



WidePoint Reports Fourth Quarter and Full Year 2018 Financial Results

Revenue up 24% in the Fourth Quarter; Sixth Consecutive Quarter of Positive Adjusted EBITDA

Fairfax, VA – March 21, 2019 – [WidePoint Corporation](#) (NYSE American: [WYY](#)), the leading provider of Trusted Mobility Management (TM2) specializing in Telecommunications Lifecycle Management, Identity Management and Bill Presentment & Analytics solutions, today reported results for the fourth quarter and full year ended December 31, 2018.

Fourth Quarter 2018 and Recent Operational Highlights:

- Secured \$1.6 million contract expansion with the U.S. Customs and Border Protection (CBP) agency, increasing the number of devices managed by 50% from 30,000 to 45,000
- Teamed with Leidos on the NASA Nest contract to provide Managed Mobility Services in support of the agency's mission
- Added two new members to the Board of Directors, expanding the total number of directors to seven, including six independent directors and one inside director
- Relocated company headquarters to Fairfax, VA as part of consolidation strategy

Fourth Quarter 2018 Financial Highlights (results compared to the same year-ago period):

- Revenues increased 24% to \$24.8 million
- Gross profit increased 25% to \$4.5 million
- Net loss narrowed to \$0.4 million
- Adjusted EBITDA, a non-GAAP financial measure, increased to \$1.0 million, marking the company's sixth consecutive quarter of positive adjusted EBITDA

Twelve Month 2018 Financial Highlights (results compared to the same year-ago period):

- Revenues increased 10% to a record \$83.7 million
- Gross profit increased 12% to \$15.3 million
- Net loss narrowed to \$1.5 million
- Adjusted EBITDA totaled \$1.8 million

Fourth Quarter 2018 Financial Summary

| <i>(in millions, except per share amounts)</i> | December 31, 2018 | December 31, 2017 |
|---|--------------------------|--------------------------|
| | (Unaudited) | |
| Revenues | \$ 24.8 | \$ 19.9 |
| Gross Profit | \$ 4.5 | \$ 3.6 |
| Gross Profit Margin | 18% | 18% |
| Operating Expenses | \$ 3.7 | \$ 4.3 |
| Loss from Operations | \$ 0.7 | \$ (0.7) |
| Net Loss | \$ (0.4) | \$ (0.8) |
| Basic and Diluted Earnings per Share (EPS) | \$ (0.00) | \$ (0.01) |
| Adjusted EBITDA | \$ 1.0 | \$ 0.3 |

Fiscal Year 2018 Financial Summary

| <i>(in millions, except per share amounts)</i> | December 31, 2018 | December 31, 2017 |
|---|--------------------------|--------------------------|
| | (Unaudited) | |
| Revenues | \$ 83.7 | \$ 75.9 |
| Gross Profit | \$ 15.3 | \$ 13.7 |
| Gross Profit Margin | 18% | 18% |
| Operating Expenses | \$ 15.5 | \$ 17.2 |
| Loss from Operations | \$ (0.2) | \$ (3.5) |
| Net Loss | \$ (1.5) | \$ (3.5) |
| Basic and Diluted Earnings per Share (EPS) | \$ (0.02) | \$ (0.04) |
| Adjusted EBITDA | \$ 1.8 | \$ (0.9) |

The following statements are forward-looking, and actual results could differ materially depending on market conditions and the factors set forth under the “Safe Harbor Statement” below.

Financial Outlook

For the fiscal year ending December 31, 2019, the company anticipates revenues in the range of \$90.0 million to \$93.0 million, and adjusted EBITDA of \$1.9 million to \$2.0 million. The company’s financial outlook statements are based on current expectations.

Management Commentary

“The fourth quarter was a strong finish to what was a pivotal year for WidePoint as we delivered strong financial performance, expanded key customer relationships, as well as secured and implemented several contracts with new customers,” said WidePoint’s CEO, Jin Kang. “All of these initiatives enabled us to achieve our primary goals in 2018 of not only stabilizing the business but beginning the process of driving strong, sustainable, and profitable growth.

“Our financial performance in the fourth quarter was highlighted by a 24% increase in revenues, a 25% increase in gross profit, and positive adjusted EBITDA of \$1.0 million; marking our sixth consecutive quarter of positive adjusted EBITDA. From a business development standpoint, we continue to execute on our strategy of maintaining solid relationships with our systems integrator partners and customers to upsell and pursue new business. This is evidenced by our recent contracts with Leidos and CBP. Over the course of the past year, we made significant progress in bolstering our credentials and improving our compliance with various government organizations to increase our competitive advantage.

“Due to the success we’ve had stabilizing the business and the momentum we’ve generated, we’re excited and optimistic about 2019. We look forward to continuing with our strategy to profitably grow the business and return greater value to our shareholders.”

Conference Call

WidePoint management will hold a conference call today (March 21, 2019) at 4:30 p.m. Eastern time (1:30 p.m. local time) to discuss these results.

WidePoint President and CEO Jin Kang, Chief Sales and Marketing Officer Jason Holloway, and CFO Kito Mussa will host the conference call, followed by a question and answer period.

U.S. dial-in number: 877-407-9210
International number: 201-689-8049

Please call the conference telephone number 5-10 minutes prior to the start time. An operator will register your name and organization. If you have any difficulty connecting with the conference call, please contact Liolios at 949-574-3860.

The conference call will be broadcast live and available for replay [here](#) and via the investor relations section of the company’s [website](#).

A replay of the conference call will be available after 7:30 p.m. Eastern time on the same day through April 21, 2019.

Toll-free replay number: 877-481-4010
International replay number: 919-882-2331
Replay ID: 45084

About WidePoint

WidePoint Corporation (NYSE American: WYY) is a leading provider of trusted mobility management (TM2) solutions, including telecom management, mobile management, identity management, and bill presentment and analytics. For more information, visit widepoint.com.

Non-GAAP Financial Measures

WidePoint uses a variety of operational and financial metrics, including non-GAAP financial measures such as Adjusted EBITDA, to enable it to analyze its performance and financial condition. The presentation of non-GAAP financial information should not be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP. A reconciliation of GAAP Net loss to Adjusted EBITDA is included on the schedules attached hereto.

| | THREE MONTHS ENDED DECEMBER 31, | | FISCAL YEAR ENDED DECEMBER 31, | |
|---|------------------------------------|--------------|-----------------------------------|----------------|
| | 2018 | 2017 | 2018 | 2017 |
| NET LOSS | \$ (412,100) | \$ (764,900) | \$ (1,456,500) | \$ (3,533,900) |
| Adjustments to reconcile net loss to EBITDA: | | | | |
| Depreciation and amortization | 192,800 | 385,200 | 1,307,700 | 1,493,200 |
| Income tax provision (benefit) | 1,147,600 | 5,300 | 1,193,300 | 38,000 |
| Interest income | (500) | (3,800) | (6,800) | (15,400) |
| Interest expense | 8,000 | 15,800 | 79,500 | 52,200 |
| EBITDA | \$ 935,800 | \$ (362,400) | \$ 1,117,200 | \$ (1,965,900) |
| Other adjustments to reconcile net loss to Adjusted EBITDA: | | | | |
| Other (expense) income | - | (2,000) | - | (3,800) |
| Provision for doubtful accounts | 10,900 | 31,300 | 4,800 | 62,500 |
| Gain on sale of assets held for sale | - | - | - | (66,700) |
| Loss on disposal of leasehold improvements | - | - | - | 172,800 |
| Severance and exit costs | - | 353,100 | - | 540,600 |
| Stock-based compensation expense | 90,300 | 249,200 | 683,400 | 387,200 |
| Adjusted EBITDA | \$ 1,037,000 | \$ 269,200 | \$ 1,805,400 | \$ (873,300) |

Safe Harbor Statement

The information contained in any materials that may be accessed above was, to the best of WidePoint Corporations' knowledge, timely and accurate as of the date and/or dates indicated in such materials. However, the passage of time can render information stale, and you should not rely on the continued accuracy of any such materials. WidePoint Corporation has no responsibility to update any information contained in any such materials. In addition, you should refer to periodic reports filed by WidePoint Corporation with the Securities and Exchange Commission for information regarding the risks and uncertainties to which forward-looking statements made in such materials are subject. Such risks and uncertainties may cause WidePoint Corporation's actual results to differ materially from those described in the forward-looking statements.

Investor Relations:

Liolios

Matt Glover or Charlie Schumacher

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WIDEPOINT CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

| | DECEMBER 31, | |
|---|----------------------|---------------------|
| | 2018 | 2017 |
| | (Unaudited) | |
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 2,431,892 | \$ 5,272,457 |
| Accounts receivable, net of allowance for doubtful accounts of \$106,733 and \$107,618 in 2018 and 2017, respectively | 11,089,315 | 8,131,025 |
| Unbilled accounts receivable | 9,566,170 | 8,131,448 |
| Other current assets | <u>1,086,686</u> | <u>767,944</u> |
| Total current assets | 24,174,063 | 22,302,874 |
| NONCURRENT ASSETS | | |
| Property and equipment, net | 1,012,684 | 1,318,420 |
| Intangibles, net | 3,103,753 | 3,671,506 |
| Goodwill | 18,555,578 | 18,555,578 |
| Other long-term assets | <u>209,099</u> | <u>44,553</u> |
| Total assets | \$ 47,055,177 | \$ 45,892,931 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| CURRENT LIABILITIES | | |
| Accounts payable | \$ 7,363,621 | \$ 7,266,212 |
| Accrued expenses | 10,716,438 | 9,796,350 |
| Deferred revenue | 2,072,344 | 2,348,578 |
| Current portion of capital leases | 107,325 | 101,591 |
| Current portion of other term obligations | <u>192,263</u> | <u>203,271</u> |
| Total current liabilities | 20,451,991 | 19,716,002 |
| NONCURRENT LIABILITIES | | |
| Capital leases, net of current portion | 122,040 | 232,109 |
| Other term obligations, net of current portion | 73,952 | 78,336 |
| Deferred revenue | 466,714 | 264,189 |
| Deferred tax liability | <u>1,523,510</u> | <u>392,229</u> |
| Total liabilities | 22,638,207 | 20,682,865 |
| STOCKHOLDERS' EQUITY | | |
| Preferred stock, \$0.001 par value; 10,000,000 shares authorized; 2,045,714 shares issued and none outstanding | - | - |
| Common stock, \$0.001 par value; 110,000,000 shares authorized; 84,112,446 and 83,031,595 shares issued and outstanding, respectively | 84,113 | 83,032 |
| Additional paid-in capital | 94,926,560 | 94,200,237 |
| Accumulated other comprehensive loss | (186,485) | (122,461) |
| Accumulated deficit | <u>(70,407,218)</u> | <u>(68,950,742)</u> |
| Total stockholders' equity | 24,416,970 | 25,210,066 |
| Total liabilities and stockholders' equity | \$ 47,055,177 | \$ 45,892,931 |

WIDEPOINT CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

| | THREE MONTHS ENDED | | YEARS ENDED | |
|--|---------------------|---------------------|-----------------------|-----------------------|
| | DECEMBER 31, | | DECEMBER 31, | |
| | 2018 | 2017 | 2018 | 2017 |
| REVENUES | \$ 24,760,579 | \$ 19,927,629 | \$ 83,678,896 | \$ 75,884,246 |
| COST OF REVENUES (including amortization and depreciation of \$892,314, and \$1,154,901, respectively) | <u>20,275,135</u> | <u>16,334,655</u> | <u>68,409,219</u> | <u>62,194,187</u> |
| GROSS PROFIT | <u>4,485,444</u> | <u>3,592,974</u> | <u>15,269,677</u> | <u>13,690,059</u> |
| OPERATING EXPENSES | | | | |
| Sales and marketing | 376,704 | 493,021 | 1,743,693 | 2,202,913 |
| General and administrative expenses (including share-based compensation of \$683,404, and \$387,210, respectively) | 3,263,148 | 3,724,292 | 13,301,052 | 14,392,660 |
| Product development | - | - | - | 219,141 |
| Depreciation and amortization | <u>102,574</u> | <u>125,440</u> | <u>415,337</u> | <u>338,314</u> |
| Total operating expenses | <u>3,742,426</u> | <u>4,342,753</u> | <u>15,460,082</u> | <u>17,153,028</u> |
| LOSS FROM OPERATIONS | 743,018 | (749,779) | (190,405) | (3,462,969) |
| OTHER (EXPENSE) INCOME | | | | |
| Interest income | 458 | 3,788 | 6,797 | 15,352 |
| Interest expense | (8,009) | (15,756) | (79,540) | (52,158) |
| Other income | <u>(5)</u> | <u>2,047</u> | <u>(2)</u> | <u>3,805</u> |
| Total other expense | <u>(7,556)</u> | <u>(9,921)</u> | <u>(72,745)</u> | <u>(33,001)</u> |
| LOSS BEFORE INCOME TAX PROVISION | 735,462 | (759,700) | (263,150) | (3,495,970) |
| INCOME TAX PROVISION | <u>1,147,583</u> | <u>5,244</u> | <u>1,193,326</u> | <u>37,967</u> |
| NET LOSS | <u>\$ (412,121)</u> | <u>\$ (764,944)</u> | <u>\$ (1,456,476)</u> | <u>\$ (3,533,937)</u> |
| BASIC LOSS PER SHARE | <u>\$ (0.00)</u> | <u>\$ (0.01)</u> | <u>\$ (0.02)</u> | <u>\$ (0.04)</u> |
| BASIC WEIGHTED-AVERAGE SHARES OUTSTANDING | <u>83,788,535</u> | <u>83,011,331</u> | <u>83,274,171</u> | <u>82,911,730</u> |
| DILUTED LOSS PER SHARE | <u>\$ (0.00)</u> | <u>\$ (0.01)</u> | <u>\$ (0.02)</u> | <u>\$ (0.04)</u> |
| DILUTED WEIGHTED-AVERAGE SHARES OUTSTANDING | <u>83,788,535</u> | <u>83,011,331</u> | <u>83,274,171</u> | <u>82,911,730</u> |