

WidePoint Corporation (WYY)
Rating: Buy

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New Contract Awards and Pipeline of Higher Margin Opportunities Drive Our Optimism Ahead of 2026; Reit. Buy, \$9 PT

Stock Data		11/17/2025	
Price		\$6.73	
Exchange		NYSE	
Price Target		\$9.00	
52-Week High		\$7.55	
52-Week Low		\$2.19	
Enterprise Value (M)		\$54	
Market Cap (M)		\$67	
Shares Outstanding (M)		9.9	
3 Month Avg Volume		72,326	
Short Interest (M)		0.02	
Balance Sheet Metrics			
Cash (M)		\$12.1	
Total Debt (M)		\$0.0	
Total Cash/Share		\$1.22	
Revenue (\$M)			
Full Year - Dec	2024A	2025E	2026E
1Q	34.2	34.2A	--
2Q	36.0	37.9A	--
3Q	34.6	36.1A	--
4Q	37.7	40.4	--
FY	142.6	148.6	170.0
EBITDA (\$) Adjusted			
Full Year - Dec	2024A	2025E	2026E
1Q	0.6	0.1A	--
2Q	0.8	0.2A	--
3Q	0.6	0.3A	--
4Q	0.6	1.7	--
FY	2.6	2.4	6.8
EPS (\$)			
Full Year - Dec	2024A	2025E	2026E
1Q	(0.07)	(0.08)A	--
2Q	(0.05)	(0.06)A	--
3Q	(0.04)	(0.06)A	--
4Q	(0.04)	0.07	--
FY	(0.21)	(0.12)	0.26



3Q25 misses our forecast but positive news flow and commentary more important, in our view. After market close on November 13, WidePoint Corporation reported 3Q25 operating results, including revenue of \$36.1M, versus our \$39.0M estimate. While shy of our forecast, and a sequential decline from 2Q25 levels, we believe investors are more interested in the pipeline, and outlook for 2026. The company highlighted multiple recent awards, including a \$40.0M to \$45.0M SaaS contract to deliver FedRAMP-authorized ITMS platform for a major telecommunications carrier. In addition, the company has been awarded a new CWMS 2.0 task order by U.S. Customs & Border Protection valued up to \$27.5M. These contracts should be drivers of incremental revenue in 2026. In addition, we believe the company remains well positioned to be awarded the \$3.0B ten year CWMS 3.0 contract, which is likely to be announced in 1H26. This announcement, in our view, would serve as a meaningful catalyst for WYY shares and incremental revenue growth in 2026. Further, the company highlighted its sales pipeline in the device-as-a-service business, or DaaS, which we believe includes some highly recognizable corporate names. As of September quarter end, the contracted backlog stood at \$269.0M, which does not include the large SaaS contract announced in October. Coupled with the existing pipeline, we believe the business is positioned to deliver accelerating revenue growth in 2026, at higher gross margin. 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 \$9.00 price target.

Update on Homeland Security's CWMS 3.0 program suggests a 2026 catalyst for WYY shares. 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 new revenue as early as 2Q26. If awarded, we would expect a material increase in WYY shares, given improved revenue visibility over the next decade.

Adjusting '25 and '26 estimates, price target unchanged. Following 3Q25 results and updated management commentary, we are making a series of modest adjustments to our model. We are now modeling 2025 revenue of \$148.6M, versus \$152.8M previously. The decrease in our estimate is mostly driven by softer 3Q25 results. Coupled with modest margin expansion and ongoing cost discipline, results in 2025 adj. EBITDA of \$2.4M, down from \$2.6M previously. Our 2026 revenue and adj. EBITDA estimates are \$170.0M and \$6.8M, respectively. Given the company's current cash balance of \$12.2M, we believe the company could potentially further accelerate growth through M&A, which is not currently modeled into our forecast. Our price target remains unchanged at \$9.

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Valuation and Risks. We are valuing WYY shares at \$9, reflecting a 1.25x EV/revenue on our 2026 Managed Service revenue estimate of \$74.7M. Our price target represents approximately 35.0% 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	3Q25A	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	20,407	23,403	88,434	95,297
Managed Services	37,607	40,763	47,792	14,864	15,637	12,207	13,069	55,778	11,816	15,657	15,719	16,989	60,181	74,721
Gross Revenue	87,338	94,103	106,026	34,207	36,041	34,620	37,703	142,572	34,218	37,880	36,125	40,392	148,615	170,017
Cost of revenue	70,970	79,528	90,381	29,541	31,148	29,928	32,950	123,567	29,439	32,763	30,850	33,936	126,988	143,118
Net revenue	16,368	14,575	15,646	4,666	4,893	4,692	4,753	19,004	4,779	5,117	5,275	6,456	21,627	26,899
Gross margin	18.7%	15.5%	14.8%	13.6%	13.6%	13.6%	12.6%	13.3%	14.0%	13.5%	14.6%	16.0%	14.6%	15.8%
Operating expenses:														
Sales & marketing	2,009	2,134	2,192	612	560	530	560	2,262	639	670	678	627	2,614	2,995
General and administrative	12,725	14,720	15,882	4,448	4,543	4,353	4,277	17,621	4,732	4,923	4,832	4,919	19,406	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	257	252	260	233	1,001	224	233	226	237	920	938
Total costs and expenses	15,760	34,209	19,347	5,317	5,355	5,143	5,070	20,885	5,595	5,826	5,736	5,783	22,940	24,501
Operating income	608	(19,634)	(3,702)	(651)	(462)	(451)	(317)	(1,880)	(816)	(708)	(461)	673	(1,313)	2,399
Depreciation and amortization	1,654	2,535	3,371	833	907	822	838	3,400	710	725	650	663	2,749	2,789
Adj. EBITDA	3,701	1,062	791	573	811	573	631	2,589	92	183	344	1,736	2,356	6,788
Adj. EBITDA margin	4.2%	1.1%	0.7%	1.7%	2.3%	1.7%	1.7%	1.8%	0.3%	0.5%	1.0%	4.3%	1.6%	4.0%
Other income (expense)														
Interest income	4	42	91	49	52	60	54	215	53	89	83	83	310	334
Interest expense	(273)	(260)	(240)	(59)	(72)	(53)	(59)	(243)	(55)	(52)	(48)	(48)	(203)	(191)
Other (expense) income, net	643	1,344	(63)	(35)	(2)	0	7	(29)	0	0	0	0	1	0
Total other income	374	1,126	(211)	(44.2)	(22.1)	7.1	1.6	(58)	(1.6)	37.5	35.9	35.8	107	143
Income (loss) before income taxes	982	(18,507)	(3,913)	(695)	(484)	(444)	(315)	(1,938)	(818)	(671)	(425)	708	(1,205)	2,542
Income tax provision	640	5,078	133	(42)	16	(19)	41	(4)	(94)	(52)	134	0	(12)	0
Net Income	341	(23,585)	(4,046)	(653)	(500)	(425)	(356)	(1,934)	(724)	(618)	(559)	708	(1,193)	2,542
<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)	(\$0.06)	\$0.07	(\$0.12)	\$0.26
Diluted Earnings Per Share	\$0.04	(\$2.70)	(\$0.46)	(\$0.07)	(\$0.05)	(\$0.04)	(\$0.04)	(\$0.21)	(\$0.08)	(\$0.06)	(\$0.06)	\$0.07	(\$0.12)	\$0.26
Average Shares Outstanding (Basic)	9,070	8,732	8,831	8,898	9,390	9,486	9,504	9,319	9,553	9,586	9,655	9,703	9,624	9,825
Average Shares Outstanding (Diluted)	9,160	8,732	8,831	8,898	9,390	9,486	9,504	9,319	9,553	9,586	9,655	9,703	9,624	9,825
Operating Metrics														
Revenue Growth		7.7%	12.7%	35.3%	34.7%	34.5%	33.4%	34.5%	0.0%	5.1%	4.3%	7.1%	4.2%	14.4%
Price	\$6.73	\$6.73	\$6.73	\$6.73	\$6.73	\$6.73	\$6.73	\$6.73	\$6.73	\$6.73	\$6.73	\$6.73	\$6.73	\$6.73
Market Capitalization (\$000s)	\$61,648	\$58,768	\$60,468	\$59,882	\$63,196	\$63,837	\$63,960	\$63,960	\$64,291	\$64,515	\$64,979	\$65,304	\$65,304	\$66,620
Enterprise Value (\$000s)	\$55,168	\$51,237	\$53,547	\$56,179	\$59,195	\$58,201	\$56,143	\$56,143	\$60,588	\$57,694	\$52,851	\$51,103	\$51,103	\$46,797
Price-to-Earnings	-1.0x	-2.5x	-14.7x	-16.0x	-17.8x	-21.1x	-32.2x	-32.2x	-31.8x	-30.2x	-28.5x	-53.7x	-53.7x	26.2x
EV to Adj. EBITDA	n/a	n/a	66.1x	41.2x	29.1x	24.4x	21.7x	21.7x	28.7x	39.0x	42.2x	21.7x	21.7x	6.9x
Shareholders Equity	0	17,751	14,677	12,966	14,021	13,848	13,580	13,580	12,966	12,563	12,158	12,866	12,866	15,408
Net Debt	(6,480)	(7,531)	(6,921)	(3,703)	(4,001)	(5,636)	(7,817)	(7,817)	(3,703)	(6,821)	(12,128)	(14,201)	(14,201)	(19,823)

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Ratings	Count	Percent	IB Service/Past 12 Months	
			Count	Percent
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Neutral	68	10.35%	10	14.71%
Sell	2	0.30%	0	0.00%
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