

Cycurion, Inc.

NASDAQ - CYCU

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Turning Cyber Risks into Recurring Revenue – Initiating Coverage with a Buy Rating and \$7 Price Target

Analyst: Barry M. Sine, CFA, CMT

- **Initiating Coverage** of Cycurion with a Buy rating and \$7 12-month price target.
- **Backlog Inflection Point:** Cycurion has reported a contracted backlog of \$80 million, roughly 4x FY2024 revenue, positioning the company for a material revenue inflection as contracts convert into billable work.
- **Pivoting Toward Higher-margin Cybersecurity Solutions:** The company provides cybersecurity advisory, managed services, and SaaS solutions primarily to state and local governments and small businesses, markets that remain structurally under-secured and increasingly targeted by ransomware.
- **Proven Acquisition and Integration Model:** Built through multiple acquisitions, Cycurion operates as a unified platform under new leadership focused on simplifying structure, improving margins, and scaling higher-value managed security offerings.
- **Trades at a Fraction of Peer Valuation Multiples.** Even at our \$7 price target, Cycurion would trade at 2.9x 2026E revenue versus a peer average of 9.0x, reflecting a steep and unwarranted discount.

Rating	Buy	Earnings Per Share	Normalized to exclude unusual items			
			FYE - December	2024	2025E	2026E
Target Price	\$7.00					
Ticker Symbol	CYCU					
Market	NASDAQ		1Q - March	(\$2.51)	(\$16.83) A	(\$2.11)
Stock Price	\$2.50		2Q - June	\$0.28	(\$4.46) A	(\$1.89)
52 wk High	\$2,008.94		3Q - September	\$0.10	(\$1.59) A	(\$1.77)
52 wk Low	\$2.11		4Q - December	\$0.12	(\$2.45)	(\$1.46)
Shares Outstanding:	4.2 M		Year	\$0.42	(\$16.33)	(\$7.20)
Public Market Float:	3.2 M					
Avg. Daily Volume	1,454,279	Revenue (\$mm)		17.8	15.4	16.3
Market Capitalization:	\$9.0 M	EV/Rev		1.2X	1.3X	16.3X
Institutional Holdings:	1.5%	EBITDA (\$mm)		2.8	(4.1)	(4.5)
Dividend Yield:	0.0%					(1.3)

Risks/Valuation

- **Execution Risk:** The primary risk is the pace of backlog conversion into recognized revenue and cash flow, particularly given historical revenue volatility.
- **Liquidity and Dilution Risk:** As a newly public micro-cap with a small float, the stock remains volatile and may require additional capital before reaching sustained profitability.
- **Valuation Support:** At current levels, CYCU trades at a significant discount to cybersecurity peers on an EV/revenue basis, supporting our \$7 price target as backlog conversion improves visibility.

Company description: Cycurion, Inc. is a cybersecurity services provider focused on advisory consulting, managed security services, and SaaS-based protection solutions for state and local governments, regulated institutions, and small businesses. The company was formed through a series of acquisitions and became publicly traded in February 2025 via a SPAC merger. Cycurion's offerings address critical vulnerabilities in under-resourced organizations increasingly exposed to ransomware, data breaches, and operational disruptions.

Turning Cyber Risks into Recurring Revenue

We initiate coverage of Cycurion with a Buy rating and a \$7 price target. The company provides cybersecurity services focused mainly on small businesses and state and local governments. Between 2018 and 2024, there were at least 525 ransomware incidents reported against U.S. government entities, resulting in significant downtime and financial loss. These institutions have been hard hit by cyberattacks after failing to follow even the most basic security practices. Cycurion was formed through a series of acquisitions and went public on February 14, 2025, via a merger with a SPAC. Revenue to date has been low with negative EBITDA, sparking the interest of short sellers. However, the company recently reported a sizable \$80 million backlog—four times 2024 revenue—so we believe that a significant uptick is likely, pushing the company toward profitability.

In researching the company, we held Zoom calls with 11 key executives and zeroed in on the company's services portfolio, operating model, and go-to-market strategy. Cycurion is fairly complex for a small company, with three wholly owned subsidiaries and one 51%-controlled Variable Interest Entity (VIE), but the Chairman and CEO, Kevin Kelly, who joined in 2023, is working to simplify this structure. In practice, the company operates as a single entity. Kelly brings nearly 30 years of corporate leadership experience, including prior roles as CEO of Halo Privacy and CEO of the global executive search firm Heidrick & Struggles. He is also an accomplished author of four books on leadership and holds an MBA from Duke University and a BS from George Mason University.

The company was founded in 2017 by current CFO Alvin McCoy and current board member Emmitt McHenry, who co-founded and served as one of the founders and CEO of Network Solutions. He spearheaded the development of the computer code that established the ".com" domain and secured the pioneering contract with the National Science Foundation to manage the world's first domain name registrar. Five years after he left, the company was sold to VeriSign for \$21 billion, so Mr. McHenry has a history of shareholder value creation. Cycurion subsequently acquired two companies, the technology assets of a third, and recently acquired a 51% VIE stake in its major subcontractor.

Cycurion reports revenue in three buckets: Advisory Consulting, Managed Services, and Software as a Service, although Advisory Consulting comprised the bulk of revenue at 98% in 2024. It had 38 customers in 2023 and 41 in 2024. With the backlog in place, and a sales team that appears capable of bringing in new revenue, we forecast revenue of \$16.3 in 2026 and \$17.9 in 2027. Comparable companies trade at 9.0x revenue, supporting our \$7 valuation for CYCU shares. In our opinion, the key risk is execution: the company must convert backlog into revenue and continue its recent track record of consistently bringing in new business.

Cycurion's earliest predecessor company was NetCom Solutions, founded by Emmitt McHenry in 1995 after leaving Network Solutions that year. Like Network Solutions, it was highly successful, growing to over 200 employees and \$260 million in annual revenue, with customers such as NASA, IBM, and Lucent Technologies (now part of Nokia), ranking it as the 10th-largest African-American-owned company in the U.S. In 2002, Mr. McHenry brought on his son, Kurt McHenry, as President. It operated as a minority-owned and service-disabled veteran-owned small business (SDVOSB). He later left to take an executive role at Amentum, a \$6 billion market-cap company traded on the NYSE. In 2017, Cycurion acquired Axxum to form the present company. In 2019, it acquired Cloudburst for \$2.5 million. Four years ago, the company hired a naming consultant and adopted the current Cycurion name, which does not have a specific meaning but is distinctive. In February 2025, it merged with a SPAC to go public, followed shortly by the purchase of a 51% controlling stake in SLG Innovations via a Variable Interest Entity (VIE) structure to preserve SLG's minority-owned status.

Cycurion is following a time-tested integration strategy that we have seen work at many other companies. Initially, it allows each entity to continue operating as usual to avoid losing revenue momentum. Over time, organic interactions between business units occur, and the company begins to operate more as a single entity. During our interviews, executives frequently referenced leaders and services from other business units. Cloudburst has now been almost totally subsumed into Axxum—it is down to two employees officially—without losing momentum. SLG, Axxum, and Cycurion Innovations are increasingly working together, leveraging each other's strengths.

Cycurion Business Units

				
Company Markets served	Cycurion Commercial	Axxum Federal and Civil	Cloudburst Department of War and intelligence agencies	SLG Innovation State/local govt. and education
Certifications:	<ul style="list-style-type: none"> • Top Secret Facility Clearance Level • GSA MAS IT • IT 70 HACS • CMMC Level 1 	<ul style="list-style-type: none"> • Top Secret SCI Facility Clearance Level • GSA MAS IT • CMMC Level 1 	<ul style="list-style-type: none"> • Top Secret SCI Facility Clearance Level • GSA MAS IT • CMMC Level 1 	<ul style="list-style-type: none"> • Small business • Illinois Higher Public Education Cooperative
Major Clients:	<ul style="list-style-type: none"> • Federal Emergency Management Agency • Treasury Inspector General for Tax Administration 	<ul style="list-style-type: none"> • FBI • DoW Joint Service Provider • Smithsonian Institute 	<ul style="list-style-type: none"> • Chain Bridge Bank 	<ul style="list-style-type: none"> • Natl. Assoc. of County and City Health Officials • State of New Mexico • Chicago Housing Authority • Illinois Dept. Public Health
<i>Managed Services</i>	✓	✓	✓	✗
<i>Vulnerability/Penetration testing</i>	✓	✓	✓	✓
<i>Application Development</i>	✓	✓	✗	✓
<i>Healthcare and Education It</i>	✓	✓	✗	✓
<i>24/7 SOC and Threat Response</i>	✓	✗	✓	✗
<i>Cloud and Infrastructure Design</i>	✓	✓	✓	✓

Source: Company reports

SLG Innovations: Relationship-Driven Revenue at Scale

SLG Innovations is the company's largest revenue contributor. It was founded as a minority-owned business in 2010 in Chicago by current President Ed Burns. He brings a background in strategic leadership to his role, having previously overseen large-scale IT contracts and public sector defense initiatives. SLG began working with Cycurion in 2019, introduced by outside sales consultant Linda Ortiz, followed by a visit to Chicago by Emmitt McHenry when he was visiting his granddaughter, who was a student at Northwestern. Cycurion holds a 51% controlling interest, but, as noted, this was done via a VIE to maintain the company's minority-owned status. In order of importance, it serves the following jurisdictions:

- City of Chicago
- Cook County
- State and local government entities outside Illinois
- State of Tennessee
- State of Pennsylvania
- State of Mississippi
- Commonwealth of Massachusetts
- Baker Tilly accounting firm

While its status as a minority business is important, what is more important are the personal relationships that executives such as Ed Burns and Vice President Arnold Crater have developed with government entities based on years of reliably providing services and a track record of success. The business is expanding organically into other

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markets as companies it subcontracts for—such as IBM—use it in new engagements, including a recent contract with the City of Philadelphia.

In an interview with Vice President Arnold Crater, he described the company's services as follows:

Consulting

SLG provides program management services to help organizations implement new technologies. As part of this, it provides staff to work as part of a client's team. This can be broken down as:

- Design and build program management
- Define and advise on the RFP process for required solutions
- Manage projects—it often works with larger vendors such as IBM as a subcontractor

One example was a recent contract with Cook County to devise a new payment process for temporary workers hired for projects such as elections. SLG helped the county create the RFP sent to vendors, analyze responses, and select the vendor.

Technical Training

An example is the implementation of an advanced Computer-Aided Dispatch (CAD) 911 system, also for Cook County. SLG helped the county create its RFP, score bidders, and implement the solution. It now has 18 employees involved in training 911 call takers and their supervisors on the system.

Technology

An example is a current contract for the Metropolitan Water Reclamation District (MWRD) of Greater Chicago to design a wireless system for its Stickney plant in Cicero, Illinois, which is undergoing a major infrastructure upgrade. Under this contract, SLG designed a system for the authority's 60,000-square-foot facility, including recommended locations for wireless access points. As part of the engagement, it is also helping select and adopt applications for lab management and real estate management and redesigning the website.

SLG does not have a separate sales team; instead, its account executives operate on an “eat what you kill” model, responsible for sourcing new business and then managing it once it is brought in. As is typical for government contractors, SLG stays alert to potential upcoming RFPs as it discusses requirements with customers and can help shape them. It is common at every level of government to identify a preferred vendor and solution, and then craft an RFP in the hope its preferred vendor will prevail while adhering to contracting rules. In our experience, this is true from small towns buying police cars all the way up to major federal cabinet agencies such as Homeland Security. As a result, SLG has a strong record of success in responding to RFPs. In cases where it loses, another vendor may have a stronger relationship with the customer. SLG has a strong pipeline of potential contracts, including a Chicago parking management opportunity and managed services contracts. As noted, it typically enters new markets by following a vendor where it has successfully worked as a subcontractor. Given the importance of relationships in this industry, we would expect Cycurion to replicate SLG’s success through the acquisition of SLG-like companies in other markets such as California and New York. As demonstrated by the SLG structure, Cycurion can offer entrepreneurs a way to partially cash out while remaining active in their businesses.

List of MBE Certifications

With the new administration, the standards for small business set asides in government contract have changed. Race and gender standards are out, but businesses can still claim “disadvantaged” status in some other way. Cycurion/SLG’s disadvantage is access to capital. It is still business as usual for state and local governments, at least in blue states.

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The following are the MBE certifications SLG holds:

- The National Minority Supplier Development Council (NMSDC)
- The Business Enterprise Program (BEP) with the State of Illinois
- Disadvantaged Business Enterprise (DBE) State of Tennessee
- Commonwealth of Pennsylvania
- Commonwealth of Massachusetts
- Ohio Department of Transportation
- Illinois Department of Transportation
- City of Chicago

SLG provides a range of IT services, including:

- Application Development: Custom software solutions tailored to client needs.
- Business Process Management: Streamlining operations for efficiency.
- Cloud Computing and Technology Integration: Helping organizations migrate and integrate cloud-based systems.
- Data Management: Secure handling and analysis of data assets.
- Security and Compliance Management: Cybersecurity solutions, including monitoring platforms for networks, Wi-Fi, cabling, and broadband infrastructure.

Industries Served

SLG caters to diverse sectors, including:

- Government (state, local, and federal).
- Healthcare.
- Energy and Utilities.
- Justice and Public Safety.
- Human Resources.
- Commercial clients

Axxum: Cycurion's Government-Focused Managed Services Platform

Axxum was founded in December 2006 and acquired by Cycurion in 2017 for \$1.5 million in cash and earn-outs. It was named after the ancient city of Aksum, the capital of the Aksumite Empire in what is now Ethiopia. It was being marketed for sale and represented by current CFO and co-founder Alvin McCoy. He and Emmitt McHenry got along so well that they decided to merge it into Cycurion and have Mr. McCoy join the business as a senior executive. Axxum provides managed services and is run by Eric Singleton, Cycurion's Vice President of Operations. It obtained Small Business Administration Section 8(a) designation in 2016 for small businesses that are 51%+ owned and controlled by U.S. citizens who are socially and economically disadvantaged and graduated from this program in 2025 after participating for the maximum nine-year period. It has 22 employees active on LinkedIn. According to its website, it is approved under five U.S. government contract vehicles: two for the General Services Administration, two for the U.S. Navy, and one for the U.S. courts system. It lists four services on its website:

- Cybersecurity
- Healthcare IT
- IT Support Services
- Network Infrastructure Support

It lists the following key clients:

- Administrative Office of U.S. Courts
- U.S. Department of Health and Human Services

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- Centers for Medicare and Medicaid
- Transportation Security Administration
- U.S. Navy
- NAVSEA
- NAVAIR
- Federal Emergency Management Agency

Cloudburst: Threat Intelligence Embedded in Cycurion's Services Stack

Cloudburst was founded in 2006 by ex-National Security Agency (NSA) professionals and acquired by Cycurion in April 2019 for \$2.5 million in cash, stock, and earn-outs. It specializes in threat intelligence, vulnerability management, and secure cloud solutions for government and enterprise clients. Cloudburst has largely been integrated into Axxum and is down to just two employees, with nine still listing it as their employer on LinkedIn; it also falls under Eric Singleton.

Its website features 3 services and lists 7 clients.

Services

- Managed Security Services
- Trusted-Advisor Services
- Security Solution Integration

Clients

- Burney Company Investment Management
- Chain Bridge Bank
- U.S. Department of War
- U.S. Department of Energy
- U.S. Department of Homeland Security
- Transportation Security Administration
- U.S. Department of the Treasury

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Cycurion Innovations ARx: Automating the First Line of Cyber Defense

In September 2021, Cycurion acquired assets from Sabres Security of Israel and placed them into its newly created subsidiary, Cycurion Innovations. These assets consisted of the Multi-Dimensional Protection (MDP) SaaS platform, Web Application Firewall (WAF), Bot Mitigation SaaS platforms, and associated intellectual property, which today comprise the company's SaaS revenue stream. The purchase price was \$1.8 million, of which \$1.2 million was cash and the remainder was in notes. These services are marketed under the Cycurion ARx platform. It continues to be run by its founder, Ami Ahmine is a highly experienced technology leader with a Master's degree in Law from Bar-Ilan University and a background in Business Administration from Tel Aviv University and The Open University of Israel. His professional career is defined by over a decade of leadership within the IDF C4I & Cyber Security Directorate, where he served in high-level capacities including Head of IT Architecture Branch, IT Branch Manager, and ERP Project Manager, specializing in large-scale technical operations and officer command.). Cycurion Innovations' core product is the ARx cybersecurity platform, which runs in the cloud on Amazon Web Services. All client traffic to and from the internet passes through ARx, where it is scanned for malicious activity. Because it runs in the cloud, implementation primarily requires redirecting client traffic. Today, it has a small number of clients—originally test clients—who still use the product, generating just over \$3,000 in monthly revenue.

ARx includes a monitoring screen where clients can view network activity in real time. ARx does not just monitor for threats; once it detects a threat, it proactively blocks it. For example, if a hacker attempts to break into a client's network at 2:00 a.m. on a Sunday, the client does not have to wait for an administrator to wake up and respond. The software takes protective action automatically, and when the administrator logs in later, a report shows the attack and the action taken.

The monitor shows seven charts:

- Traffic into DNS
- Blocks
- Monitors
- Bot ratio
- Geo Gate
- Attack vectors
- Behavioral Anomalies

The AI behavioral anomalies feature requires the software to be loaded onto the client's servers. It learns the normal behavior of verified employees, and if an ID is used to access a part of the network that user does not normally use, or to log in at an unusual time, ARx can take immediate preventive action and then notify the system administrator.



Source: Company reports

Cycurion Services

From the company's 10K financial reporting perspective, it reports its services in the following three buckets:

1. Consulting and Advisory Services

- Program Management Office (PMO)
- Technology
- Organizational change

Cycurion's Consulting and Advisory Services are a comprehensive suite of cybersecurity risk assessment and strategic guidance solutions designed to strengthen clients' information security posture and regulatory compliance. The firm's consulting practice conducts deep-dive analyses of IT infrastructure to identify vulnerabilities and implement tailored remediation plans. Leveraging advanced diagnostic tools and proprietary research methodologies, Cycurion enhances client systems to meet the latest standards for data privacy, confidentiality, and regulatory compliance while training personnel to maintain ongoing readiness.

Complementing these consulting capabilities, Cycurion's Advisory Services function delivers outsourced executive-level IT leadership, offering clients access to a pool of seasoned Chief Information Officers (CIOs) supported by Cycurion's full organizational resources. This "virtual CIO" model enables mid-sized organizations to receive strategic, high-value cybersecurity leadership without the cost burden of a full-time C-suite hire.

Core Consulting and Advisory Offerings:

- Security control assessments
- Security architecture and engineering
- Risk management and compliance audits
- Staff augmentation
- Cybersecurity awareness and training
- Cloud security
- Virtual CISO support
- Digital modernization

2. Managed IT Services

Cycurion's Managed IT Services are end-to-end IT infrastructure management, optimization, and support designed to reduce costs and improve operational efficiency across organizations of all sizes. Under long-term service level agreements (SLAs), Cycurion functions as a full-scope Managed Service Provider (MSP), delivering remote monitoring, systems administration, disaster recovery, and Infrastructure/Platform/Software-as-a-Service (IaaS, PaaS, SaaS) solutions.

Unlike traditional "break-fix" providers that respond only when systems fail, Cycurion's proactive model emphasizes continuous system monitoring, preventive maintenance, and rapid response to disruptions. The company's managed IT programs help ensure enterprise-grade performance, availability, and cybersecurity protection—critical for clients operating in regulated and high-availability environments.

Core Managed IT Offerings:

- Project and license management
- Network infrastructure management
- Systems engineering and administration

- Voice and data infrastructure support
- Application development
- IT help desk services
- Staff augmentation

3. Managed Security Services (MSS)

Cycurion's Managed Security Services are the company's core cybersecurity operations hub, providing 24/7/365 protection of client systems through continuous monitoring, threat detection, incident response, and remediation. The firm operates a Security Operations Center (SOC) that delivers "SOC-as-a-Service" solutions to organizations seeking enterprise-level protection without the capital and staffing burden of maintaining an internal SOC.

The company's MSS platform integrates managed detection and response (MDR), threat intelligence, external attack surface management, and forensic incident response capabilities—enabling clients to meet both regulatory compliance requirements and modern cyber-resilience standards. Cycurion's MSS offering is particularly attractive to small and mid-sized enterprises that lack the internal resources to maintain continuous, advanced threat monitoring.

Core Managed Security Offerings:

- Managed detection and response (MDR)
- External attack surface management
- Threat hunting and intelligence
- Endpoint detection and response (EDR)
- Firewall and network security management
- Vulnerability and penetration testing
- Threat and vulnerability management
- 24/7/365 SOC monitoring
- Digital forensic and incident response

A Threat Environment That Continues to Worsen

The cybersecurity threat environment for state and local governments (SLGs) and small businesses (SMBs) continued to intensify through 2025, with ransomware-as-a-service (RaaS) enabling a 65% surge in global government attacks in the first half of the year alone. In the U.S., SLG ransomware incidents reached a record 92 disclosures in January 2025—up 21% from 2024—while SMBs faced a 46% cyberattack rate, with incidents occurring every 11 seconds and average breach costs reaching \$120,000. In the U.S., over 330 government ransomware strikes have occurred since 2018, with 72% achieving encryption of the target's data so they could no longer access it. These dynamics, amplified by human error (60% of breaches) and third-party vulnerabilities, create a \$10.5 trillion global cybercrime opportunity by year-end. In our opinion, Cycurion, Inc. is well positioned with its AI-driven ARx platform and CyberShield managed services, evidenced by an \$80 million contracted backlog, including a landmark National Association of County and City Health Officials (NACCHO) partnership for public health defenses.

The FBI's IC3 2024 report noted U.S. cybercrime losses of \$16.6 billion, a 33% annual increase, with 55% of ransomware victims being firms with fewer than 100 employees. Mastercard's 2025 survey found 94% of SMBs experienced at least one cyberattack in the past 12 months, while 60% closed permanently within six months of a major breach. The Department of Homeland Security's 2025 Homeland Threat Assessment warned that ransomware groups had impacted critical infrastructure sectors in 44 states as of mid-2025.

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Reported Successful Attacks: Key Data Points (2020–2025)

Year	Target / Sector	Threat Actor	Impact / Outcome
2020	City of New Orleans (LA)	Ryuk	13-day city shutdown; ~\$7M recovery cost
2020	City of Las Vegas (NV)	Ryuk	\$100K+ response; tourism data loss
2021	Broward County Schools (FL)	Conti	1.3M student records exposed; ransom undisclosed
2021	Douglas County (GA)	DarkSide	10-day EMS and court outage; restored from backups
2022	Costa Mesa (CA)	Vice Society	\$1.5M recovery; manual payroll and HR downtime
2022	Lubbock (TX)	LockBit	500GB data exfiltrated; one-month restoration
2023	Memphis (TN)	BlackCat (ALPHV)	\$2M in forensics; police body-cam data leaked
2023	Portland (OR)	LockBit	\$1.3M ransom paid; wastewater treatment disrupted
2024	Jackson County (MO)	BlackCat (ALPHV)	1.2M resident records compromised; tax systems halted
2025	St. Paul (MN)	Unnamed group	300K citizen records affected; recovery ongoing
2020	TravelEx Insurance	Ryuk	\$400K ransom; business closure
2023	Discord.io	Unknown	5.7M user accounts breached; platform closure
2024	National Public Data	INC Ransom	2.9B records exposed; FTC investigation pending
2025	LoanDepot	BlackCat	16.9M records exfiltrated; mortgage ops halted weeks
2020	SolarWinds / Fed & SLG	Supply-chain (Russian actors)	Widespread agency exposure; remediation costs \$90M+
2021	Colonial Pipeline / Energy	Ransomware (DarkSide)	Fuel shortages; \$4.4M ransom paid
2021	JBS / Food Processing	Ransomware	U.S. meat disruptions; \$11M payment
2021	Kaseya VSA / MSPs & SMBs	Ransomware via RMM (REvil)	1,500+ SMBs encrypted; global cascade
2022	LAUSD / K-12	Ransomware (Vice Society)	500 GB leak (SSNs); school disruptions
2023	MOVEit / Multiple States	Zero-day exploit (Cl0p)	Maine: 1.3M affected; multi-state data theft
2023	Dallas City / SLG	Ransomware (Royal)	Weeks-long outages; detailed AAR released
2023	Oakland City / SLG	Ransomware	Employee data exposure; settlements
2023	Kansas Judicial Branch / SLG	Suspected Ransomware	Multi-week court downtime
2024	Change Healthcare / Healthcare SMB	Ransomware (ALPHV)	\$2.3B+ costs; 190M records exposed
2024	CDK Global / Auto SMBs	Ransomware (BlackSuit)	15,000 dealerships offline days
2025	St. Paul City / SLG	Ransomware (Interlock)	43 GB stolen; ongoing recovery

Source: Various Internet Searches

Why SLGs and SMBs Remain Prime Targets

Attackers exploit three core levers:

1. Expansive, legacy attack surfaces via outdated apps and third-party vendors;
2. Operational imperatives that amplify downtime costs—SLGs manage essential services like courts and utilities, while SMBs risk closure (78% fear bankruptcy post-breach); and
3. Resource disparities, with SLG cyber budgets averaging 12%–15% of IT spend and SMBs allocating under 13%.

The FBI's IC3 2024 report logged 859,532 complaints with \$16.6 billion in losses—a 33% YoY increase—driven by ransomware's monetization via RaaS, despite disruptions to groups like LockBit. SLGs saw 77 attacks in 2021, escalating to over 200 in the first half of 2025 globally (65% rise), while SMBs—firms under 1,000 employees—account for 82% of ransomware targets, with 94% reporting at least one incident in 2024.

Key Trend Lines: What the Data Says

- Human and third-party vectors dominate: Verizon's 2025 DBIR attributes 60% of breaches to non-malicious human elements, with vulnerability exploitation up 34% YoY—exemplified by zero-days like 2023's MOVEit, affecting states including Maine (1.3 million impacted).

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- Ransomware volume and impact persist: Sophos' 2024 SLG survey notes a decline in attack rates from 2023 due to non-payment trends, but recovery costs averaged \$2.83 million—more than double the prior global mean—with 98% encryption success in SLGs. Q1 2025 leak sites listed 2,314 victims, a 213% surge.
- Pre-ransomware interventions gain traction but lag: CISA issued over 1,200 notifications in 2023, targeting sectors like water utilities, yet under-resourced SLGs/SMBs struggle with response amid funding uncertainties.
- SMB-specific escalation: 37% of ransomware hits firms under 100 employees; average payouts reached \$1 million in 2025, up from \$812,000 in 2022, with ransomware linked to a majority of U.S. breaches in recent years.
- Loss-severity curves upward: IC3 data shows macro losses trending higher, with 13% overall ransomware growth over five years and average incident costs at \$1.85 million.

Major Successful Penetrations and Ransomware Attacks in the Last Five Years

High-profile incidents underscore cascading risks. SLGs faced SolarWinds' 2020 supply-chain compromise, exposing federal and local agencies. Colonial Pipeline's 2021 DarkSide ransomware halted fuel distribution nationwide, prompting a \$4.4 million payment. JBS Foods paid \$11 million that year after processing shutdowns. Kaseya's 2021 RMM exploit via REvil encrypted thousands of SMB endpoints through MSPs.

In education, the Los Angeles Unified School District's 2022 Vice Society attack leaked 500 GB of student data, disrupting classes. The 2023 MOVEit zero-day by CI0p breached states like Minnesota and Maine, exposing millions. Dallas' Royal ransomware impaired services for weeks. Oakland's incident led to employee data settlements. Kansas courts were offline for a month post-ransomware.

SMBs suffered CDK Global's 2024 BlackSuit outage, crippling 15,000 auto dealerships. Change Healthcare's ALPHV attack that February disrupted national claims, costing UnitedHealth \$2.45 billion and affecting 190 million records. Recent 2025 hits include St. Paul's Interlock breach (43 GB stolen) and ongoing SMB waves via phishing (16% of initial vectors, up from prior years).

What Works: Controls That Bend Risk Curves

- Harden identity and access controls: phishing-resistant multi-factor authentication (MFA) and privileged access management (PAM) address approximately 60% of human-initiated attack vectors.
- Patch exploitable assets: prioritize third-party applications (for example, MOVEit file transfer software); reduces exposure to zero-day vulnerabilities.
- Detect and respond rapidly: endpoint detection and response (EDR), a 24/7 security operations center (SOC), and managed detection and response (MDR) materially reduce attacker dwell time; Cybersecurity and Infrastructure Security Agency (CISA) incident notifications are most effective when paired with swift remediation.
- Secure backups: immutable, air-gapped, and routinely tested backups are essential, supporting recovery in approximately 78% of ransomware incidents.
- Domain name system and email security: Multi-State Information Sharing and Analysis Center (MS-ISAC) malicious domain blocking and reporting (MDBR) or equivalent services block millions of threats annually; enforce domain-based message authentication, reporting, and conformance (DMARC).
- Third-party risk governance: comprehensive vendor inventories, software bills of materials (SBOMs), and outage response playbooks reduce systemic risk from cascading supplier failures similar to the CDK Global incident.

Where Cycurion Fits: ARx and CyberShield as Managed Control Plane

Cycurion's offerings map directly to these requirements. ARx, the artificial intelligence-powered software-as-a-service platform launched in March 2025, delivers web application firewall protection, distributed denial-of-service mitigation, bot detection, geo-fencing, and endpoint protection—reducing false positives by approximately 40% and blocking initial exploitation techniques such as credential-stuffing attacks. Expanded for small and mid-sized businesses in 2025, ARx supports citizen portals and e-commerce platforms with real-time anomaly detection.

CyberShield, also launched in March 2025, provides 24/7 security operations center monitoring, managed detection and response and endpoint detection and response, attack-surface management, security awareness training, and virtual chief information security officer services—directly addressing staffing and expertise gaps across state, local government, and small-business customers. The National Association of County and City Health Officials (NACCHO) partnership, announced in 2025, deploys CyberShield via ARx to more than 3,000 public-health entities, with projected revenue of approximately \$1.8 million.

Control Mapping:

- Zero-day and web-based exploits (MOVEit-type vulnerabilities): ARx's web application firewall and geo-fencing block automated attack sprays, while CyberShield's managed detection and response capabilities hunt for post-breach activity.
- Phishing and ransomware initial access: CyberShield awareness training combined with endpoint detection and response containment limits lateral movement, while ARx disrupts automated bot activity.
- Distributed denial-of-service and availability attacks: ARx absorbs volumetric traffic surges, with escalation and response managed through the security operations center.
- Vendor outages and cascading failures (CDK Global-type events): CyberShield virtual chief information security officer services design resilient workflows, contingency plans, and backup architectures.

Third-quarter 2025 results highlight more than \$8 million in new contracts year-to-date, including multiple multi-million-dollar awards, driving an approximately \$80 million contracted backlog across 30 deals signed year-to-date. Onboarding activity is expected to remain elevated through the fourth quarter, supported by an October 2025 webinar series targeting expanded public-sector adoption.

Key Partnerships Expand Cycurion's Reach

iQSTEL Inc. (Telecommunications / Global) (rated Buy by Litchfield Hills Research)

Strategic Collaboration and Market Entry (February 2025):

Cycurion entered a strategic partnership with iQSTEL Inc., granting exclusive rights to deploy Cycurion's cybersecurity solutions within the U.S. telecommunications sector through iQSTEL's global infrastructure. This alliance anchors Cycurion's expansion into high-margin, carrier-grade cybersecurity.

AI-Enhanced Product Rollout (June 2025):

The partnership advanced into commercialization with the joint development of AI-enabled, white-label "CyberShield" platforms for global telecom operators. The initiative leverages Cycurion's AI analytics and iQSTEL's international carrier relationships to expand recurring revenue channels.

Equity Partnership Formalization (August 2025):

Both companies executed a mutual equity MOU valued at approximately \$1 million, establishing cross-shareholdings to reinforce strategic alignment and long-term collaboration.

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LSV-TECH International Consortium (Latin America)

Regional Expansion Initiative (April 2025):

Cycurion announced a partnership with LSV-TECH International of Colombia to extend its managed security platform ("CyberShield") across Latin America. The alliance supports localization of Cycurion's AI-driven managed security services through LSV's established technology and education networks.

Global Network Access and Market Positioning:

The collaboration provides Cycurion access to LSV's university-based pilot network and leverages LSV's strategic relationship with Nokia Corporation, extending reach to over 135 countries. This partnership is expected to accelerate Cycurion's entry into the US\$5 billion Latin American cybersecurity market by 2027, enhancing the company's international footprint and multi-region recurring-revenue pipeline.

Financials: A 21% CAGR Story Backed by Backlog Conversion

Cycurion's CFO, Alvin McCoy, is a multi-faceted executive. He played football for Bucknell University, earned an MBA in 1994 from Duke University, Fuqua Business School, and went to work in investment banking for Merrill Lynch. He later broke off on his own and advised a group attempting to buy Axxum. After his client's attempt to acquire Axxum fell through, he approached Mr. McHenry, whom he had long known in the industry. The talks went so well that Cycurion acquired Axxum in 2017, and Mr. McCoy joined as CFO, becoming a co-founder of the company.

Cycurion is executing a "deliberate pivot" from legacy advisory services to higher-margin SLED (State, Local, and Education) cybersecurity, supported by a confirmed \$80 million contracted backlog. Our full forecast is at the end of this report, but the following are the financial highlights:

2025E

- **Revenue:** Projected at \$15.4 million, based on \$11.6 million reported for the nine months ended September 30, 2025 and an assumed fourth-quarter ramp. This represents an approximately 13% year-over-year decline, reflecting the intentional shedding of lower-margin legacy contracts in favor of higher-margin engagements.
- **EBITDA:** Estimated loss of approximately \$4.1 million, as improvement toward year-end was more than offset by elevated investments in artificial intelligence personnel, integration expenses, and merger-related costs.
- **Earnings per share:** Estimated at (\$16.33), compared with an actual nine-month loss of (\$14.82) per share, driven primarily by \$12.6 million of share-based compensation and non-cash interest expense associated with the public listing transition.

2026E

- **Revenue:** Expected to rebound to \$16.3 million, supported by management guidance to a first-quarter 2026 run rate of approximately \$4.17 million, or \$16.7 million annualized, as the \$80 million contracted backlog begins converting at an estimated \$1 million to \$5 million per quarter.
- **EBITDA:** Forecast to remain negative at approximately (\$4.5 million), reflecting continued operating investment as backlog conversion accelerates.
- **Earnings per share:** Projected at (\$7.20), assuming no material incremental dilution and the expiration of one-time transaction and integration expenses.

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2027E

- **Revenue:** Forecast at \$17.9 million, assuming continued conversion of the existing multi-year backlog and approximately 10% organic growth within advisory modernization services.
- **EBITDA:** Projected to narrow at approximately (\$1.3 million), as operating scale is achieved and fixed-cost absorption improves following the state and local government (SLG) and Cloudburst integrations.
- **Earnings per share:** Estimated at (\$5.20), reflecting improving operating leverage but continued non-cash expense burden.

We note that we are not factoring in the proposed acquisition of Kustom Entertainment announced on January 22, 2026, as it is still in the MOU stage. However, if closed, we view this as a positive catalyst. Terms are as follows:

- \$6.0 to \$8.4 million acquisition financed by \$1.0 to \$1.1 million in cash and the rest in CYCU shares.
- Projected Kustom 2026 revenue is significant at \$5.1 million.
- Its current backlog is \$8.0 million.
- Expected to be accretive.
- Adds a significant number of new clients, which the company views as cross-selling opportunities of government agencies in all 50 states and 30 countries, with over 400 accounts

A Deep Discount to Cybersecurity Infrastructure Peers

Calculating Cycurion's capital structure is complicated by pending warrant issuances; however, the key transaction to focus on is the December 2025 private placement with Armistice Capital. The company received \$6.0 million of gross cash proceeds, net of approximately \$0.56 million of placement and offering expenses, resulting in \$5.44 million of net cash.

In exchange, Armistice received two tranches of warrants: (i) pre-funded warrants for 1.657 million shares, which are economically equivalent to common stock, and (ii) common stock purchase warrants for 3.315 million shares with an exercise price of \$3.62. Full exercise of the second tranche would generate approximately \$12 million of additional cash, which would eliminate liquidity concerns under our projections.

Exercise of the common warrants and issuance of the underlying shares are subject to shareholder approval at a special meeting scheduled for February 26, 2026. The transaction includes a customary 9.99% beneficial ownership limitation, restricting the number of shares Armistice may own at any one time. Practically, this limitation affects timing rather than ultimate dilution, as Armistice may exercise warrants, sell shares into the market, and continue exercising over time.

As of the January 2026 PRE 14A, Cycurion reported approximately 4.19 million shares of common stock outstanding. This figure excludes the 1.66 million pre-funded warrants issued to Armistice Capital, which are economically equivalent to common stock but had not yet been exercised. Based on the reported common share count, the 9.99% beneficial ownership limitation restricts Armistice to approximately 0.46 million shares at any one time.

Our \$7 price target implies a multiple of 2.9x our 2026 revenue estimate, which is itself consistent with management guidance statements. Note that comparables (see table at the end of this report) trade at an average of 9.0x revenue. The substantial discount we apply factors in the uncertainty with the second Armistice tranche while still implying significant upside.

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	<u>Current</u>	<u>Target</u>
Share Price	\$2.47	\$7.00
Reported Shares outstanding (01/21/2026)	4.19	4.19
Armistice pre funded warrants - pro forma	1.66	1.66
Common Shares Outstanding pro forma	5.85	5.85
Pro forma Market Capitalization	\$14.41	\$40.92
(+) Total Debt	\$10.22	\$10.22
(+) Minority Interest	3.70	3.70
(+) Preferred Equity	1.30	1.30
(-) Cash & Equivalents - pro forma	(9.09)	(9.09)
ENTERPRISE VALUE (EV)	\$20.54	\$47.05
2026E Revenue	\$16.26	\$16.26
EV/Revenue	1.3x	2.9x

Source: Litchfield Hills Research

Our comps table is at the end of this report.

The Key Risk Factor is How Well and Quickly They Can Convert the Backlog to Revenue

- Execution Lag: There is a typical lag between signing contracts and work initiation; if the \$80M backlog converts slower than expected, cash burn (\$8.77M in 9M 2025) will remain a critical concern.
- Dilution: The company authorized a \$500,000 common share dividend (0.0080 ratio) and has an active \$60M equity line of credit, which may lead to ongoing share count expansion.
- Market Cap/Listing: With a market cap near \$9.0M and a float of only 3.16M shares, the stock is volatile and must maintain Nasdaq minimum bid requirements to avoid delisting.

CYCU Shares are Not Yet Reflecting the Potential

CYCU is in a short-term bearish trend, having lost roughly 10% over the last two weeks.

- Key Levels: Immediate support is at \$2.50, which the stock is currently testing. A breakdown below this level could lead to a retest of the 52-week low at \$2.15. Resistance is at \$3.15, and the 50-day SMA of \$3.33.
- Momentum: The MACD turned positive on January 2, but the trend has since stalled. Other indicators issued sell signals on January 16, but the recent support suggests that the stock is instead finding support.
- Catalysts: Given the low float, any announcement regarding backlog conversion or the recent accretive acquisition could trigger a rapid short squeeze or gap-up, as current volume remains thin (150k shares/day).

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Source: Factset Research Systems

Short Sellers Targeting CYCU Shares

There is currently a 366,781 share short position in the company's shares, or 2.6 days of float. This is down sharply from the massive 7.9 million share short position at the end of September. Admittedly, some of the misinformation is the company's fault. While they are great at Cybersecurity, they are still relatively new at investor relations. For example, the listing of an old, non-working phone number at the SLG website.

The company announced its intent to file a "John Doe" lawsuit to identify and hold accountable individuals on platforms like X and Reddit who were suspected of manipulating the stock price. Cycurion's legal team has reportedly filed subpoenas with social media sites as a precursor to filing. The company's core defense against claims of criminality is that its contracts are verifiable via the U.S. government's SAM.gov system. Forensic verification confirms:

- Axxum (QM6VYVF85FR3): 34 contracts.
- Cloudburst (KK55CNH9TML7): 50 contracts.
- SLG Innovation (VFKJA2XBMDT1): No federal UEI listing (as it is a state contractor), but verified through Chicago and New Mexico state databases.

In our opinion, the existence of these contracts largely debunks claims that Cycurion is a "sham" entity.

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Cycurion Income Forecast

Fiscal years ended December 31	2025E					2026E					2027E				
	1Q	2Q	3Q	4Q	YEAR	1Q	2Q	3Q	4Q	YEAR	1Q	2Q	3Q	4Q	YEAR
Advisory Consultin	3,835,414	3,848,688	3,817,944	3,800,000	15,302,046	3,900,000	4,000,000	4,100,000	4,200,000	16,200,000	4,290,000	4,400,000	4,510,000	4,620,000	17,820,000
Year-over-year growth	-9.1%	-22.7%	-12.9%	-1.5%	-12.3%	1.7%	3.9%	7.4%	10.5%	5.9%	10.0%	10.0%	10.0%	10.0%	10.0%
Managed Security	31,513	35,555	12,027	12,000	91,095	12,000	12,000	12,000	12,000	48,000	13,200	13,200	13,200	13,200	52,800
Year-over-year growth	68.1%	93.8%	-81.1%	-94.5%	-71.4%	-61.9%	-66.2%	-0.2%	0.0%	-47.3%	10.0%	10.0%	10.0%	10.0%	10.0%
Software as a Service	3,123	3,672	3,100	3,000	12,895	3,000	3,000	3,000	3,000	12,000	3,300	3,300	3,300	3,300	13,200
Year-over-year growth	-15.0%	0.0%	-15.6%	155.5%	5.8%	-3.9%	-18.3%	-3.2%	0.0%	-6.9%	10.0%	10.0%	10.0%	10.0%	10.0%
Total Revenue	3,870,050	3,887,915	3,833,071	3,815,000	15,406,036	3,915,000	4,015,000	4,115,000	4,215,000	16,260,000	4,306,500	4,416,500	4,526,500	4,636,500	17,886,000
Year-over-year growth	-8.8%	-22.3%	-13.9%	-6.4%	-13.3%	1.2%	3.3%	7.4%	10.5%	5.5%	10.0%	10.0%	10.0%	10.0%	10.0%
Sequential growth	0.5%	-1.4%	-0.5%	2.6%	2.6%	2.5%	2.4%	2.4%	2.4%	2.4%	2.2%	2.6%	2.5%	2.4%	2.4%
Total cost of revenue	3,192,287	3,651,978	3,562,559	3,509,800	13,916,624	3,132,000	3,011,250	2,880,500	2,529,000	11,552,750	2,583,900	2,649,900	2,715,900	2,781,900	10,731,600
As a percent of revenue	82.5%	93.9%	92.9%	92.0%	90.3%	80.0%	75.0%	70.0%	60.0%	71.1%	60.0%	60.0%	60.0%	60.0%	60.0%
Gross margin	677,763	235,937	270,512	305,200	1,489,412	783,000	1,003,750	1,234,500	1,686,000	4,707,250	1,722,600	1,766,600	1,810,600	1,854,600	7,154,400
As a percent of revenue	17.5%	6.1%	7.1%	8.0%	9.7%	20.0%	25.0%	30.0%	40.0%	28.9%	40.0%	40.0%	40.0%	40.0%	40.0%
S,G&A	10,775,268	2,989,571	2,719,600	2,670,500	19,154,939	2,544,750	2,409,000	2,469,000	2,318,250	9,741,000	2,153,250	2,208,250	2,263,250	2,318,250	8,943,000
As a percent of revenue	278.4%	76.9%	71.0%	70.0%	148545.5%	65.0%	60.0%	60.0%	55.0%	81175.0%	50.0%	50.0%	50.0%	50.0%	67750.0%
Stock compensation expense	-	1,012,443	2,082,000	2,000,000	5,094,443	2,000,000	2,000,000	2,000,000	2,000,000	8,000,000	2,000,000	2,000,000	2,000,000	2,000,000	8,000,000
Operating income	(10,097,503)	(3,766,077)	(4,531,088)	(4,365,300)	(22,759,970)	(3,761,750)	(4,045,250)	(3,234,500)	(2,632,250)	(13,033,750)	(2,430,650)	(2,441,650)	(2,452,650)	(2,463,650)	(9,788,600)
As a percent of revenue	-260.9%	-96.9%	-118.2%	-114.4%	-147.7%	-96.1%	-84.8%	-78.6%	-62.4%	-80.2%	-56.4%	-55.3%	-54.2%	-53.1%	-54.7%
Interest income	-	-	1,770	-	1,770	-	-	-	-	-	-	-	-	-	-
Interest expense	(178,890)	(615,392)	(712,374)	(700,000)	(2,206,656)	(700,000)	(700,000)	(700,000)	(700,000)	(2,800,000)	(700,000)	(700,000)	(700,000)	(700,000)	(2,800,000)
Other income	141,653	-	2,016,469	-	2,158,122	-	-	-	-	-	-	-	-	-	-
Other expense	(113,744)	(908,945)	(14,761)	-	(1,037,450)	(4,461,750)	(4,105,250)	(3,934,500)	(3,332,250)	(15,433,750)	(3,130,650)	(3,141,650)	(3,152,650)	(3,163,650)	(3,174,650)
Pretax income	(10,248,486)	(5,290,414)	(3,239,984)	(5,065,300)	(23,844,184)	(4,461,750)	(4,105,250)	(3,934,500)	(3,332,250)	(15,833,750)	(3,130,650)	(3,141,650)	(3,152,650)	(3,163,650)	(3,174,650)
Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tax rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Net income	(10,248,486)	(5,290,414)	(3,239,984)	(5,065,300)	(23,844,184)	(4,461,750)	(4,105,250)	(3,934,500)	(3,332,250)	(15,833,750)	(3,130,650)	(3,141,650)	(3,152,650)	(3,163,650)	(12,588,600)
Net income margin	-264.8%	-136.1%	-84.5%	-132.8%	-154.8%	-114.0%	-102.3%	-95.6%	-79.1%	-97.4%	-72.7%	-71.1%	-69.6%	-68.2%	-70.4%
Non-controlling interest	-	101,659	116,700	116,700	335,059	100,000	100,000	100,000	100,000	400,000	100,000	100,000	100,000	100,000	400,000
Net Income to Common	(10,248,486)	(5,188,755)	(3,123,284)	(4,948,600)	(23,509,125)	(4,361,750)	(4,005,250)	(3,834,500)	(3,232,250)	(15,433,750)	(3,030,650)	(3,041,650)	(3,052,650)	(3,063,650)	(12,188,600)
Diluted shares outstanding	609,054	1,163,057	1,968,648	2,018,648	1,439,852	2,068,648	2,118,648	2,168,648	2,218,648	2,143,648	2,268,648	2,318,648	2,368,648	2,418,648	2,343,648
Seq change	554,003	805,591	50,000	50,000	-	50,000	50,000	50,000	50,000	-	50,000	50,000	50,000	50,000	-
EPS diluted - continuing	(\$16.83)	(\$4.46)	(\$1.59)	(\$2.45)	(\$16.33)	(\$2.11)	(\$1.89)	(\$1.77)	(\$1.46)	(\$7.20)	(\$1.34)	(\$1.31)	(\$1.29)	(\$1.27)	(\$5.20)
EBITDA	450,431	(57,234)	(2,307,639)	(2,223,600)	(4,138,042)	(1,636,750)	(1,280,250)	(1,109,500)	(507,250)	(4,533,750)	(305,650)	(316,650)	(327,650)	(338,650)	(1,288,600)
Net income Addback:	-	-	(1,770)	-	(1,770)	-	-	-	-	-	-	-	-	-	-
Income taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest income	178,890	615,392	712,374	700,000	2,206,656	700,000	700,000	700,000	700,000	2,800,000	700,000	700,000	700,000	700,000	2,800,000
Interest expense	113,744	908,945	14,761	-	1,037,450	-	-	-	-	-	-	-	-	-	-
Other (expense)/income	10,042	10,530	24,749	25,000	70,321	25,000	25,000	25,000	25,000	100,000	25,000	25,000	25,000	25,000	100,000
Depreciation and amortization	(141,653)	907,983	(2,016,469)	-	(1,250,139)	-	-	-	-	-	-	-	-	-	-
Transaction related expense	10,437,894	1,676,228	-	-	12,114,122	-	-	-	-	-	-	-	-	-	-
Loss on debt settlement	100,000	-	-	-	100,000	-	-	-	-	-	-	-	-	-	-
Finance expense	-	1,012,443	2,082,000	2,000,000	5,094,443	2,000,000	2,000,000	2,000,000	2,000,000	8,000,000	2,000,000	2,000,000	2,000,000	2,000,000	8,000,000
Share-based compensation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EBITDA	450,431	(57,234)	(2,307,639)	(2,223,600)	(4,138,042)	(1,636,750)	(1,280,250)	(1,109,500)	(507,250)	(4,533,750)	(305,650)	(316,650)	(327,650)	(338,650)	(1,288,600)

Source: Company reports and Litchfield Hills Research

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CYCU Shares Trade at Just 10% of the Multiple of Comparable Cybersecurity Companies.

Ticker	Company	Price Last	Cap \$ millions	EV \$ millions	2024 Rev. \$mils	2025E Rev. \$mils	2026E Rev. \$mils	Growth vs. 2025E	EV/Rev. 2026E
CYCU	Cycurion, Inc.	\$2.57	9.29	\$20.71	17.77	15.41	16.26	5.5%	1.3x
CYCU	Cycurion, Inc. @ target price	\$7.00	25.30	\$47.05	17.77	15.41	16.26	5.5%	2.9x
CHKP	Check Point Software Technologies Ltd.	\$174.36	18,718	16,635	2,565	2,727	2,893	6.1%	5.8x
CRWD	CrowdStrike Holdings, Inc. Class A	\$445.88	104,269	112,615	3,954	4,805	5,864	22.0%	19.2x
CYBR	CyberArk Software Ltd.	\$440.32	22,226	22,658	1,001	1,338	1,591	18.8%	14.2x
FTNT	Fortinet, Inc.	\$75.75	56,331	55,019	5,956	6,753	7,505	11.1%	7.3x
NET	Cloudflare Inc Class A	\$169.97	59,537	61,563	1,670	2,145	2,730	27.3%	22.6x
OKTA	Okta, Inc. Class A	\$88.94	15,763	14,459	2,610	2,908	3,173	9.1%	4.6x
PANW	Palo Alto Networks, Inc.	\$181.47	126,485	127,868	8,028	9,222	10,530	14.2%	12.1x
QLYS	Qualys, Inc.	\$132.50	5,136	4,232	608	667	718	7.7%	5.9x
RPD	Rapid7 Inc.	\$12.57	823	1,353	844	857	869	1.4%	1.6x
S	SentinelOne, Inc. Class A	\$13.80	4,690	4,606	821	1,001	1,199	19.8%	3.8x
SAIL	SailPoint, Inc.	\$17.12	9,615	9,626	862	1,069	1,276	19.3%	7.5x
TENB	Tenable Holdings, Inc.	\$22.33	2,665	2,866	900	991	1,065	7.5%	2.7x
ZS	Zscaler, Inc.	\$208.66	33,275	33,894	2,168	2,673	3,296	23.3%	10.3x
Average								14.4%	9.0x
CYCU vs. Comps								0.4x	0.1x

Source: Company reports and Litchfield Hills Research

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Disclosures:

Analyst Certification

We, the Litchfield Hills Research Department, hereby certify that the views expressed in this research report accurately reflect our personal views about the subject company and the underlying securities.

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We, the Litchfield Hills Research Department, hereby certify that this report is compliant with FINRA research rules 2241, 3110.

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Litchfield Hills Research LLC Rating System

BUY: We expect the stock to provide a total return of 15% or more within a 12-month period.

HOLD: We expect the stock to provide a total return of negative 15% to positive 15% within a 12-month period.

SELL: We expect the stock to have a negative total return of more than 15% within a 12-month period.

Total return is defined as price appreciation plus dividend yield.

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