

## WidePoint Corporation

WYY (NYSE American) - Buy \$8 Price Target

**August 15, 2025**

### Multiple Contract Opportunities Set Stage for Stronger Long-Term Growth Despite Near-Term Guidance Reset

Analyst: Barry M. Sine, CFA, CMT

WidePoint reported Q2 revenue of \$37.9M (+5.1% YoY) and EBITDA of \$183K, both below expectations. While the quarterly results and updated guidance were lighter than anticipated, the company maintained positive EBITDA and free cash flow — both of which are expected to remain positive for the full year.

The near-term softness is outweighed by significant progress on several high-impact contracts:

- **DHS CWMS Renewal Highly Likely, and Larger in Scope** – WidePoint has submitted its response to the draft RFP for the Department of Homeland Security's Cellular Wireless Managed Services (CWMS) program. The draft specifications appear tailor-made for WidePoint, requiring capabilities such as FedRAMP certification and small-business status — a combination unique to WYY. The new CWMS 3.0 contract is structured for **10 years and \$3.1B**, up from 5 years and \$754M in CWMS 2.0. A win would lock in a significant recurring revenue stream for the next decade, with a contract award expected by year-end.
- **Census/Olympics Exposure Through CDW Partnership** – WidePoint continues to serve as the Intelligent Technology Management System (ITMS) subcontractor to CDW, which has secured major wins, including the 2028 Olympics and is starting preliminary work for the 2030 U.S. Census. While the 2025 Census remains uncertain, a decision to proceed — as ordered by President Trump — would likely see the Census Bureau rely on incumbent vendors such as CDW/WYY. In 2020, Census-related work boosted managed services revenue by \$10M.
- **Device-as-a-Service (DaaS) Pipeline Nears Conversion** – WidePoint's DaaS initiative, bundling wireless devices with associated service contracts, is advancing toward meaningful scale. Several large enterprise deals have completed negotiations and are awaiting customer signatures. These contracts are expected to be sizable and carry attractive margins.

While Q2 results prompted a guidance reset, the strategic developments are compelling. We believe WidePoint is positioned to secure a decade-long, multi-billion-dollar DHS contract, leverage its CDW relationship for major national projects, and capture high-margin enterprise DaaS opportunities. We reiterate our **Buy** rating and **\$8 price target**, viewing current weakness as an attractive entry point ahead of potentially transformative contract announcements.

Rating	Buy	<b>Earnings Per Share</b>				<b>Normalized to exclude unusual items</b>			
Target Price	\$8.00	<b>FYE - December</b>				<b>2023</b>	<b>2024</b>	<b>2025E</b>	<b>2026E</b>
Ticker Symbol	WYY	1Q - March				(\$0.11)	(\$0.07)	(\$0.08) A	(\$0.08)
Market	NASDAQ	2Q - June				(\$0.10)	(\$0.05)	(\$0.06) A	\$0.02
Stock Price	\$3.44	3Q - September				(\$0.10)	(\$0.04)	(\$0.06)	\$0.05
52 wk High	\$6.25	4Q - December				(\$0.15)	(\$0.04)	(\$0.06)	\$0.09
52 wk Low	\$2.19	<b>Year</b>				<b>(\$0.46)</b>	<b>(\$0.21)</b>	<b>(\$0.26)</b>	<b>\$0.08</b>
Shares Outstanding:	9.8 M	<b>Revenue (\$mm)</b>				<b>106.0</b>	<b>142.6</b>	<b>155.5</b>	<b>175.1</b>
Public Market Float:	8.1 M	EV/Rev				0.3X	0.2X	0.2X	0.2X
Avg. Daily Volume	117,410	<b>EBITDA (\$mm)</b>				<b>0.8</b>	<b>2.6</b>	<b>1.2</b>	<b>5.5</b>
Market Capitalization:	\$33.6 M	EV/EBITDA				37.1X	11.4X	23.7X	5.4X
Institutional Holdings:	13.5%								
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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### WidePoint Corporation – Income Forecast

Fiscal years ended December 31	2024					2025E					2026E				
	1Q	2Q	3Q	4Q	YEAR	1QA	2QA	3Q	4Q	YEAR	1Q	2Q	3Q	4Q	YEAR
Carrier services	19,382,669	20,403,280	22,412,970	24,594,810	86,793,729	22,401,299	22,223,060	24,654,267	27,054,291	96,332,917	24,641,429	24,445,366	27,119,694	29,759,720	105,966,209
YoY growth	42.5%	43.3%	53.0%	56.2%	49.0%	15.6%	8.9%	10.0%	10.0%	11.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Managed services	14,824,610	15,637,493	12,207,463	13,108,454	55,778,020	11,816,440	15,657,142	15,259,329	16,385,568	59,118,478	13,588,906	18,005,713	17,853,415	19,662,681	69,110,715
YoY growth	27.0%	24.9%	10.1%	4.8%	16.7%	-20.3%	0.1%	25.0%	25.0%	6.0%	15.0%	15.0%	17.0%	20.0%	16.9%
<b>Revenue</b>	<b>34,207,279</b>	<b>36,040,773</b>	<b>34,620,433</b>	<b>37,703,264</b>	<b>142,571,749</b>	<b>34,217,739</b>	<b>37,880,202</b>	<b>39,913,596</b>	<b>43,439,859</b>	<b>155,451,395</b>	<b>38,230,335</b>	<b>42,451,079</b>	<b>44,973,108</b>	<b>49,422,401</b>	<b>175,076,924</b>
YoY growth	35.3%	34.7%	34.5%	33.4%	34.5%	0.0%	5.1%	15.3%	15.2%	9.0%	11.7%	12.1%	12.7%	13.8%	12.6%
Seq growth	21.1%	5.4%	-3.9%	8.9%		-9.2%	10.7%	5.4%	8.8%		-12.0%	11.0%	5.9%	9.9%	
Cost of services															
Carrier	19,382,669	20,403,280	22,412,970	24,594,810	86,793,729	22,401,299	22,223,060	24,654,267	27,054,291	96,332,917	24,641,429	24,445,366	27,119,694	29,759,720	105,966,209
Gross margin %	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%
Managed services	10,158,719	10,744,269	7,515,097	8,355,530	36,773,615	7,037,919	10,539,900	9,918,564	10,650,619	38,147,002	8,832,789	11,703,714	11,604,720	12,780,743	44,921,965
Gross margin %	31.5%	31.3%	38.4%	36.3%	34.1%	40.4%	32.7%	35.0%	35.0%	35.5%	35.0%	35.0%	35.0%	35.0%	35.0%
Total cost of revenue	29,541,388	31,147,549	29,928,067	32,950,340	123,567,344	29,439,218	32,762,960	34,572,831	37,704,910	134,479,919	33,474,218	36,149,080	38,724,413	42,540,463	150,888,173
As a percent of revenue	86.4%	86.4%	86.4%	87.4%	86.7%	86.0%	86.5%	86.6%	86.8%	86.5%	87.6%	85.2%	86.1%	86.1%	86.2%
Gross margin	4,665,891	4,893,224	4,692,366	4,752,924	19,004,405	4,778,521	5,117,242	5,340,765	5,734,949	20,971,477	4,756,117	6,302,000	6,248,695	6,881,938	24,188,750
As a percent of revenue	13.6%	13.6%	13.6%	12.6%	13.3%	14.0%	13.5%	13.4%	13.2%	13.5%	12.4%	14.8%	13.9%	13.9%	13.8%
Sales and marketing	611,893	559,926	530,391	560,056	2,262,266	639,482	669,797	478,963	434,399	2,222,641	688,146	764,119	539,677	494,224	2,486,167
As a percent of revenue	1.8%	1.6%	1.5%	1.5%	1.6%	1.9%	1.8%	1.2%	1.0%	1.4%	1.8%	1.8%	1.2%	1.0%	1.4%
General and administrative	4,448,483	4,542,769	4,352,980	4,277,156	17,621,388	4,731,782	4,922,649	5,186,895	5,645,143	20,486,469	4,587,640	5,094,130	4,947,042	5,189,352	19,818,164
As a percent of revenue	13.0%	12.6%	12.6%	11.3%	12.4%	13.8%	13.0%	13.0%	13.0%	13.2%	12.0%	12.0%	11.0%	10.5%	11.3%
Impairment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation and amortization	256,534	252,112	259,980	232,507	1,001,133	223,688	233,122	250,000	250,000	956,810	250,000	250,000	250,000	250,000	1,000,000
<b>Operating income</b>	<b>(651,019)</b>	<b>(461,583)</b>	<b>(450,985)</b>	<b>(316,795)</b>	<b>(1,880,382)</b>	<b>(816,431)</b>	<b>(708,326)</b>	<b>(575,093)</b>	<b>(594,593)</b>	<b>(2,694,443)</b>	<b>(769,669)</b>	<b>193,751</b>	<b>511,976</b>	<b>948,362</b>	<b>884,420</b>
Operating margin	-1.9%	-1.3%	-1.3%	-0.8%	-1.3%	-2.4%	-1.9%	-1.4%	-1.4%	-1.7%	-2.0%	0.5%	1.1%	1.9%	0.5%
Interest income	49,426	51,725	59,882	53,554	214,587	53,430	89,340	50,000	50,000	242,770	25,000	25,000	25,000	25,000	100,000
Interest expense	(58,737)	(72,331)	(52,911)	(58,856)	(242,835)	(55,073)	(52,382)	(55,000)	(55,000)	(217,455)	(55,000)	(55,000)	(55,000)	(55,000)	(220,000)
Other income	(34,781)	(1,534)	99	6,808	(29,408)	-	497	(2,000)	(2,000)	(3,503)	-	-	-	-	-
Pretax income	(695,111)	(483,723)	(443,915)	(315,289)	(1,938,038)	(818,074)	(670,871)	(582,093)	(601,593)	(2,672,631)	(799,669)	163,751	481,976	918,362	764,420
Taxes	(42,091)	15,828	(18,705)	41,209	(3,759)	(94,011)	(52,412)	-	-	(146,423)	-	-	-	-	-
Tax rate	6.1%	-3.3%	4.2%	-13.1%	0.2%	11.5%	7.8%	0.0%	0.0%	5.5%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Net income to common</b>	<b>(653,020)</b>	<b>(499,551)</b>	<b>(425,210)</b>	<b>(356,498)</b>	<b>(1,934,279)</b>	<b>(724,063)</b>	<b>(618,459)</b>	<b>(582,093)</b>	<b>(601,593)</b>	<b>(2,526,208)</b>	<b>(799,669)</b>	<b>163,751</b>	<b>481,976</b>	<b>918,362</b>	<b>764,420</b>
Net income margin	-1.9%	-1.4%	-1.2%	-0.9%	-1.4%	-2.1%	-1.6%	-1.5%	-1.4%	-1.6%	-2.1%	0.4%	1.1%	1.9%	0.4%
Diluted shares outstanding	8,897,819	9,390,154	9,485,508	9,319,300	9,319,300	9,552,971	9,586,166	9,586,166	9,586,166	9,577,867	9,676,166	9,766,166	9,856,166	9,946,166	9,811,166
Seq change	(87,071)	492,335	95,354	(166,208)		233,671	33,195	-	-		90,000	90,000	90,000	90,000	
<b>EPS diluted - continuing</b>	<b>(\$0.07)</b>	<b>(\$0.05)</b>	<b>(\$0.04)</b>	<b>(\$0.04)</b>	<b>(\$0.21)</b>	<b>(\$0.08)</b>	<b>(\$0.06)</b>	<b>(\$0.06)</b>	<b>(\$0.06)</b>	<b>(\$0.26)</b>	<b>(\$0.08)</b>	<b>\$0.02</b>	<b>\$0.05</b>	<b>\$0.09</b>	<b>\$0.08</b>
<b>EBITDA</b>															
<b>Net loss</b>	<b>(653,020)</b>	<b>(499,551)</b>	<b>(425,210)</b>	<b>(356,498)</b>	<b>(1,934,279)</b>	<b>(724,063)</b>	<b>(618,459)</b>	<b>(582,093)</b>	<b>(601,593)</b>	<b>(2,526,208)</b>	<b>(799,669)</b>	<b>163,751</b>	<b>481,976</b>	<b>918,362</b>	<b>764,420</b>
Depreciation and amortization	833,300	906,900	821,700	706,920	3,268,820	709,900	725,300	900,000	900,000	3,235,200	900,000	900,000	900,000	900,000	3,600,000
Income tax	(42,091)	15,800	(18,700)	41,232	(3,759)	(94,011)	(52,412)	-	-	(146,423)	-	-	-	-	-
Interest income	(49,426)	(51,725)	(59,882)	(53,554)	(214,587)	(53,430)	(89,340)	(50,000)	(50,000)	(242,770)	(25,000)	(25,000)	(25,000)	(25,000)	(100,000)
Interest expense	58,737	72,400	52,900	58,763	242,800	55,073	52,382	55,000	55,000	217,455	55,000	55,000	55,000	55,000	220,000
Other income	-	-	-	-	-	-	-	2,000	2,000	4,000	-	-	-	-	-
<b>EBITDA</b>	<b>147,500</b>	<b>443,824</b>	<b>370,808</b>	<b>396,863</b>	<b>1,358,995</b>	<b>(106,531)</b>	<b>17,471</b>	<b>324,907</b>	<b>305,407</b>	<b>541,254</b>	<b>130,331</b>	<b>1,093,751</b>	<b>1,411,976</b>	<b>1,848,362</b>	<b>4,484,420</b>
Loss on factoring receivables	7,282	1,666	-	-	8,948	-	-	-	-	-	-	-	-	-	-
Stock based comp	417,800	365,900	202,600	224,947	1,211,247	198,900	166,018	166,018	166,018	696,954	250,000	250,000	250,000	250,000	1,000,000
<b>Adjusted EBITDA</b>	<b>572,582</b>	<b>811,390</b>	<b>573,408</b>	<b>621,810</b>	<b>2,579,190</b>	<b>92,369</b>	<b>183,489</b>	<b>490,925</b>	<b>471,425</b>	<b>1,238,208</b>	<b>380,331</b>	<b>1,343,751</b>	<b>1,661,976</b>	<b>2,098,362</b>	<b>5,484,420</b>
EBITDA margin	1.7%	2.3%	1.7%	1.6%	1.8%	0.3%	0.5%	1.2%	1.1%	0.8%	1.0%	3.2%	3.7%	4.2%	3.1%
YoY growth	2776.6%	477.8%	153.1%	53.7%	225.9%	-83.9%	-77.4%	-14.4%	-24.2%	-52.0%	311.8%	632.3%	238.5%	345.1%	342.9%
CAPX	6,494	11,507	62,701	37,236	117,938	27,632	93,334	150,000	175,000	445,966	50,000	50,000	50,000	50,000	200,000
<b>Free Cash Flow</b>	<b>566,088</b>	<b>799,883</b>	<b>510,707</b>	<b>584,574</b>	<b>2,461,252</b>	<b>64,737</b>	<b>90,155</b>	<b>340,925</b>	<b>296,425</b>	<b>792,242</b>	<b>330,331</b>	<b>1,293,751</b>	<b>1,611,976</b>	<b>2,048,362</b>	<b>5,284,420</b>
As a percent of revenue	1.7%	2.2%	1.5%	1.6%	1.7%	0.2%	0.2%	0.9%	0.7%	0.5%	0.9%	3.0%	3.6%	4.1%	3.0%

Source: Company reports and Litchfield Hills Research LLC



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**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.

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