

WidePoint Corporation (WYY)
Rating: Buy

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4Q25 Results Well Ahead of Expectations, CWMS 3.0 a Potential Catalyst for Shares in 2026; Reit. Buy, \$9 PT

Stock Data		3/27/2026		
Price		\$4.62		
Exchange		NYSE		
Price Target		\$9.00		
52-Week High		\$7.55		
52-Week Low		\$2.19		
Enterprise Value (M)		\$33		
Market Cap (M)		\$46		
Shares Outstanding (M)		9.9		
3 Month Avg Volume		40,118		
Short Interest (M)		0.01		
Balance Sheet Metrics				
Cash (M)		\$12.5		
Total Debt (M)		\$0.0		
Total Cash/Share		\$1.27		
Revenue (\$M)				
Full Year - Dec		2024A	2025A	2026E
1Q		34.2	34.2	38.1A
2Q		36.0	37.9	43.0A
3Q		34.6	36.1	41.1A
4Q		37.7	42.3	47.8A
FY		142.6	150.5	171.0
EBITDA (\$) Adjusted				
Full Year - Dec		2024A	2025A	2026E
1Q		0.6	0.1	(0.6)
2Q		0.8	0.2	0.9
3Q		0.6	0.3	1.1
4Q		0.6	0.5	1.2
FY		2.6	1.1	2.7
EPS (\$)				
Full Year - Dec		2024A	2025A	2026E
1Q		(0.07)	(0.08)	(0.16)
2Q		(0.05)	(0.06)	(0.01)
3Q		(0.04)	(0.06)	0.00
4Q		(0.04)	(0.09)	0.02
FY		(0.21)	(0.29)	(0.15)

Revenue demonstrates material growth versus year ago period, ahead of Street estimates. After the market close on Wednesday, March 25th, WidePoint Corporation reported better than expected 4Q25 results with revenue of \$42.3M a 12.3% improvement from the prior year period and well ahead of our \$40.4M forecast. During the earnings conference call, management highlighted a record contract backlog of \$223.0M and a strategic shift toward higher-margin managed services. Key growth catalysts for 2026 include a newly awarded \$40.0M to \$45.0M carrier SaaS contract, which we believe should begin to ramp beginning in 2H26. In addition, the company is focused on the margin-accretive transition of its IT-as-a-Service clients to the new Device-as-a-Service model. By utilizing the new Columbus warehouse for 360-degree hardware lifecycle management, the company expects to eliminate the historical lumpiness of hardware sales and drive more predictable, higher-margin recurring revenue. Last, while federal headwinds have delayed awarding of the \$3.1B CWMS 3.0 contract, WidePoint remains the primary incumbent and, in our view, should be the primary benefactor once the contract is awarded. Coupled with the existing pipeline, we believe the business remains positioned to deliver accelerating revenue growth in 2026, at higher gross margin over time. This should improve operating leverage and potentially result in positive EPS, an inflection point for the business. As financial performance continues to improve, we expect to see investors gravitate toward undervalued WYY shares. We maintain our Buy rating and \$9 price target.

Adjusting '26 estimates, waiting on '27, price target unchanged. Following 4Q25 results and updated management commentary, we are making a series of modest adjustments to our model. On the flow through of 2025 results, we are now modeling 2026 revenue of \$171.0M, versus \$170.0M previously. Offsetting higher revenue, we have reduced our gross margin assumption for 2026. As a result our adj. EBITDA estimate moves to \$2.7M, from \$6.8M, previously. We are not introducing our 2027 forecast at this time, as we believe 2027 revenue will be heavily influenced by CWMS 3.0, when announced. Our price target remains unchanged at \$9.

Valuation and Risks. We are valuing WYY shares at \$9, reflecting a 1.25x EV/revenue on our 2026 Managed Service revenue estimate of \$71.8M. Our price target represents approximately 100% 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 2026 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 to price target achievement. (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.



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WidePoint Corporation H.C. Wainwright & Co., LLC (\$000s) in U.S. dollars; December Year-End														
Fiscal Year in \$ 000's	2021	2022	2023	2024	2025					2026				
	2021A	2022A	2023E	2024A	1Q25A	2Q25A	3Q25A	4Q25A	2025A	1Q26E	2Q26E	3Q26E	4Q26E	2026E
Revenue														
Carrier Services	49,731	53,340	58,234	86,794	22,401	22,223	20,407	26,837	91,868	24,193	24,001	22,039	28,984	99,217
Managed Services	37,607	40,763	47,792	55,778	11,816	15,657	15,719	15,486	58,678	14,298	19,258	19,255	18,970	71,781
Gross Revenue	87,338	94,103	106,026	142,572	34,218	37,880	36,125	42,322	150,545	38,491	43,259	41,294	47,953	170,998
Cost of revenue	70,970	79,528	90,381	123,567	29,439	32,763	30,850	36,485	129,537	34,059	37,097	35,133	41,883	148,171
Net revenue	16,368	14,575	15,646	19,004	4,779	5,117	5,275	5,837	21,008	4,432	6,163	6,162	6,070	22,827
Gross margin	18.7%	15.5%	14.8%	13.3%	14.0%	13.5%	14.6%	13.8%	14.0%	11.5%	14.2%	14.9%	12.7%	13.3%
Operating expenses:														
Sales & marketing	2,009	2,134	2,192	2,262	639	670	678	747	2,734	755	790	779	671	2,995
General and administrative	12,725	14,720	15,882	17,621	4,732	4,923	4,832	5,242	19,728	5,063	5,267	5,171	5,066	20,567
Impairment charge, goodwill		16,277	0											
Impairment charge, definite-lived intangible assets		0	193											
Depreciation and amortization	1,027	1,077	1,080	1,001	224	233	226	648	1,330	228	238	230	242	938
Total costs and expenses	15,760	34,209	19,347	20,885	5,595	5,826	5,736	6,636	23,793	6,046	6,295	6,180	5,979	24,501
Operating income	608	(19,634)	(3,702)	(1,880)	(816)	(708)	(461)	(799)	(2,785)	(1,613)	(133)	(19)	91	(1,674)
Depreciation and amortization	1,654	2,535	3,371	3,400	710	725	650	663	2,749	677	690	704	718	2,789
Adj. EBITDA	3,701	1,062	791	2,589	92	183	344	264	884	(537)	957	1,085	1,209	2,715
Adj. EBITDA margin	4.2%	1.1%	0.7%	1.8%	0.3%	0.5%	1.0%	0.6%	0.6%	-1.4%	2.2%	2.6%	2.5%	1.6%
Other income (expense)														
Interest income	4	42	91	215	53	89	83	107	333	107	107	107	107	427
Interest expense	(273)	(260)	(240)	(243)	(55)	(52)	(48)	(47)	(202)	(47)	(47)	(47)	(47)	(189)
Other (expense) income, net	643	1,344	(63)	(29)	0	0	0	0	1	0	0	0	0	0
Total other income	374	1,126	(211)	(58)	(1.6)	37.5	35.9	59.6	131	59.6	59.6	59.6	59.6	238
Income (loss) before income taxes	982	(18,507)	(3,913)	(1,938)	(818)	(671)	(425)	(740)	(2,653)	(1,554)	(73)	41	151	(1,436)
Income tax provision	640	5,078	133	(4)	(94)	(52)	134	110	98	0	0	0	0	0
Net Income	341	(23,585)	(4,046)	(1,934)	(724)	(618)	(559)	(849)	(2,751)	(1,554)	(73)	41	151	(1,436)
<i>Net Income Margin %</i>														
Basic Earnings Per Share	\$0.04	(\$2.70)	(\$0.46)	(\$0.21)	(\$0.08)	(\$0.06)	(\$0.06)	(\$0.09)	(\$0.29)	(\$0.16)	(\$0.01)	\$0.00	\$0.02	(\$0.15)
Diluted Earnings Per Share	\$0.04	(\$2.70)	(\$0.46)	(\$0.21)	(\$0.08)	(\$0.06)	(\$0.06)	(\$0.09)	(\$0.29)	(\$0.16)	(\$0.01)	\$0.00	\$0.02	(\$0.15)
Average Shares Outstanding (Basic)	9,070	8,732	8,831	9,319	9,553	9,586	9,655	9,655	9,612	9,752	9,801	9,850	9,899	9,825
Average Shares Outstanding (Diluted)	9,160	8,732	8,831	9,319	9,553	9,586	9,655	9,655	9,612	9,752	9,801	9,850	9,899	9,825
Operating Metrics														
Revenue Growth		7.7%	12.7%	34.5%	0.0%	5.1%	4.3%	12.3%	5.6%	12.5%	14.2%	14.3%	13.3%	13.6%
Price	\$4.62	\$4.62	\$4.62	\$4.62	\$4.62	\$4.62	\$4.62	\$4.62	\$4.62	\$4.62	\$4.62	\$4.62	\$4.62	\$4.62
Market Capitalization (\$000s)	\$42,320	\$40,343	\$41,510	\$43,907	\$44,135	\$44,288	\$44,607	\$44,607	\$44,607	\$45,054	\$45,279	\$45,506	\$45,733	\$45,733
Enterprise Value (\$000s)	\$35,840	\$32,812	\$34,589	\$36,090	\$40,432	\$37,467	\$32,478	\$34,788	\$34,788	\$32,320	\$31,655	\$30,822	\$29,823	\$29,823
Price-to-Earnings	-0.7x	-1.7x	-10.1x	-22.1x	-21.9x	-20.8x	-19.6x	-16.1x	-16.1x	-12.5x	-14.8x	-18.4x	-31.3x	-31.3x
EV to Adj. EBITDA	n/a	n/a	42.7x	13.9x	19.2x	25.3x	26.0x	39.4x	39.4x	126.8x	30.8x	17.4x	11.0x	11.0x
Shareholders Equity	0	17,751	14,677	13,580	12,966	12,563	12,158	11,531	11,531	9,977	9,904	9,945	10,095	10,095
Net Debt	(6,480)	(7,531)	(6,921)	(7,817)	(3,703)	(6,821)	(12,128)	(9,819)	(9,819)	(12,734)	(13,624)	(14,683)	(15,910)	(15,910)

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			Count	Percent
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Neutral	59	8.87%	9	15.25%
Sell	1	0.15%	0	0.00%
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