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If you have sold or transferred all of your ordinary shares in Falanx Group Limited, you should pass this document, together with the accompanying form of proxy and other documents enclosed herein, to the person through whom the sale or transfer was made for transmission to the purchaser or transferee.

The contents of this document are not to be construed as legal, business or tax advice. You should consult your own legal adviser, financial adviser or tax adviser for legal, financial or tax advice respectively. The tax consequences for each Shareholder of the proposals set out in this Circular will depend on a Shareholder's individual circumstances. If you are not sure how you will be affected from a tax perspective, you should seek your own advice from an appropriate independent and authorized professional.

FALANX GROUP LIMITED

RECLASSIFICATION OF SHARE PREMIUM AND NOTICE OF GENERAL MEETING

This document should be read as a whole. Your attention is drawn to the Letter from the Chairman of Falanx Group Limited which is set out on pages 2 to 4 of this document and includes a recommendation that you vote in favour of the Resolutions to be proposed at the General Meeting referred to below.

Notice of General Meeting

Notice of a General Meeting which has been convened for 2:00 pm on 26 February 2021 is set out at page 6 of this document. The General Meeting will be held as a closed meeting in accordance with Government legislation and related restrictions in response to Covid-19, and to minimise public health risks. The General Meeting will be held electronically, and members and their proxies will not be able to attend the meeting in person. As such, members are strongly encouraged to appoint the Chairman of the General Meeting to act as their proxy as any other named person will not be permitted to attend the meeting. Voting at the General Meeting will take place on a poll.

To be valid, forms of proxy must be completed and returned in accordance with the instructions printed thereon, so as to be received by the Company as soon as possible and in any event not later than 2:00 pm on 24 February 2021. **Forms need to be delivered to Computershare Investor Services (BVI) Limited, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, United Kingdom.**

FALANX GROUP LIMITED ("Company")
(Incorporated and registered in the British Virgin Islands under company number 1730012)

Registered Office
Kingston Chambers
PO Box 173
Road Town
Tortola
British Virgin Islands

LETTER FROM THE CHAIRMAN OF THE COMPANY

10 February 2021

To the Holders of Falanx Group Limited Shares

Dear Shareholder,

Proposed Reclassification of Share Premium and Notice of General Meeting

Following on from our announcement to the London Stock Exchange on 5th February 2021, I am writing to provide you with the details of a proposal to reclassify a portion of the Company's share premium account to retained earnings and other reserves.

The Company wishes to apply for a loan under the UK Government backed Coronavirus Business Interruption Loan Scheme ("CBILS") which it is currently prohibited from doing as a result of its consolidated balance sheet showing that retained losses are more than fifty per cent of issued share capital. Furthermore, a reclassification will bring forward the point at which distributions can be made to shareholders.

Accordingly, your approval is being sought to reclassify:

1. £14,000,000 of the balance currently standing to the credit of the Company's share premium account as retained earnings; and
2. £1,000,000 of the balance currently standing to the credit of the Company's share premium account as a special non distributable reserve called the 2022 Liabilities Reserve , which will be designated in respect of certain longer term liabilities due in 2022 and held by the Company for such purpose until 31 December 2022

(together, the **Share Premium Reclassification**).

The Share Premium Reclassification is conditional upon, amongst other things, the Company obtaining Shareholder approval at the General Meeting. Page 6 of this document contains a Notice of General Meeting on 26 February 2021 at 2:00 pm, which will be held as a closed meeting in accordance with Government legislation and related restrictions in response to Covid-19, and to minimise public health risks.

The purpose of this document is to provide you with information about the Share Premium Reclassification and to explain why the board considers the Share Premium Reclassification to be in the best interests of the Company and its Shareholders as a whole and unanimously recommends that you vote in favour of the Resolutions to be proposed at the General Meeting. Shareholders should note that, unless the Resolutions are approved at the General Meeting, the Share Premium Reclassification will not take place.

1. Background to, and reasons for, the Share Premium Reclassification

On 5th February 2021 the Company updated the market on the current trading performance of its corporate group (the "**Group**") and operating division contract wins, the key points of which are set out below.

Cyber Security Division

- The division has since November 2020 signed a further five new customers in addition to existing accounts for Triarii, its enhanced cyber security monitoring service.
- These have been achieved through a combination of direct and indirect sales including the SolarWinds and Trustmarque (part of Capita plc) channels.
- The run rate of penetration testing business which is now materially above the run rate before the onset of COVID 19.
- The order pipeline remains strong with similar prospective sales for both penetration testing and security monitoring.
- In total the order value across all of these contracts is in excess of £700,000, of which approximately £400,000 will benefit the 2021 calendar year.

Assynt Strategic Intelligence Division

- Recently received a £1.2m renewal across the next 3 years from a leading global technology company.
- Stable and profitable division, robust pipeline of business from new and existing customers, major renewals expected shortly.

Reason for the Share Premium Reclassification

The positive momentum referenced above shows the validity of the Group's strategy to address growth markets. Further shareholder value and potentially accelerated returns can be created by investment in both earnings enhancing acquisitions and organic growth. To enable this, the Company intends to apply for a CBILS loan, but in order to complete the application process under UK government requirements, losses on the retained earnings account on the consolidated balance sheet must be less than fifty per cent of the issued share capital. The Company therefore proposes to transfer balances from its share premium account to the retained earnings account, as permitted under BVI law, so as to reduce this ratio on the consolidated account to less than fifty per cent, therefore rendering it eligible for CBILS where it can meet all the necessary statutory criteria for such a loan. Such a change will also bring forward the point at which distributions can be made to shareholders.

2. The Share Premium Reclassification

The Board therefore proposes that an amount of £14,000,000 of the balance currently standing to the credit of the Company's share premium account be transferred to retained earnings. This will reduce the ratio of retained losses to issued share capital on the consolidated balance sheet to well below fifty percent and will therefore enable the Company and the Group to complete its application for a UK government CBILS loan.

In addition, £1,000,000 of the balance currently standing to the credit of the Company's share premium account will be transferred to a newly created non distributable reserve called 2022 Liabilities Reserve which will be designated in respect of certain longer term liabilities due in 2022 and held by the Company for such purpose until 31 December 2022.

The Share Premium Reclassification will be sufficient to eliminate the retained losses of the Company but not of the Group.

3. Solvency Statement

The Directors, having taken into account all of the Company's liabilities (including any contingent or prospective liabilities), have each formed the opinion that, as regards the Company's financial position following the Share Premium Reclassification, there are no grounds on which the Company could then be found to be unable to pay (or otherwise discharge) its debts as they fall due and the value of the Company's assets will exceed its liabilities immediately following the Share Premium Reclassification. Furthermore, it is not intended that the Company

will carry out any distribution to members until the appropriate moment in the Company's development demonstrating the sustainable generation of profits and cash.

The Share Premium Reclassification will not constitute an event of default under the Company's current financing arrangements nor will it breach any of the financial covenants or contractual restrictions to which the Company is currently subject.

4. General Meeting

The Share Premium Reclassification is conditional upon, amongst other things, the Company obtaining Shareholder approval at the General Meeting, which is being held as a closed meeting on 26 February 2021 at 2:00 pm. The formal notice of the General Meeting is set out at page 6 of this document.

The General Meeting will be held electronically, and members and their proxies will not be able to attend the meeting in person. As such, members are strongly encouraged to appoint the Chairman of the General Meeting to act as their proxy as any other named person will not be permitted to attend the meeting. Voting at the General Meeting will take place on a poll.

You will find enclosed a Form of Proxy for use by Shareholders at the General Meeting. The Form of Proxy should be completed in accordance with the instructions printed thereon and forwarded to the Company's registrars, Computershare Investor Services (BVI) Limited, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, United Kingdom or submitted electronically through CREST, or scanned copies may be sent via email to the following address: !UKALLDITeam2@computershare.co.uk with 'Falanx Group Limited – Form of Proxy' in the subject line as soon as possible, and in any event so as to be received by no later than 2:00 pm on 24 February 2021.

At the General Meeting, the Resolutions set out in the formal notice of the General Meeting on page 6 of this document will be proposed to Shareholders.

The Resolutions will be passed if 50 per cent. or more of the votes cast (in person or by proxy) at the General Meeting are in favour of them.

Explanatory notes on all the business to be considered at the General Meeting can be found on page 7. Please also read the explanatory notes accompanying the notice carefully.

5. Recommendation

The passing of the proposed Resolutions at the General Meeting will enable the Company to meet all the necessary regulatory criteria for it to qualify for a CIBLS loan, although clearly there can never be any absolute guarantee that such a loan will be advanced. This also potentially brings forward the point at which distributions could be made to shareholders. The Board believes that the proposed Share Premium Reclassification is in the best interests of the Company, will promote its success, and benefit all shareholders. Accordingly, the Board unanimously recommends that you vote in favour of the Resolutions to be proposed at the General Meeting, as they intend to do in respect of their own shareholdings in the Company.

Yours faithfully

Alex Hambro
Chairman

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this document	10 February 2021
Latest time and date for receipt of Forms of Proxy for the General Meeting	2 pm, 24 February 2021
General Meeting	2 pm, 26 February 2021
Expected effective date for the Share Premium Reclassification	26 February 2021

Notes

1. The timetable assumes that there is no adjournment of the General Meeting. If there is an adjournment, all subsequent dates are likely to be later than those shown.
2. References in this document are to London times unless otherwise stated.

Notice of General Meeting

FALANX GROUP LIMITED

(Incorporated and registered in the British Virgin Islands under company number 1730012)

NOTICE IS HEREBY GIVEN that a general meeting of Falanx Group Limited (the "Company") will be held electronically, as a closed meeting, on 26 February 2021 at 2:00 pm to consider, and if thought fit, pass the resolutions of members specified below:

Resolutions of Members

That the following resolutions be considered as resolutions of members:

Resolutions

1. **Resolution 1: Share Premium Reclassification**

IT IS RESOLVED that an amount of £14,000,000 of the balance currently standing to the credit of the Company's share premium account be, and hereby is, re-classified, re-categorised and/or otherwise amended in the accounts, books and records of the Company as retained earnings, and that the balance standing to the credit of the Company's share premium account be reduced accordingly.

2. **Resolution 2: Non-distributable reserve**

IT IS RESOLVED that an amount of £1,000,000 of the balance currently standing to the credit of the Company's share premium account be, and hereby is, re-classified, re-categorised and/or otherwise amended in the accounts, books and records of the Company as a non distributable reserve called the 2022 liabilities reserve, which will be designated in respect of certain longer term liabilities due in 2022 and held by the Company for such purpose until 31 December 2022, and that the balance standing to the credit of the Company's share premium account be reduced accordingly.

3. **Resolution 3: General authorisation**

IT IS RESOLVED that any director or officer of the Company be, and hereby is, authorised and instructed to do all such acts and things and sign all documents, under seal or otherwise, as may be considered necessary or desirable by such a director or officer to give full force and effect to the matters contemplated by Resolution 1 and Resolution 2, respectively.

By Order of the Board

Alex Hambro
Chairman
10 February 2021

Registered Office:
Kingston Chambers
PO Box 173
Road Town
Tortola
British Virgin Islands

Notice of the General Meeting (continued)

EXPLANATORY NOTES TO EACH RESOLUTION

The following notes give an explanation of the proposed resolutions.

Resolutions of Members

The resolutions below are proposed as resolutions of members. This means that for each of those resolutions to be passed, more than 50 per cent. of the votes cast must be in favour of the resolution.

1. Resolution 1: Share Premium Reclassification

Resolution 1 proposes that an amount of £14,000,000 of the balance currently standing to the credit of the Company's share premium account is re-classified, re-categorised and/or otherwise amended in the accounts, books and records of the Company as retained earnings, and that the balance standing to the credit of the Company's share premium account be reduced accordingly.

2. Resolution 2: Non-distributable reserve

Resolution 2 proposes that an amount of £1,000,000 of the balance currently standing to the credit of the Company's share premium account is re-classified, re-categorised and/or otherwise amended in the accounts, books and records of the Company as a non distributable reserve called the 2022 liabilities reserve, which will be designated in respect of certain longer term liabilities due in 2022 and held by the Company for such purpose until 31 December 2022, and that the balance standing to the credit of the Company's share premium account be reduced accordingly.

3. Resolution 3: General authorisation

Resolution 3 proposes that any director or officer of the Company be authorised and instructed to do all such acts and things and sign all documents, under seal or otherwise, as may be considered necessary or desirable by such a director or officer to give full force and effect to the matters contemplated by Resolution 1 and Resolution 2, respectively.

Notes:

1. The Company specifies that only those members registered in the register of members of the Company at the close of business two days before the meeting or any adjournment thereof, shall be entitled to vote at the meeting in respect of the number of shares registered in their name at the relevant time. Changes to entries in the relevant register of securities later than this shall be disregarded in determining the rights of any person to attend, speak or vote at the meeting.
2. Information regarding the meeting can be found at the Company's website www.falanxgroup.com, including information on the number of shares and voting rights.
3. Any member who is entitled to vote at this meeting is entitled to appoint the Chairman as proxy to vote on their behalf at the meeting or any adjournment of it. You can only appoint a proxy using the procedure set out in these notes and the notes to the proxy form.
4. A form of proxy is provided with this notice. To be valid, a form of proxy together with any power of attorney or other authority under which it is executed or a copy thereof certified notarially or as the Directors shall accept must be signed and lodged at the Company's registrars – Computershare Investor Services (BVI) Limited, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, United Kingdom, so as to arrive not later than 48 hours before the start of the meeting (being 2:00 pm on 24 February 2021).
5. In the case of joint holders, the vote of the senior who tenders a vote, will be accepted to the exclusion of the votes of the other joint holders and seniority shall be determined by the order in which their names stand on the register of members of the Company.