2020 – €195,091) due from Fox Marble FZC, a related party in which Fox Marble Holdings Plc owns 34% of the issued share capital.

Included in borrowings due to the Company is €86,479 due to Andrew Muir who is related party of the Company by virtue of his shareholding in the Company.

24. Commitments

(a) Capital commitments

Capital expenditure contracted for but not yet incurred at the end of the reporting year was nil (2020 – Nil).

As at 31 December 2021, the Group had capital equipment deposits of €148,750 (2020 – €148,750) which are expected to be capitalised into property plant and equipment in 2023.

(a) Lease commitments

The Group leases office space and warehousing showroom space under non-cancellable operating lease agreements. Lease terms are between one and five years. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	Year ended 31 December 2021 €	Year ended 31 December 2020 €
Expiring within one year	–	–
Expiring within one to five years	152,575	320,352
	152,575	320,352

25. Investments

Company:	2021 €	2020 €
Shares in subsidiary undertakings	3,711,127	3,711,127
Loans to subsidiary undertakings	16,215,870	15,602,245
	19,926,997	19,313,372

An impairment charge of €523,000 in the carrying value of the investment in Fox Marble Limited was recognised in the year ended 31 December 2021 (2020 – nil).

26. Controlling Parties

There is no controlling party. Chris Gilbert and Dr Etrur Albani are deemed to be acting in concert for the purposes of the City Code, and who as at 25 September 2022 control 10.5 % of the share capital of the Company.

27. Contingent Liabilities

The Company has launched Civil Proceedings against the owners of Green Power Sh.P.K in Kosovo for breach of contract for the sale of Green Power and the pre-existing operating contract for the M3 quarry.

Should the Company be unsuccessful in asserting its rights over the M3 quarry it will incur a direct loss of €119,424, due to investments made in the power installation at the M3 quarry with a carrying value in the accounts of €64,424, and deposit paid for quarry reconditioning of €55,000.

On 4 September 2019 Fox Marble launched United National Commission on International Trade Law (UNCITRAL) arbitration proceedings, against the Republic of Kosovo for damages in excess of €195 million, as a result of the failure of the State to protect Fox Marble's rights over the Malesheve quarry.

The Company believes the Kosovan Government to be in clear breach of its responsibilities towards the Company as a foreign investor in Kosovo and that this action is in the best interests of its shareholders and employees. The Company anticipates a fair and satisfactory resolution.

All the Company's other operations, including the quarries and processing factory in Kosovo and the Prilep quarry in Northern Macedonia, are unaffected.

The background to the claim is the dispute arising with the former shareholders of Green Power Sh.P.K and Scope Sh.P.K, which has resulted in Fox Marble being prevented from operating the Malesheve quarry. Since the dispute arose Fox Marble has been working to resolve the matter with the appropriate Kosovan Government agencies, namely

the Kosovo mining regulator, the Independent Commission of Mines and Mineral ('ICMM') and the Agjencia e Regjistrimit të Bizneseve ('ARBK'), the Kosovo business registration agency. However, in what is a clear breach of Kosovo Law 04/L-220 'On Foreign Investment' (2014), Fox Marble has been prevented from asserting its rights in these matters.

Despite the cumulative weight of evidence, Fox Marble was denied the right to appeal any decision relating to the Maleshevë quarry in direct contravention of the provisions of the Kosovo foreign investment law, Law 04 /L-220.

As a direct consequence of the ARBK and ICMM decisions, the Company has brought arbitration proceedings against the Republic of Kosovo pursuant to Article 16 of the Kosovo foreign investment law (as above). The basis of the claim for damages is the investment made to date in the Maleshevë quarry, loss of future revenues associated with the site and future investment plans in Kosovo. Significant future investment plans are the subject of the MOU signed in October 2016 by the Government of Kosovo and Stone Alliance LLC which is majority owned by Fox Marble.

On the 16 December 2020 the Company announced that it had engaged the services of Dentons CS Europe LLP to act on the Company's behalf in its circa €195 million claim against the Republic of Kosovo. Dentons have agreed a fee arrangement which enables Fox Marble to bring the Arbitration through to its conclusion.

On the same day the Company announced it had secured litigation funds of £500,000. As at 31 December 2021, £75,000 of funds had been received, and a further £350,000 was received since year end and prior to the date of this report. The litigation funding has been raised from private investors. This funding, plus a pre-agreed return on investment, will only be repaid if the Arbitration proceedings are successful and no Company shares are being provided to the investors in the Litigation Fund.

On 14 Sept 2017 Fox Marble signed an offtake agreement with Om Enterprises. Under that agreement Om Enterprises agreed to advance \$500,000 for the purchase of blocks from Fox Marble quarries as part of a larger contract for 5000 tonnes of material. Order were completed during 2018 and 2019, however subsequently Om Enterprises failed to perform their obligations under the contract, and requested the return of the remaining balance of the advance. On 13 August 2020, commercial arbitration proceedings at the London Court of International Arbitration were initiated. Pleadings are complete and the case was heard over 4 days in mid-November 2021. The parties are awaiting the arbitral tribunal's ruling. Fox Marble does not believe that the arguments brought by OM enterprise hold any merit and expect that matters will be resolved in our favour.

28. Events after the reporting period

On 11 April 2022 Fox Marble announced that it has arranged funding by way of a convertible loan note of £400k. The purpose of this fundraising is to provide a loan facility to assist in the planned acquisition of the entire issued share capital of ECO Buildings Group Limited ('Proposed Acquisition'). The Company has agreed heads of terms with Eco Buildings for the Proposed Acquisition.

The Proposed Acquisition will constitute a reverse takeover pursuant to AIM Rule 14 under the AIM Rules for Companies. As part of the process, Fox Marble intends to undertake a significant capital expansion, including capital reorganisation and change its name to ECO Buildings Group Plc (the 'Enlarged Group'). The Proposed Acquisition is conditional on, inter alia, certain approvals and a shareholder vote at a General Meeting of the Company. There can be no certainty nor guarantee that the Proposed Acquisition will complete.

It is the Company's intention that the Proposed Acquisition will be structured in such a way that any benefits arising from the successful conclusion of its legal proceedings against the Republic of Kosovo, as previously announced on 30 September 2021, will be distributed to the benefit of the current shareholders of the Company only.

As part of the Proposed Acquisition, Fox Marble has raised approximately £400k by way of a convertible loan note ('CLN') with which it has made a loan facility of up to £400k available to ECO Buildings for general working capital needs ahead of the Proposed Acquisition (the 'Loan Facility'). The Loan Facility will have an interest rate of 2% per annum and may be drawn down in four tranches. The Loan Facility is repayable on the earlier of (i) the date of completion of the Proposed Acquisition, (ii) twelve months after the date of the heads of terms, or (iii) three months after the date that the Proposed Acquisition negotiations are terminated.

The CLN will carry an interest rate of 2% per annum deferred for 2 years and a term of 5 years. The CLN is convertible into Fox Marble ordinary shares at a price of 6 pence per share. Should the Proposed Acquisition not be completed by 31 December 2022, the CLN will only be repayable to the extent that the Loan Facility is repaid to Fox Marble.

At the request of the Company, the Company's ordinary shares were suspended from trading on AIM with effect from 7.30 a.m. on 11 April 2022, pending either the publication of an admission document or until the Proposed Acquisition negotiations are terminated. Pursuant to AIM Rule 41, if the Company's ordinary shares have been suspended from trading for a period of six months, the admission of its ordinary shares to trading on AIM will then be cancelled.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Fox Marble Holdings plc ('the Company') will be held at the Company's registered office, 160 Camden High Street, London, NW1 0NE, United Kingdom at 10 a.m./p.m. on 27 October 2022 to consider, and if thought fit, to pass the following resolutions of which resolutions 1 to 10 will be proposed as ordinary resolutions and resolution 11 as a special resolution.

1. To receive the annual report and financial statements for the year ended 31 December 2021.
2. To elect Sir Mark Lyall Grant as a Director of the Company
3. To re-elect Andrew Allner as a Director of the Company.
4. To re-elect Christopher Gilbert as a Director of the Company.
5. To re-elect Fiona Hadfield as a Director of the Company.
6. To re-elect Roy Harrison as a Director of the Company.
7. To re-elect Colin Terry as a Director of the Company.
8. To re-appoint PKF Littlejohn LLP as the Company's auditors until the conclusion of the next Annual General Meeting.
9. To authorise the Directors to determine the remuneration of the auditors.
10. THAT the Directors of the Company be generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 ('the Act'), in addition to all previous authorities granted to them, to exercise all the powers of the Company to allot shares in the Company or to grant rights to subscribe for or convert any security into shares in the Company ('Rights') up to an aggregate nominal amount of £1,377,200.72 and such authority shall, unless previously revoked or varied by Company in general meeting, expire at the conclusion of the next Annual General Meeting of the Company to be held in 2022, save that the Company may, at any time before such expiry, make an offer or agreement which would or might require shares to be allotted or rights to be granted under such offer or agreement as if the authority conferred had not expired.

Special Resolution

11. THAT, subject to and conditional upon the passing of resolution 8 above, the Directors of the Company be empowered under Section 570 of the Companies Act 2006 ('the Act') to allot equity securities (within the meaning of Section 560 of the Act) for cash and/or to sell or transfer shares held by the Company in treasury (as the Directors shall deem appropriate) under the authority conferred by resolution 8 above as if section 561(1) of the Act did not apply to any such allotment provided that this power shall be limited to:
 - a. the allotment of equity securities in connection with any rights issue or other pro-rata offer in favour of the holders of ordinary shares of 1p each in the Company where the equity securities respectively attributable to the interests of all such holders of shares are proportionate (as nearly as may be practicable) to the respective number of shares held by them in the capital of the Company, provided that the Directors of the Company may make such arrangements in respect of overseas holders of shares and/or to deal with fractional entitlements as they consider necessary or convenient; and
 - b. the allotment (otherwise than pursuant to sub-paragraph (a) above) of further equity securities and/or the sale or transfer of shares held by the Company in treasury (as the Directors shall deem appropriate) up to an aggregate nominal amount of £417,333.75

and this authority shall expire at the conclusion of the Company's Annual General Meeting to be held in 2022, save that the Company may, at any time before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors of the Company may allot equity securities under such offers or agreements as if the power conferred by this resolution had not expired and provided further that this authority shall be in substitution for, and to the exclusion of, any existing authority conferred on the Directors.

By order of the Board

Ben Harber

Company Secretary

29 September 2022

Registered office: 160 Camden High Street, London, NW1 0NE, United Kingdom

Notes

1. Right to attend, speak and vote

If you would like to attend, speak and vote at the AGM you must be on the Company's register of members at 10 a.m. on 27 October 2022. This will allow us to confirm how many votes you have on a poll. Changes to the entries in the register of members after that time, or, in the event of any adjournment, close of business on the date which is 48 hours (excluding non-working days) before the time of any adjourned meeting, shall be disregarded in determining the rights of any person to attend, speak or vote at the AGM.

2. Appointment of proxies

If you are a member of the Company you may appoint one or more proxies to exercise all or any of your rights to attend, speak and vote at the meeting on your behalf. You may only appoint a proxy using the procedures set out in these notes and in the notes on the proxy form, which you should have received with this notice of meeting.

A proxy need not be a member of the Company but must attend the meeting to represent you. Details of how to appoint the Chairman of the meeting or another person as your proxy using the proxy form are set out in the notes on the form. If you wish for your proxy to speak on your behalf at the meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.

You may appoint more than one proxy in relation to the AGM provided that each proxy is appointed to exercise the rights attached to a different share or shares which you hold. If you wish to appoint more than one proxy you may photocopy the proxy form or alternatively you may contact the Company Secretary, Ben Harber, 6th Floor, 60 Gracechurch Street, London EC3V 0HR.

3. Appointment of proxy using hard copy proxy form

The notes to the proxy form explain how to direct your proxy, how to vote on each resolution or withhold their vote. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If you do not indicate on the proxy form how your proxy should vote, they will vote or abstain from voting at their discretion. They will also vote (or abstain from voting) as they think fit in relation to any other matter which is put before the meeting.

To appoint a proxy using the proxy form, the form must be completed, signed and received by the Company Secretary no later than 48 hours (excluding non-working days) before the meeting. Any proxy forms (including any amended proxy forms) received after the deadline will be disregarded.

The completed form may be returned by any of the following methods:

- Sending or delivering it to Ben Harber at 6th Floor, 60 Gracechurch Street, London EC3V 0HR
- Scanning it and sending it by email to ben.harber@shma.co.uk

If the shareholder is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer or attorney. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

4. Appointment of proxy by joint members

In the case of joint holders, where more than one joint holder purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

5. Changing your instructions

To change your proxy instructions simply submit a new proxy form using the methods set out above. The amended instructions must be received by the Company Secretary by the same cut-off time noted above. Where you have appointed a proxy using a hard copy proxy form and would like to change the instructions using another hard copy proxy form, please contact the Company Secretary on telephone number +44 (0) 207 264 4366. If you submit more than one valid proxy form, the one received last before the latest time for the receipt of proxies will take precedence.

6. Termination of proxy appointments

In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Ben Harber, 6th Floor, 60 Gracechurch Street,

London EC3V 0HR. Alternatively you may send the notice by email to ben.harber@shma.co.uk. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer or attorney. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

In either case, your revocation notice must be received by the Company Secretary no later than 48 hours (excluding non-working days) before the meeting. If your revocation is received after the deadline, your proxy appointment will remain valid. However, the appointment of a proxy does not prevent you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.

7. Communications with the Company

Except as provided above, members who have general queries about the meeting should telephone the Company Secretary on +44 (0) 207 264 4366 (no other methods of communication will be accepted). You may not use any electronic address provided either in this notice of general meeting; or any related documents (including the Chairman's letter and proxy form), to communicate with the Company for any purposes other than those expressly stated.

8. Issued shares and total voting rights

As at 5.00 p.m., on the day immediately prior to the date of posting of this notice of meeting, the Company's issued share capital comprised of 417,333,753 Ordinary shares of 1p each. Each ordinary share carries the right to one vote and therefore, the total number of voting rights in the Company at that time was 417,333,753.

Explanation of Resolutions

The Company's Annual General Meeting will be held at 10 a.m. on 27 October 2022 at the offices of the company. The Notice of Meeting is set out on page 74 of this document. Details of resolutions to be considered at the meeting are given below.

Resolutions 1 to 8 inclusive are proposed as ordinary resolutions, which means that for each of these resolutions to be passed, more than half (50%) of the votes cast must be in favour of the resolution.

Resolution 9 is proposed as a special resolution, which means that for this resolution to be passed, at least three-quarters (75%) of the votes cast must be in favour of the resolution.

A resolution to lay the annual accounts for the year ended 31 December 2021 has not been included as a resolution in the Notice of Meeting. The Company has taken advantage of the three month extension granted to all companies by AIM Regulation and Companies house in light of the coronavirus outbreak. The Company's full year results are expected were announced on 30 September 2022.

Director's re-election (resolutions 1 to 5)

The Board believes that each of the current Directors continues to make an effective contribution and has the knowledge, skills and experience required to provide effective and independent challenge, leadership and direction to the Company. The Board therefore believes that it is in the best interests of shareholders that each of the Directors be re-elected at the forthcoming AGM. The biographical details of all of the Directors can be found on the Company's website.

Auditors appointment (resolution 6)

The Company is required at each general meeting at which accounts are presented to appoint auditors to hold office until the next such meeting. The Board, on the recommendation of the Audit Committee recommends the appointment of PKF Littlejohn LLP who have expressed their willingness act as auditor and a resolution to appoint them has been proposed at the Annual General Meeting.

Auditor fees (resolution 7)

Resolution 8 authorises the Directors to determine the remuneration of the auditors.

Authority to allot shares and Disapplication of Pre-emption Rights (resolutions 8 and 9)

The purpose of these resolutions is to give the Directors authority to allot shares in place of the existing authority approved at the General Meeting of the Company held on 4 January 2022, which expired at the end of the 2022 Annual General Meeting.

In accordance with best practice and institutional investor guidelines, the Directors are seeking authority under resolution 8 to allot up to a maximum of 137,720,138 Ordinary shares. This represents approximately 33% of the issued ordinary share capital as at 27 September 2022. Further, in order to retain some flexibility, the Directors are seeking power under resolution 9 to allot 41,733,375 equity securities wholly for cash other than on a pre-emptive basis to current shareholders pro-rata to their existing holdings. This amount represents 10% of the issued ordinary share capital as at 27 September 2022. Unless previously revoked, these authorities will be valid until the conclusion of the next Annual General Meeting of the company to be held in 2022 or 27 September 2022, whichever is the earlier.

It is intended to renew each of the above authorities at each Annual General Meeting.



Fox Marble Holdings Plc Annual Report
& Financial Statements
2021

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