

Cycurion, Inc.

NASDAQ - CYCU

April 15, 2026

Litigation Upside as Cycurion Sues ACCESS Newswire for Potentially Significant Damages

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- **Lawsuit filed against ACCESS Newswire (AMEX: ACCS):** April 1 action alleges gross negligence and invokes NC Chapter 75 (unfair and deceptive trade practices), including potential treble damages, in our opinion. We believe the statutory framework materially increases settlement leverage relative to CYCU's current market capitalization.
- **Pattern of conduct raises stakes:** Allegations of repeated verification failures and fraudulent releases "all the time" comment suggest systemic issues. A second ACCESS Newswire incident (Mag Magna, OTC: MGNC) within nine days may reinforce a broader controls breakdown, in our opinion.
- **Damages are both market-based and transactional:** 37% intraday stock decline on elevated volume demonstrates apparent trading impact. The company also alleges up to \$9 million in incremental costs associated with two acquisitions, creating direct, quantifiable economic damages.
- **Settlement incentives aligned:** Discovery, reputational risk, damages exposure, and identifiable acquisition-related damages create pressure on ACCESS to resolve. We view the risk/reward as asymmetric, with limited downside and meaningful potential upside
- **Reiterate Buy:** Core fundamentals remain intact with backlog-driven growth into 2H26. We believe the litigation adds a non-core, event-driven upside not reflected in the current valuation.
- **Now that malicious social media posters and fraudulent short-sellers are being addressed via litigation, we expect the stock to focus on fundamentals.** The formal announcements of two pending acquisitions should also provide catalysts.

Rating	Buy	Earnings Per Share	Normalized to exclude unusual items			
Target Price	\$7.00	FYE - December	2024	2025	2026E	2027E
Ticker Symbol	CYCU	1Q - March	(\$2.51)	(\$16.83)	(\$0.83)	(\$0.43)
Market	NASDAQ	2Q - June	\$0.28	(\$4.46)	(\$0.56)	(\$0.43)
Stock Price	\$1.12	3Q - September	\$0.10	(\$1.59)	(\$0.54)	(\$0.44)
52 wk High	\$15.88	4Q - December	\$0.12	(\$1.54)	(\$0.48)	(\$0.44)
52 wk Low	\$0.77	Year	\$0.42	(\$13.42)	(\$2.34)	(\$1.73)
Shares Outstanding:	4.2 M	Revenue (\$mm)	17.8	15.1	16.2	17.8
Public Market Float:	4.9 M	EV/Rev	0.7X	0.8X	16.2X	0.7X
Avg. Daily Volume	953,383	EBITDA (\$mm)	2.8	(7.3)	(4.1)	(1.3)
Market Capitalization:	\$6.8 M					
Institutional Holdings:	8.7%					
Dividend Yield:	0.0%					

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.



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Litigation Upside as Company Sues ACCESS Newswire for Potentially Significant Damages

The recently filed April 1, 2026, complaint by Cycurion against ACCESS Newswire in North Carolina state court (case number 26CV012490-910) materially strengthens our prior investment thesis by both clarifying the factual record and, in our view, increasing the probability of a settlement outcome that could be significant relative to Cycurion's current market capitalization. The filing also introduces an additional layer of potential upside through North Carolina's statutory damages framework and, importantly, identifies specific incremental economic harm that may be directly attributable to the incident.

As discussed in our prior reports, Cycurion has been executing against a fundamentally improving operating backdrop, characterized by expanding backlog, improving balance sheet flexibility, and a path toward revenue acceleration that is weighted toward the back half of 2026. The March 16, 2026, fraudulent press release event introduced substantial volatility and temporarily impaired investor confidence despite having no connection to the underlying business. The complaint now provides a detailed narrative of the event that, in our opinion, significantly strengthens the company's legal posture.

The filing alleges that ACCESS disseminated a fabricated press release with "malice, or, at minimum, gross and reckless disregard" for its responsibilities. In our opinion, this distinction is critical, as it elevates the potential damages framework. The case has been filed in North Carolina, where ACCESS is headquartered, and invokes Chapter 75 of the North Carolina General Statutes, which governs unfair and deceptive trade practices. Under Chapter 75, if a violation is established and damages are awarded, those damages are subject to mandatory trebling. While it remains uncertain how the court will ultimately interpret the facts, or if the case even gets that far, the applicability of this statute meaningfully increases Cycurion's settlement leverage.

The complaint lays out a pattern of verification failures that, taken together, appear difficult to reconcile with ACCESS's public claims regarding its verification processes and "99.999% accuracy. Multiple red flags were present, including a misspelled email domain, a non-existent investor relations entity, foreign contact details inconsistent with Cycurion's business, and the absence of any linkage to known investor relations contacts. In addition, the filing asserts that ACCESS failed to perform even basic verification steps, such as confirming authorized communication channels via Cycurion's public disclosures. In our view, the nature of these alleged failures shifts the narrative away from an isolated mistake and toward a broader question of process integrity.

Importantly, the complaint also introduces statements attributed to Jessica McKenna, ACCESS Customer Experience Specialist, who allegedly acknowledged that the firm disseminates inaccurate or fraudulent press releases "all the time." In our opinion, if substantiated, this statement is highly consequential and may support an argument that the incident reflects systemic control weaknesses rather than a one-off error.

We would further note that a similar incident reportedly occurred approximately nine days later involving Mag Magna Corp. (OTC: MGNC). While details remain limited, the proximity in timing and similarity in nature, if validated, could materially reinforce a pattern-of-conduct argument and increase pressure on ACCESS to resolve the matter prior to discovery.

The complaint and related correspondence also highlight interactions with ACCESS personnel, including Melissa LaFrate, Senior Newsdesk Editor, and escalation attempts following dissemination. Correspondence directed to senior personnel, including Preston Burnett, Director of Operations at ACCESS Newswire, did not result in timely corrective action subsequent to dissemination, and subsequent actions appear to have been delayed despite clear notice from Cycurion that the release was fraudulent. In our opinion, this sequence supports the argument that internal controls, escalation protocols, and supervisory oversight may have been inadequate.



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We also note that we reached out directly to Brian R. Balbirnie, Chief Executive Officer of ACCESS Newswire, to clarify the company's position and verification procedures, but did not receive a response.

From a damages perspective, the economic impact to Cycurion appears both real and measurable. The complaint describes a trading dislocation in which the stock declined approximately 37% intraday on sharply elevated volume, reflecting market reaction to the fraudulent information. Given Cycurion's relatively small public float, we believe the price impact was amplified, which may support an argument for disproportionate harm relative to larger issuers.

Beyond the immediate trading impact, the complaint also alleges a more direct and quantifiable form of economic harm: that Cycurion may now be required to issue approximately \$6 million to \$9 million of additional shares to satisfy fixed-dollar equity tranches in two prospective acquisitions as a result of the disruption caused by the fraudulent press release. In our opinion, this is a particularly important development, as it moves a portion of the damages claim from theoretical or market-based harm to identifiable, transaction-linked financial impact, which may be more straightforward to support in a litigation or settlement context.

Strategically, we believe both parties are incentivized to settle. For Cycurion, a settlement would provide immediate, non-dilutive capital and offset both market-related and transaction-specific damages. For ACCESS, the risks extend beyond direct financial liability and include reputational damage, potential regulatory scrutiny, and discovery risk. In our opinion, the combination of statutory damages exposure and identifiable acquisition-related damages materially increases the incentive to reach an early resolution.

There may of course, be mitigating factors. Newswire agreements often contain contractual limitations of liability, but if Cycurion was not a client, we do not believe that the two companies had such an agreement. ACCESS may also attempt to shift responsibility to the unidentified third-party actor. However, in our view, these defenses are at least partially offset by the company's role as a gatekeeper and its explicit marketing of verification capabilities.

Taking all of the above into account, we believe the probability of a settlement is high and that the magnitude could be material relative to Cycurion's current valuation. The combination of potential treble damages and identifiable acquisition-related damages further skews the risk-reward dynamic in Cycurion's favor. While we do not attempt to precisely quantify a potential outcome, we believe even a conservative settlement scenario could represent a meaningful percentage of the company's market capitalization.

Importantly, this legal catalyst exists alongside an improving fundamental story. Cycurion continues to operate in a large and growing cybersecurity market, supported by a substantial backlog and ongoing contract wins. In our opinion, the market's focus on recent noise has obscured these fundamentals. Resolution of the litigation, particularly if accompanied by a financial recovery, could serve as a catalyst as investors refocus on execution and growth.

In summary, the complaint not only increases the likelihood of a settlement but also enhances the potential magnitude of that outcome through both statutory and transaction-specific damages. We view the situation as asymmetric, with limited downside and meaningful potential upside. In our opinion, this reinforces our constructive view on the shares and adds a compelling event-driven component to the investment thesis that is not currently reflected in the stock.

Emo Case May Not Be Financially Significant but Could Serve as a Deterrent to Short-Sellers

We view this action as part of a broader effort to address both institutional and retail sources of misinformation that contributed to recent trading volatility. On March 25, 2026, Cycurion announced that it had filed a defamation lawsuit (Case No. 1:26-cv-00489) in the U.S. District Court for the Eastern District of Virginia against two John Doe defendants alleged to have published numerous false and defamatory statements about the company and its CEO across online platforms. The court subsequently granted the company's request for early discovery, permitting subpoenas to be issued to Reddit and Stocktwits to obtain identifying information associated with the accounts in question.



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On April 7, 2026, the company announced that it had amended its complaint to name Michael S. Emo of Madera, California, as the defendant, based on information obtained through those subpoenas and related forensic analysis of IP addresses, email records, and geolocation data. Under federal procedure, the defendant will be required to respond within 21 days of being formally served with the complaint. Limited publicly available information suggests the individual may not have substantial financial resources, so the likelihood of a meaningful monetary recovery is uncertain even if the company prevails. We believe the primary objective of the lawsuit is deterrence—specifically, to discourage anonymous defamatory activity targeting the company. In many cases, such activity can be associated with short sellers seeking to influence a company's stock price, and this action may also serve to reduce that potential source of downward pressure.



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Cycurion Income Forecast

Fiscal years ended December 31	2025					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	3,505,781	15,007,827	3,500,000	3,600,000	4,400,000	4,600,000	16,100,000	3,850,000	3,960,000	4,840,000	5,060,000	17,710,000
Year-over-year growth	-9.1%	-22.7%	-12.9%	-1.5%	-12.3%	-8.7%	-6.5%	15.2%	31.2%	7.3%	10.0%	10.0%	10.0%	10.0%	10.0%
Managed Security	31,513	35,555	12,027	33,630	112,725	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%	-64.3%	-57.4%	10.0%	10.0%	10.0%	10.0%	10.0%
Software as a Service	3,123	3,672	3,100	3,200	13,095	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%	-6.3%	-8.4%	10.0%	10.0%	10.0%	10.0%	10.0%
Total Revenue	3,870,050	3,887,915	3,833,071	3,542,611	15,133,647	3,515,000	3,615,000	4,415,000	4,615,000	16,160,000	3,866,500	3,976,500	4,856,500	5,076,500	17,776,000
Year-over-year growth	-8.8%	-22.3%	-13.9%	-6.4%	-13.3%	-9.2%	-7.0%	15.2%	30.3%	6.8%	10.0%	10.0%	10.0%	10.0%	10.0%
Sequential growth		0.5%	-1.4%	-7.6%		-0.8%	2.8%	22.1%	4.5%		-16.2%	2.8%	22.1%	4.5%	
Total cost of revenue	3,192,287	3,651,978	3,562,559	3,114,505	13,521,329	2,812,000	2,711,250	3,090,500	2,769,000	11,382,750	2,319,900	2,385,900	2,913,900	3,045,900	10,665,600
As a percent of revenue	82.5%	93.9%	92.9%	87.9%	89.3%	80.0%	75.0%	70.0%	60.0%	70.4%	60.0%	60.0%	60.0%	60.0%	60.0%
Gross margin	677,763	235,937	270,512	428,106	1,612,318	703,000	903,750	1,324,500	1,846,000	4,777,250	1,546,600	1,590,600	1,942,600	2,030,600	7,110,400
As a percent of revenue	17.5%	6.1%	7.1%	12.1%	10.7%	20.0%	25.0%	30.0%	40.0%	29.6%	40.0%	40.0%	40.0%	40.0%	40.0%
S,G&A	10,775,268	2,989,571	2,719,600	4,643,874	21,128,313	2,284,750	2,096,700	2,428,250	2,538,250	9,347,950	1,933,250	1,988,250	2,428,250	2,538,250	8,888,000
As a percent of revenue	278.4%	76.9%	71.0%	131.1%	139.6%	65.0%	58.0%	55.0%	55.0%	57.8%	50.0%	50.0%	50.0%	50.0%	50.0%
Stock compensation expense		1,012,443	2,082,000	804,424	3,898,867	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
Other expense	(113,744)	(908,945)	(14,761)	907,886	(129,564)	-	-	-	-	-	-	-	-	-	-
Pretax income	(10,248,486)	(5,290,414)	(3,239,984)	(5,280,200)	(24,059,084)	(4,281,750)	(3,892,950)	(3,803,750)	(3,392,250)	(15,370,700)	(3,086,650)	(3,097,650)	(3,185,650)	(3,207,650)	(12,577,600)
Interest income	-	-	1,770	25,768	27,538	-	-	-	-	-	-	-	-	-	-
Interest expense	(178,890)	(615,392)	(712,374)	(257,175)	(1,763,831)	(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	(936,487)	1,221,635	-	-	-	-	-	-	-	-	-	-
Other expense	(113,744)	(908,945)	(14,761)	907,886	(129,564)	-	-	-	-	-	-	-	-	-	-
Operating income	(10,097,505)	(3,766,077)	(4,531,088)	(5,020,192)	(23,414,862)	(3,581,750)	(3,192,950)	(3,103,750)	(2,692,250)	(12,570,700)	(2,386,650)	(2,397,650)	(2,485,650)	(2,507,650)	(9,777,600)
As a percent of revenue	-260.9%	-96.9%	-118.2%	-141.7%	-154.7%	-101.9%	-88.3%	-70.3%	-58.3%	-77.8%	-61.7%	-60.3%	-51.2%	-49.4%	-55.0%
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)	(5,280,200)	(24,059,084)	(4,281,750)	(3,892,950)	(3,803,750)	(3,392,250)	(15,370,700)	(3,086,650)	(3,097,650)	(3,185,650)	(3,207,650)	(12,577,600)
Net income margin	-264.8%	-136.1%	-84.5%	-149.0%	-159.0%	-121.8%	-107.7%	-86.2%	-73.5%	-95.1%	-79.8%	-77.9%	-65.6%	-63.2%	-70.8%
Non-controlling interest	101,659	116,700	175,017	393,376	100,000	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)	(5,105,183)	(23,665,708)	(4,181,750)	(3,792,950)	(3,703,750)	(3,292,250)	(14,970,700)	(2,986,650)	(2,997,650)	(3,085,650)	(3,107,650)	(12,177,600)
Diluted shares outstanding	609,054	1,163,057	1,968,648	3,313,813	1,763,643	5,013,813	6,813,813	6,863,813	6,913,813	6,401,313	6,963,813	7,013,813	7,063,813	7,113,813	7,038,813
Seq change						1,700,000	1,800,000	50,000	50,000		50,000	50,000	50,000	50,000	
EPS diluted - continuing	(\$16.83)	(\$4.46)	(\$1.59)	(\$1.54)	(\$13.42)	(\$0.83)	(\$0.56)	(\$0.54)	(\$0.48)	(\$2.34)	(\$0.43)	(\$0.43)	(\$0.44)	(\$0.44)	(\$1.73)
EBITDA	(10,248,486)	(5,188,755)	(3,123,284)	(5,105,183)	(23,665,708)	(4,181,750)	(3,792,950)	(3,703,750)	(3,292,250)	(14,970,700)	(2,986,650)	(2,997,650)	(3,085,650)	(3,107,650)	(12,177,600)
Addback:															
Income taxes	-	-	1,770	25,768	27,538	-	-	-	-	-	-	-	-	-	-
Interest income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest expense	(178,890)	(615,392)	(712,374)	(257,175)	(1,763,831)	700,000	700,000	700,000	700,000	2,800,000	700,000	700,000	700,000	700,000	2,800,000
Other (expense)/income	27,909	(908,945)	2,001,708	(28,601)	1,092,071	-	-	-	-	-	-	-	-	-	-
Depreciation and amortization	10,042	10,530	24,749	-	45,321	25,000	25,000	25,000	25,000	100,000	25,000	25,000	25,000	25,000	100,000
Transaction related expense	(141,653)	907,983	(2,016,469)	13,120,253	11,870,114	-	-	-	-	-	-	-	-	-	-
Loss on debt settlement	141,653	-	2,016,469	(936,487)	1,221,635	-	-	-	-	-	-	-	-	-	-
Share-based compensation	-	1,012,443	2,082,000	804,424	3,898,867	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
EBITDA	(10,389,425)	(4,782,136)	274,569	7,622,999	(7,273,993)	(1,456,750)	(1,067,950)	(978,750)	(567,250)	(4,070,700)	(261,650)	(272,650)	(360,650)	(382,650)	(1,277,600)

Source: Company reports and Litchfield Hills Research



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