

WidePoint Corporation (WYY)
Rating: Buy

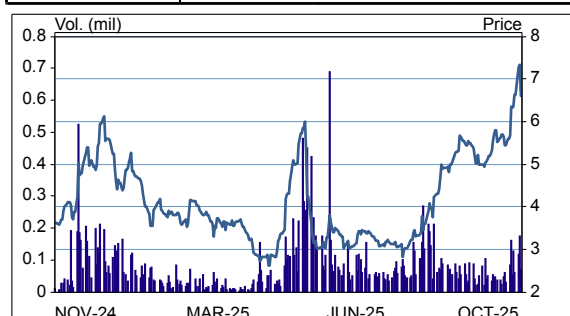
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Recent SaaS Contract Award Highlights Business Momentum, CWMS 3.0 Opportunity Still on the Horizon; Reit. Buy, PT to \$9

Stock Data		10/30/2025	
Price		\$6.45	
Exchange		NYSE	
Price Target		\$9.00	
52-Week High		\$7.55	
52-Week Low		\$2.19	
Enterprise Value (M)		\$56	
Market Cap (M)		\$63	
Shares Outstanding (M)		9.8	
3 Month Avg Volume		80,390	
Short Interest (M)		0.02	
Balance Sheet Metrics			
Cash (M)		\$7.1	
Total Debt (M)		\$0.0	
Total Cash/Share		\$0.73	
Revenue (\$M)			
Full Year - Dec	2024A	2025E	2026E
1Q	34.2	34.2A	--
2Q	36.0	37.9A	--
3Q	34.6	39.0	--
4Q	37.7	41.7	--
FY	142.6	152.8	173.7
EBITDA (\$) Adjusted			
Full Year - Dec	2024A	2025E	2026E
1Q	0.6	0.1A	--
2Q	0.8	0.2A	--
3Q	0.6	0.8	--
4Q	0.6	1.6	--
FY	2.6	2.6	6.4
EPS (\$)			
Full Year - Dec	2024A	2025E	2026E
1Q	(0.07)	(0.08)A	--
2Q	(0.05)	(0.06)A	--
3Q	(0.04)	(0.04)	--
4Q	(0.04)	0.05	--
FY	(0.21)	(0.13)	0.18


Execution against strategy expected to drive new higher margin revenue opportunities.

Earlier this week, WidePoint Corporation announced it has been awarded an estimated \$40.0M to \$45.0M SaaS contract to deliver the FedRAMP-Authorized ITMS command center platform for a leading global telecom carrier. We believe the three-year contract should be margin-accretive, with gross margins potentially exceeding 60.0%. Following an onboarding period, we believe this contract should begin producing incremental revenue by mid-year 2026. This new contract aligns with the company's current growth strategy of pursuing higher margin revenue opportunities in both government and commercial verticals. Further, the company has indicated an attractive sales pipeline in the device-as-a-service business, or DaaS, which we believe includes some highly recognizable corporate names. As new contracts are announced in coming periods, we believe the revenue mix shift becomes more favorable driving consolidated gross margin higher. This, in our view should improve the operating leverage in the business and begin to attract new investors to WYY shares. In addition, the company, in our view, is well positioned to be awarded the Department of Homeland Security CWMS 3.0 program contract, valued at \$3.1B over ten years. As the company continues to execute against its current strategy, we see more investor interest resulting in a modest increase in our valuation multiple. As a result, we are increasing our price target on WYY to \$9, from \$7. We remain Buy-rated.

Pending award of Homeland Security's CWMS 3.0 program a potential near term catalyst.

Importantly, we believe a significant catalyst remains on the horizon with the Department of Homeland Security expected to award its CWMS 3.0 program contract in coming months. The total contract is valued at \$3.1B over a ten-year period, up from CWMS 2.0 which was \$550.0M over five years. We believe as the incumbent, WidePoint is uniquely positioned to be awarded this program, which could begin generating revenue as early as 2026. If awarded, we would expect a material increase in WYY shares, given improved revenue visibility over the next decade. For reference, when the company was awarded CWMS 2.0 in November 2020, WYY shares increased 27.5% on the day of the announcement versus a 0.4% decline in the Russell 2000.

Valuation and Risks. We are valuing WYY shares at \$9, reflecting a 1.25x EV/revenue on our 2026 Managed Service revenue estimate of \$72.9M. Our price target represents approximately 40.0% upside from recent trading levels. A targeted 1.25x EV/revenue multiple represents a discount to larger cybersecurity peers and other software businesses that sell into both government and commercial verticals. The discount reflects the current lower gross margin profile, fewer resources, and smaller pool of potential institutional investors. Valuation levels for peer businesses average closer to 7.5x 2025 Street revenue forecasts. Over time, we believe revenue growth, increasing gross margin and improving adj. EBITDA and free cash flow should move the market multiple towards the broader cybersecurity and software as a service peers. Risks. (1) Dilution risk; (2) high levels of industry competition; (3) technology and execution risks; (4) customer concentration risk; (5) intellectual property risks; and (6) key personnel risks.

WidePoint Corporation
H.C. Wainwright & Co., LLC
(\$000s) in U.S. dollars; December Year-End

Fiscal Year in \$ 000's	2021 2021A	2022 2022A	2023 2023E	2024					2025					2026 2026E
				1Q24A	2Q24A	3Q24A	4Q24A	2024A	1Q25A	2Q25A	3Q25E	4Q25E	2025E	2026E
Revenue														
Carrier Services	49,731	53,340	58,234	19,343	20,403	22,413	24,635	86,794	22,401	22,223	23,758	25,374	93,756	100,810
Managed Services	37,607	40,763	47,792	14,864	15,637	12,207	13,069	55,778	11,816	15,657	15,259	16,336	59,069	72,935
Gross Revenue	87,338	94,103	106,026	34,207	36,041	34,620	37,703	142,572	34,218	37,880	39,017	41,709	152,824	173,745
Cost of revenue	70,970	79,528	90,381	29,541	31,148	29,928	32,950	123,567	29,439	32,763	33,524	35,502	131,228	147,488
Net revenue	16,368	14,575	15,646	4,666	4,893	4,692	4,753	19,004	4,779	5,117	5,493	6,208	21,597	26,256
Gross margin	18.7%	15.5%	14.8%	13.6%	13.6%	13.6%	12.6%	13.3%	14.0%	13.5%	14.1%	14.9%	14.1%	15.1%
Operating expenses:														
Sales & marketing	2,009	2,134	2,192	612	560	530	560	2,262	639	670	610	627	2,546	2,918
General and administrative	12,725	14,720	15,882	4,448	4,543	4,353	4,277	17,621	4,732	4,923	5,006	4,919	19,579	20,753
Impairment charge, goodwill		16,277	0											
Impairment charge, definite-lived intangible assets		0	193											
Depreciation and amortization	1,027	1,077	1,080	257	252	260	233	1,001	224	233	265	237	959	978
Total costs and expenses	15,760	34,209	19,347	5,317	5,355	5,143	5,070	20,885	5,595	5,826	5,881	5,783	23,085	24,649
Operating income	608	(19,634)	(3,702)	(651)	(462)	(451)	(317)	(1,880)	(816)	(708)	(388)	424	(1,488)	1,608
Depreciation and amortization	1,654	2,535	3,371	833	907	822	838	3,400	710	725	740	755	2,930	3,172
EBITDA	2,904	(15,754)	(393)	148	444	371	528	1,490	(107)	17	352	1,179	1,442	4,780
EBITDA margin	3.3%	-16.7%	-0.4%	0.4%	1.2%	1.1%	1.4%	1.0%	-0.3%	0.0%	0.9%	2.8%	0.9%	2.8%
Share based compensation	822	529	961	418	366	203	225	1,211	199	166	400	400	1,165	1,600
Other expense, net	(25)	16,288	224	7	2	0	(122)	(113)	0	0	0	0	0	0
Adj. EBITDA	3,701	1,062	791	573	811	573	631	2,589	92	183	752	1,579	2,607	6,380
Adj. EBITDA margin	4.2%	1.1%	0.7%	1.7%	2.3%	1.7%	1.7%	1.8%	0.3%	0.5%	1.9%	3.8%	1.7%	3.7%
Other income (expense)														
Interest income	4	42	91	49	52	60	54	215	53	89	89	89	321	357
Interest expense	(273)	(260)	(240)	(59)	(72)	(53)	(59)	(243)	(55)	(52)	(52)	(52)	(212)	(210)
Other (expense) income, net	643	1,344	(63)	(35)	(2)	0	7	(29)	0	0	0	0	0	0
Total other income	374	1,126	(211)	(44.2)	(22.1)	7.1	1.6	(58)	(1.6)	37.5	37.0	37.0	110	148
Income (loss) before income taxes	982	(18,507)	(3,913)	(695)	(484)	(444)	(315)	(1,938)	(818)	(671)	(351)	461	(1,378)	1,756
Income tax provision	640	5,078	133	(42)	16	(19)	41	(4)	(94)	(52)	0	0	(146)	0
Net Income	341	(23,585)	(4,046)	(653)	(500)	(425)	(356)	(1,934)	(724)	(618)	(351)	461	(1,232)	1,756
<i>Net Income Margin %</i>														
Basic Earnings Per Share	\$0.04	(\$2.70)	(\$0.46)	(\$0.07)	(\$0.05)	(\$0.04)	(\$0.04)	(\$0.21)	(\$0.08)	(\$0.06)	(\$0.04)	\$0.05	(\$0.13)	\$0.18
Diluted Earnings Per Share	\$0.04	(\$2.70)	(\$0.46)	(\$0.07)	(\$0.05)	(\$0.04)	(\$0.04)	(\$0.21)	(\$0.08)	(\$0.06)	(\$0.04)	\$0.05	(\$0.13)	\$0.18
Average Shares Outstanding (Basic)	9,070	8,732	8,831	8,898	9,390	9,486	9,504	9,319	9,553	9,586	9,634	9,682	9,614	9,804
Average Shares Outstanding (Diluted)	9,160	8,732	8,831	8,898	9,390	9,486	9,504	9,319	9,553	9,586	9,634	9,682	9,614	9,804
Operating Metrics														
Revenue Growth		7.7%	12.7%	35.3%	34.7%	34.5%	33.4%	34.5%	0.0%	5.1%	12.7%	10.6%	7.2%	13.7%
Price	\$6.45	\$6.45	\$6.45	\$6.45	\$6.45	\$6.45	\$6.45	\$6.45	\$6.45	\$6.45	\$6.45	\$6.45	\$6.45	\$6.45
Market Capitalization (\$000s)	\$59,083	\$56,323	\$57,953	\$57,391	\$60,566	\$61,182	\$61,299	\$61,299	\$61,617	\$61,831	\$62,140	\$62,451	\$62,451	\$63,709
Enterprise Value (\$000s)	\$52,603	\$48,792	\$51,031	\$53,688	\$56,566	\$55,545	\$53,482	\$53,482	\$57,913	\$55,010	\$54,677	\$53,992	\$53,992	\$50,400
Price-to-Earnings	-0.9x	-2.4x	-14.1x	-15.3x	-17.0x	-20.2x	-30.9x	-30.9x	-30.5x	-29.0x	-30.1x	-50.0x	-50.0x	36.4x
EV to Adj. EBITDA	n/a	n/a	63.0x	39.4x	27.8x	23.3x	20.7x	20.7x	27.5x	37.2x	33.0x	20.7x	20.7x	7.9x
Shareholders Equity	0	17,751	14,677	12,966	14,021	13,848	13,580	13,580	12,966	12,563	12,212	12,673	12,673	14,429
Net Debt	(6,480)	(7,531)	(6,921)	(3,703)	(4,001)	(5,636)	(7,817)	(7,817)	(3,703)	(6,821)	(7,463)	(8,458)	(8,458)	(13,309)

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Distribution of Ratings Table as of October 29, 2025				
Ratings	Count	Percent	IB Service/Past 12 Months	
			Count	Percent
Buy	566	83.85%	125	22.08%
Neutral	78	11.56%	11	14.10%
Sell	2	0.30%	0	0.00%
Under Review	29	4.30%	9	31.03%

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