

**Stock Data**

Share Price:	1.85p
Market Cap.:	£7.41m
Shares in issue:	400.4m

**Company Profile**

Sector:	Support Services
Ticker:	FLX
Exchange:	AIM

**Activities**

Falanx Group Limited ('Falanx', 'FLX', 'the Group') provides cyber defence, security and global intelligence services to both commercial and government customers.

Website: <https://falanx.com/>

**1-year share price performance**



Source: [LSE](#)

**Past performance is not an indication of future performance.**

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# Falanx Group Limited

**Falanx has been awarded an important contract for the provision of cyber security services to one of the major suppliers of such services to the UK public sector through a new reseller agreement. This represents an important development as not only does it open another potentially significant sales channel, but also provides further customer validation of the recently introduced [Triarii Managed Detection & Response service](#) ('Triarii MDR') following a stringent series of trials and technical evaluations.**

## Triarii MDR

Triarii MDR, the new Falanx service designed to further support organisations facing growing cyber risks, is now live and is servicing multiple customers. Providing a responsive defence with features above and beyond traditional MDR, including endpoint security configuration assessment, machine learning, file integrity monitoring and suspicious email analysis, it cuts mean reaction-time to any security incident across the customer's entire IT estate. Whilst the immediate recurring revenues are relatively modest at this stage, these are expected to grow over time. Triarii MDR has potential to become a strategic component of a customer's platform, with revenues tracking the underlying growth of that platform. The opportunity for deployment of additional services, as and when they arise, will also lead to incremental recurring revenues.

## Full year results scheduled for September release

Falanx provided investors with a trading update on [5 August 2020](#) that detailed its expectations for its year ended 31 March 2020, together with a Q1 2020/21 update. It expects to report revenues for the 12 months of c.£5.8m (2019: £5.2m). Following the virtually inevitable COVID-19 related hit to sales during the opening two months of the new financial year, from June onwards organisations started to respond positively to cyber security issues related to staff working from home and the higher risk this introduces. The Board has confirmed that the subsequently improved level of activity/enquiries continued into the second quarter of 2020/21, with revenues c.5% ahead of the comparable period while also boasting a strong pipeline of potential business. Based on this and the completion of a substantial cost reduction exercise, including successful transfer of many Group staff to remote working, first quarter of 2020/21 saw overall unaudited EBITDA losses reduce by c.60% despite coinciding with the peak of the UK's COVID-19 Pandemic.

## Focused on core activities and profitability

**The past two years have seen Falanx's Board successfully address a number of operational and cost issues, including the elimination of funding liabilities and completion of the bulk of its scheduled investment programme. Now refocused on its core activities, Assynt has moved away from spot revenues to more predictable [recurring income streams](#) (now c.£180k/m vs £110k/m and comprising c.94% of revenues) following the addition of large, long-term contracts, which have been sufficient to move it into sustainable profitability in recent months. A strong pipeline of cyber opportunities also generated by employers recognising that the recent shift toward much higher levels of home working is likely to become a semi-permanent feature, has further boosted the Group's revenue visibility. Retaining a relatively strong balance sheet and with the current year capable of sustaining a c.5% year-on-year revenue improvement, TPI considers Falanx has potential to deliver a positive operating profit for its full year ended-March 2021. The Board will possibly provide more detail regarding such expectations with the anticipated release of its 2019/20 results which is scheduled for this September.**

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