

WidePoint Corporation

WYY (NYSE American) - Buy

October 22, 2026

Four Major Contracts Should Drive Massive Earnings Upside

Analyst: Barry M. Sine, CFA, CMT

- We reiterate our Buy rating and \$30 price target following our meeting with management at LD Micro. As we discuss in this report, we see multiple earnings catalysts extending through the end of the decade.
- Management remains confident that WidePoint will retain the \$3.1 billion CWMS 3.0 contract following the GAO protest decision. A new award decision is expected before year-end.
- Management expects CWMS 3.0 and the ATV software licensing contract to contribute a combined \$2.00 in incremental annual EPS at full performance. The ATV contract carries gross margins exceeding 70%.
- WidePoint sees an opportunity to subcontract with CDW for the 2028 Los Angeles Olympics, with a potential award in 1Q 2027. Work would begin a year before the Games.
- The 2030 Census offers another major opportunity following WidePoint's successful participation in the 2020 Census, when revenue rose 77% and WYY shares appreciated 154%. Management is already discussing the opportunity with CDW.

Rating	Buy	Earnings Per Share					Normalized to exclude unusual items				
Target Price	\$30.00	FYE - December					2024	2025	2026E	2027E	
Ticker Symbol	WYY	1Q - March	(\$0.07)	(\$0.08)	\$0.01	A	\$0.27				
Market	NYSE American	2Q - June	(\$0.05)	(\$0.06)	\$0.01	A	\$0.26				
Stock Price	\$6.54	3Q - September	(\$0.04)	(\$0.06)	\$0.09		\$0.43				
52 wk High	\$24.30	4Q - December	(\$0.04)	(\$0.09)	\$0.00		\$0.41				
52 wk Low	\$3.96	Year	(\$0.21)	(\$0.28)	\$0.03		\$1.37				
Shares Outstanding:	10.0 M	Revenue (\$mm)	142.6	150.5	169.0		212.4				
Public Market Float:	8.8 M	EV/Rev	0.4X	0.4X	0.3X		0.3X				
Avg. Daily Volume	220,130	EBITDA (\$mm)	2.6	1.1	3.9		19.2				
Market Capitalization:	\$65.4 M	EV/EBITDA	21.1X	50.4X	14.0X		2.8X				
Institutional Holdings:	26.1%										
Dividend Yield:	0.0%										

Risks/Valuation

- The key risk we identify is cybersecurity risk, as nearly all of the company's services are provided over the internet, and it serves high-visibility customers, including the DoD and DHS.
- We value WYY shares on an EV/EBITDA multiple basis and assume that the current wide valuation gap with larger SaaS comps will narrow as WidePoint's results look more SaaS-like.

Company description: WidePoint is a Fairfax, Virginia-based SaaS company with 80% of its revenue from the U.S. government and 20% from commercial, state, and local customers. Its four product categories are telecom lifecycle management, identity management, telecom billing analytics, and IT as a service.



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We recently met with WidePoint management at the LD Micro Conference in Los Angeles. The principal topic of discussion was the recent decision by the Government Accountability Office (GAO) to sustain, in part, a protest by Turning Point Global Solutions challenging WidePoint's June award of the \$3.1 billion Cellular Wireless Managed Services (CWMS) 3.0 contract. Management outlined the likely next steps and expressed confidence that WidePoint will again be awarded the contract, with a resolution likely before year-end.

WidePoint was awarded the contract on June 24, 2026, continuing its longstanding relationship with the Department of Homeland Security (DHS) and its predecessor wireless management programs. The award represented another successful competitive procurement for WidePoint, which has provided similar services to the federal government for more than two decades. CWMS 3.0 is a 10-year indefinite-delivery, indefinite-quantity contract, consisting of a one-year base period and nine one-year options, with a \$3.1 billion ceiling. Recall that under 2.0, the ceiling was raised as DHS experienced greater demand than first expected.

DHS rated WidePoint's proposal more favorably than Turning Point's, particularly with respect to past performance. Both companies received High Confidence ratings for management approach and web portal capabilities, but WidePoint received High Confidence for past performance compared with Some Confidence for Turning Point. DHS concluded that WidePoint's superior capabilities justified its higher price, despite Turning Point's evaluated bid being 21.9% lower than WidePoint's. DHS also cited WidePoint's consistently strong performance ratings and the benefits of selecting an established contractor for a potentially 10-year relationship.

Turning Point filed its initial protest on June 29, and GAO issued its decision on September 24, sustaining two objections and denying the most important, the conflict-of-interest allegation. GAO recommended that DHS reevaluate the proposals, reopen discussions if appropriate, conduct a new best-value analysis, and make a new award decision. Importantly, it did not recommend a rebid, which would have taken considerably more time. Management believes the two deficiencies identified by GAO can be corrected without materially changing WidePoint's technical advantages or competitive position.

The first major objection, which GAO rejected, alleged a conflict of interest arising from former WidePoint employees now working at DHS. Turning Point argued that relationships between WidePoint and certain DHS personnel created an appearance of favoritism in the procurement. GAO found that the protester had not presented the factual evidence necessary to establish an actual or potential conflict of interest. Two former WidePoint employees had joined the government in 2016 and 2020, respectively, and reported no continuing financial ties to WidePoint. GAO found no evidence of improper favoritism or conduct requiring WidePoint's exclusion.

We view the rejection of this allegation as favorable because it removes one obstacle that would have been more difficult to address through a revised proposal. The two sustained objections relate to specific provisions of WidePoint's submission rather than GAO findings that Turning Point offered superior technology, management capabilities, or past performance. The original DHS evaluation therefore provides some support for management's confidence that WidePoint could prevail again, provided the solicitation compliance issues are resolved.

The first sustained objection concerned a carrier commitment letter submitted by WidePoint. The solicitation required letters from Verizon, T-Mobile, AT&T, and FirstNet, along with letters from other applicable carriers. WidePoint submitted 17 letters, including one from paging provider Spok Holdings (NASDAQ: SPOK). The Spok letter committed to providing services for the duration of the CWMS 3.0 contract or its existing reseller agreement with WidePoint, whichever ended first. GAO determined that this qualification failed to satisfy the requirement that every submitted carrier letter cover the full contract term.

Management believes this issue can be resolved through an amended letter from Spok or by removing the letter from a revised proposal. The distinction is that WidePoint already had letters from the four specifically required carriers, while the Spok letter was supplemental. GAO nevertheless concluded that the solicitation's requirements applied to

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every letter submitted, making the original proposal technically unacceptable. We believe the deficiency appears relatively straightforward to address.

The second sustained objection concerned assumptions WidePoint included regarding unusually high service volumes. Under CWMS 3.0, WidePoint is required to meet specified service-level agreements covering such measures as shipping turnaround times and service desk response times. WidePoint's proposal assumed staffing sufficient to handle monthly device shipments equal to 5% of managed inventory and monthly service desk contacts equal to 10% of managed inventory. It also provided that, if those thresholds were exceeded, the applicable service-level requirements would be waived unless DHS provided additional funding for surge staffing.

Management explained that unexpected increases in activity can arise from events outside WidePoint's control. For example, an unrelated DHS email system failure could generate an unusually large number of support calls, overwhelming normal staffing assumptions even though WidePoint is not responsible for the email. WidePoint has historically been able to receive additional compensation for extraordinary service demands, and management believes it can continue to receive such compensation.

GAO's objection was that the proposal effectively conditioned compliance with mandatory service-level requirements on either additional funding or a waiver. Because the solicitation did not permit unilateral modifications to those requirements, GAO concluded that the language rendered the proposal unacceptable. Management believes the issue can be corrected by deleting or revising the language while preserving its ability to negotiate additional compensation when warranted. We view this too as a manageable issue.

Management expects DHS to move expeditiously toward a new award decision before year-end. GAO's recommendations allow DHS to reevaluate the proposals and reopen discussions if appropriate, which could give WidePoint an opportunity to address both deficiencies. We would expect DHS to seek clarification or revised submissions as necessary and then complete a new best-value determination. The federal government is operating under a continuing resolution that provides funding through December 11, 2026, raising the possibility of another government shutdown. We believe that DHS will be motivated to resolve the procurement before that date.

We have also heard indirectly that Turning Point was pleased with the GAO's recommendation that DHS reimburse its protest attorneys' fees, and does not plan to pursue a second protest if WidePoint receives the new award because the most serious objection was not upheld, and the other two are more minor.

Two Major Contracts Could Add \$2.00 to Annual EPS

WidePoint management reiterated its expectation that the CWMS 3.0 contract could contribute \$1.50 in incremental annual EPS once fully implemented. Management also disclosed that the contract would not reach its full earnings potential until 2028.

On its ATV contract to license its FedRAMP-authorized ITMS software to one of the three national wireless carriers, management indicated that implementation is progressing. The company now expects to go live in November or December 2026 and reach full performance by mid-2027, contributing an estimated \$0.50 in annual EPS. Announced in October 2025, the initial agreement was expected to generate \$40 million to \$45 million in revenue over three years by managing 2 million to 2.5 million devices used by government customers. Implementation has taken longer than originally anticipated as the company accommodates additional customer requirements, generating \$1 million in additional integration services revenue and potentially another \$1 million purchase order.

With ATV expected to reach full performance by mid-2027 and CWMS 3.0 reaching its full earnings potential by 2029, these two contracts should contribute a combined \$2.00 in incremental annual EPS. The ATV contract is particularly attractive because of its software licensing business model, with management indicating that gross margins exceed 70%. These contributions represent substantial potential earnings growth even before considering opportunities from additional contracts or expansion of WidePoint's existing business.



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Wait, There's More

As positive as these developments are, management also discussed the potential to expand its longstanding relationship with CDW through two major projects: the 2028 Los Angeles Olympics and the 2030 U.S. Census. CDW has already secured the contract for the Olympics, while WidePoint has considerable experience subcontracting to CDW on large-scale device management programs. Management believes its successful track record positions WidePoint favorably for both opportunities.

The first opportunity is LA28. In June 2025, CDW was named the official IT equipment services and solutions provider for the Los Angeles Olympics. CDW will provide and manage a broad range of technology equipment, including laptops, tablets, smartphones, servers and related infrastructure. WidePoint's ITMS platform is well suited to support device tracking, inventory management and equipment lifecycle services. Given its long and successful relationship with CDW, management expressed confidence in winning a subcontract and expects a potential announcement around 1Q 2027. Although the Olympics do not begin until July 2028, work under the contract would begin roughly a year earlier and continue through the games with subsequent equipment recovery period extending into 2029.

The second opportunity is the 2030 U.S. Census. WidePoint provided device management services as a subcontractor to CDW during the 2020 Census, supporting more than 700,000 mobile devices used by census workers. Its ITMS platform served as the system of record for the devices and was integrated with 42 other systems. The project began in 2019, reached peak activity during 2020 and continued into 2021 as equipment was recovered and the program wound down.

The financial contribution from the 2020 Census was substantial. WidePoint's 2020 revenue increased \$78.6 million, or 77%, to \$180.3 million, while EBITDA increased \$2.1 million, or 71%, to \$4.9 million. The ability to leverage its existing ITMS platform across hundreds of thousands of devices generated substantial incremental revenue and earnings.

Investors took notice. WYY shares appreciated 154% during 2020, before later correcting. We believe the 2030 Census presents another opportunity for substantial share price appreciation, particularly given WidePoint's considerably greater potential recurring earnings base by that time. Management is already discussing the opportunity with CDW, and we would expect a subcontract award in 2027 or 2028, allowing time to prepare for the 2030 games. While we would not necessarily expect a repeat of the 154% gain, we believe another large Census contract could be a major catalyst for the shares.

Taken together, CWMS 3.0, ATV, LA28 and the 2030 Census provide WidePoint with multiple potential earnings and stock price catalysts extending through the end of the decade. Management expects CWMS 3.0 and ATV alone to contribute \$2.00 in incremental annual EPS at maturity, while the Olympics and Census represent additional opportunities not included in that figure. We believe these prospective earnings streams, coupled with the potential for substantial incremental revenue from large device management programs, create a compelling investment opportunity.

We reiterate our Buy rating and \$30 price target.



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WidePoint Corporation – Income Forecast

Fiscal years ended December 31	2025					2026E					2027E				
	1QA	2QA	3QA	4Q	YEAR	1QA	2QA	3Q	4Q	YEAR	1Q	2Q	3Q	4Q	YEAR
Carrier services	22,401,299	22,223,060	20,406,680	26,836,660	91,867,699	25,784,040	24,064,860	23,467,682	29,520,326	102,836,908	28,362,444	26,471,346	25,814,450	32,472,359	113,120,599
YoY growth	15.6%	8.9%	-9.0%	9.1%	5.8%	15.1%	8.3%	15.0%	10.0%	11.9%	10.0%	10.0%	10.0%	10.0%	10.0%
Managed services	11,816,440	15,657,142	15,718,527	15,485,556	58,677,665	14,791,990	13,934,722	18,076,306	19,356,945	66,159,963	22,187,985	20,902,083	27,114,459	29,035,418	99,239,945
YoY growth	-20.3%	0.1%	28.8%	18.1%	5.2%	25.2%	-11.0%	15.0%	25.0%	12.8%	50.0%	50.0%	50.0%	50.0%	50.0%
Revenue	34,217,739	37,880,202	36,125,207	42,322,216	150,545,364	40,576,030	37,999,582	41,543,988	48,877,271	168,996,871	50,550,429	47,373,429	52,928,909	61,507,776	212,360,543
YoY growth	0.0%	5.1%	4.3%	12.3%	5.6%	18.6%	0.3%	15.0%	15.5%	12.3%	24.6%	24.7%	27.4%	25.8%	25.7%
Seq growth	-9.2%	10.7%	-4.6%	17.2%		-4.1%	-6.3%	9.3%	17.7%		3.4%	-6.3%	11.7%	16.2%	
Cost of services															
Carrier	22,401,299	22,223,060	20,406,680	26,836,660	91,867,699	25,454,063	23,570,034	23,467,682	29,520,326	102,836,908	28,362,444	26,471,346	25,814,450	32,472,359	113,120,599
Gross margin %	0.0%	0.0%	0.0%	0.0%	0.0%	-1.3%	-2.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Managed services	7,037,919	10,539,900	10,443,215	9,648,691	37,669,725	9,524,341	8,582,692	11,133,582	12,291,660	41,532,275	13,312,791	12,541,250	16,268,675	17,421,251	59,543,967
Gross margin %	40.4%	32.7%	33.6%	37.7%	35.8%	35.6%	38.4%	38.4%	36.5%	37.2%	40.0%	40.0%	40.0%	40.0%	40.0%
Total cost of revenue	29,439,218	32,762,960	30,849,895	36,485,351	129,537,424	34,978,404	32,152,726	34,601,264	41,811,986	144,369,183	41,675,235	39,012,596	42,083,126	49,893,609	172,664,566
As a percent of revenue	86.0%	86.5%	85.4%	86.2%	86.0%	86.2%	84.6%	83.3%	85.5%	85.4%	82.4%	82.4%	79.5%	81.1%	81.3%
Gross margin	4,778,521	5,117,242	5,275,312	5,836,865	21,007,940	5,597,626	5,846,856	6,942,724	7,065,285	24,627,688	8,875,194	8,360,833	10,845,784	11,614,167	39,695,978
As a percent of revenue	14.0%	13.5%	14.6%	13.8%	14.0%	13.8%	15.4%	16.7%	14.5%	14.6%	17.6%	17.6%	20.5%	18.9%	18.7%
Sales and marketing	639,482	669,797	677,618	746,927	2,733,824	595,997	665,436	747,792	879,791	2,889,016	682,431	639,541	714,540	830,355	2,866,867
As a percent of revenue	1.9%	1.8%	1.9%	1.8%	1.8%	1.5%	1.8%	1.8%	1.8%	1.7%	1.4%	1.4%	1.4%	1.4%	1.4%
General and administrative	4,731,782	4,922,649	4,832,422	5,241,572	19,728,425	4,832,023	4,989,623	4,985,279	5,865,273	20,672,197	5,055,043	4,737,343	5,292,891	6,150,778	21,236,054
As a percent of revenue	13.8%	13.0%	13.4%	12.4%	13.1%	11.9%	13.1%	12.0%	12.0%	12.2%	10.0%	10.0%	10.0%	10.0%	10.0%
Impairment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation and amortization	223,688	233,122	225,908	647,713	1,330,431	227,972	181,414	250,000	250,000	909,386	250,000	250,000	250,000	250,000	1,000,000
Operating Income	(816,431)	(708,326)	(460,636)	(799,347)	(2,784,740)	(58,366)	10,383	959,654	70,222	157,089	2,887,720	2,733,949	4,588,352	4,383,034	14,593,056
Operating margin	-2.4%	-1.9%	-1.3%	-1.9%	-1.8%	-0.1%	0.0%	2.3%	0.1%	0.1%	5.7%	5.8%	8.7%	7.1%	6.9%
Interest income	53,430	89,340	83,439	106,854	333,063	87,403	101,756	25,000	25,000	239,159	25,000	25,000	25,000	25,000	100,000
Interest expense	(55,073)	(52,382)	(47,671)	(47,265)	(202,391)	(44,993)	(43,839)	(55,000)	(55,000)	(198,832)	(55,000)	(55,000)	(55,000)	(55,000)	(220,000)
Other income	-	497	93	57	647	49,240	188	-	-	49,428	-	-	-	-	-
Pretax Income	(818,074)	(670,871)	(424,775)	(739,701)	(2,653,421)	33,284	68,488	929,654	40,222	246,844	2,857,720	2,703,949	4,558,352	4,353,034	14,473,056
Taxes	(94,011)	(52,412)	134,410	109,704	97,691	(43,676)	2,068	-	-	(41,608)	-	-	-	-	-
Tax rate	11.5%	7.8%	-31.6%	-14.8%	-3.7%	-131.2%	3.0%	0.0%	0.0%	-16.9%	0.0%	0.0%	0.0%	0.0%	0.0%
Net income to common	(724,063)	(618,459)	(559,185)	(849,405)	(2,751,112)	76,960	66,420	929,654	40,222	288,452	2,857,720	2,703,949	4,558,352	4,353,034	14,473,056
Net income margin	-2.1%	-1.6%	-1.5%	-2.0%	-1.8%	0.2%	0.2%	2.2%	0.1%	0.2%	5.7%	5.7%	8.6%	7.1%	6.8%
Diluted shares outstanding	9,552,971	9,586,166	9,655,173	9,655,173	9,669,721	10,073,810	10,166,714	10,256,714	10,346,714	10,210,988	10,436,714	10,526,714	10,616,714	10,706,714	10,571,714
Seq change	233,671	33,195	69,007	-	-	418,637	92,904	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000
EPS diluted - continuing	(\$0.08)	(\$0.06)	(\$0.06)	(\$0.09)	(\$0.28)	\$0.01	\$0.01	\$0.09	\$0.00	\$0.03	\$0.27	\$0.26	\$0.43	\$0.41	\$1.37
EBITDA	(724,063)	(618,459)	(559,185)	(849,405)	(2,751,112)	76,960	66,420	929,654	40,222	288,452	2,857,720	2,703,949	4,558,352	4,353,034	14,473,056
Net loss	709,900	725,300	650,400	1,007,800	3,093,400	512,400	449,800	900,000	900,000	2,762,200	900,000	900,000	900,000	900,000	3,600,000
Depreciation and amortization	(94,011)	(52,412)	134,410	109,713	97,700	(43,676)	2,068	-	-	(41,608)	-	-	-	-	-
Income tax	(53,430)	(89,340)	(83,439)	(106,854)	(333,063)	(87,403)	(101,756)	(25,000)	(25,000)	(239,159)	(25,000)	(25,000)	(25,000)	(25,000)	(100,000)
Interest income	55,073	52,382	47,671	47,274	202,400	44,993	43,839	55,000	55,000	198,832	55,000	55,000	55,000	55,000	220,000
Interest expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EBITDA	(106,531)	17,471	189,857	208,528	309,325	503,274	460,371	1,859,654	970,222	2,968,717	3,787,720	3,633,949	5,488,352	5,283,034	18,193,056
Loss on factoring receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Stock based comp	198,900	166,018	154,100	251,182	770,200	248,800	174,900	250,000	250,000	923,700	250,000	250,000	250,000	250,000	1,000,000
Adjusted EBITDA	92,369	183,489	343,957	459,710	1,079,525	752,074	635,271	2,109,654	1,220,222	3,892,417	4,037,720	3,883,949	5,738,352	5,533,034	19,193,056
EBITDA margin	0.3%	0.5%	1.0%	1.1%	0.7%	1.9%	1.7%	5.1%	2.5%	2.3%	8.0%	8.2%	10.8%	9.0%	9.0%
YoY growth	-83.9%	-77.4%	-40.0%	-26.1%	-58.1%	714.2%	246.2%	513.3%	165.4%	260.6%	436.9%	511.4%	172.0%	353.4%	393.1%
CAPX	27,632	93,334	20,031	124,472	265,469	77,832	7,705	75,000	75,000	235,537	75,000	75,000	75,000	75,000	300,000
Free Cash Flow	64,737	90,155	323,926	335,238	814,056	674,242	627,566	2,034,654	1,145,222	3,656,880	3,962,720	3,808,949	5,663,352	5,458,034	18,893,056
As a percent of revenue	0.2%	0.2%	0.9%	0.8%	0.5%	1.7%	1.7%	4.9%	2.3%	2.2%	7.8%	8.0%	10.7%	8.9%	8.9%

Source: Company reports and Litchfield Hills Research LLC



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Disclosures:

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