



## WidePoint Reports Second Quarter 2022 Financial Results

Fairfax, VA – August 15, 2022 – [WidePoint Corporation](#) (NYSE American: [WYY](#)), the innovative technology Managed Solution Provider (MSP) specializing in Identity and Access Management (IAM), Telecommunications and Managed Mobility Services (MMS), Analytics & Billing as a Service (ABaaS), and IT as a Service (ITaaS), reported results for the second quarter ended June 30, 2022.

### Second Quarter 2022 and Recent Operational Highlights:

- Revenue double digit growth compared to same periods last year
- [IT Authorities](#) awarded new MSP contract by a leading U.S. beverage bottler for three years with a total contract value of \$2.6 million
- [Soft-ex](#) Communication launched its Three Analyst platform with Three UK, a connectivity company that covers 99% of the UK mobile users with its combined 3G and 4G networks
- [Executed](#) more than \$53.2 million in contract actions during the second quarter of 2022
- [Awarded](#) a \$73.4 million task order award from the U.S. Coast Guard under the U.S. Department of Homeland Security (DHS) Cellular Wireless Management Services 2.0 BPA
- [Increased](#) working capital line of credit to \$7.0 million

### Second Quarter 2022 Financial Highlights:

- Revenues grew 16% to \$23.1 million
- Managed Services revenue increased to \$6.7 million
- Gross margin was 14%
- Net loss totaled \$(13.8) million, or a loss of \$(1.58) per diluted share which reflects a \$16.3 million goodwill impairment charge recorded during the second quarter
- Adjusted EBITDA, a non-GAAP financial measure, was \$6,000

### Six Month 2022 Financial Highlights:

- Revenues grew 12% to \$45.5 million
- Managed Services revenue decreased by \$0.9 million to \$14.0 million
- Gross margin was 16%
- Adjusted EBITDA, a non-GAAP financial measure, was \$350,000
- Net loss totaled \$(14.2) million, or a loss of \$(1.62) per diluted share which reflects a \$16.3 million goodwill impairment charge recorded during the second quarter
- As of June 2022, cash and cash equivalents equaled \$7.2 million

### Management Commentary

“It has been encouraging times here at WidePoint, as we see macroeconomic headwinds subside and are recognizing customer opportunities that have been pushed to the right from the past several quarters,” said WidePoint CEO, Jin Kang. “Our business development pipeline has significantly increased, and we expect to recognize these deals over the coming months. Additionally, in order to ensure we’re operating in the most efficient manner, we’ve recently made strategic organizational shifts within our corporate infrastructure to further streamline and consolidate roles and responsibilities with the goal of enhancing internal communications, improving synergies, minimizing costs, and increasing our profits. We remain

steadfast and diligent in executing our plan for profitable growth through organic and inorganic means and are confident in our corporate trajectory and our ability to capture the momentum we're generating."

## Second Quarter 2022 Financial Summary

( In millions, except per per share amounts)	June 30	June 30
	2022	2021
	(unaudited)	
Revenue	\$23.1	\$20.0
Gross Profit	3.3	3.9
Gross Profit Margin	14%	20%
Operating Expenses	20.9	4.0
(Loss) income from Operations	(17.6)	(0.1)
Net (loss) Income	(13.8)	(0.2)
Basic Earnings per Share (EPS)	(1.58)	(0.02)
Diluted Earnings per Share (EPS)	(1.58)	(0.02)
Adjusted EBITDA	\$0.006	\$0.5

## Six Month 2022 Financial Summary

( In millions, except per per share amounts)	June 30	June 30
	2022	2021
	(unaudited)	
Revenue	\$45.5	\$40.6
Gross Profit	7.2	8.7
Gross Profit Margin	16%	21%
Operating Expenses	25.5	8.1
(Loss) income from Operations	(18.3)	0.6
Net (loss) Income	(14.2)	0.4
Basic Earnings per Share (EPS)	(1.62)	0.04
Diluted Earnings per Share (EPS)	(1.62)	0.04
Adjusted EBITDA	\$0.4	\$1.8

## Financial Outlook

For the full year 2022, the company expects revenues to range between \$92 million - \$98 million and Adjusted EBITDA to range between \$2.5 million - \$3.5 million. However, it is guiding toward the lower end of its adjusted EBITDA range.

## Share Repurchase Program

WidePoint has currently paused the repurchase program to preserve its cash balance, as it looks to invest back into the technology and prepare for potential acquisitions. Longer-term, the company still intends to leverage the buyback program when deemed appropriate.

## Conference Call

WidePoint management will hold a conference call today (Monday, August 15, 2022) at 4:30 p.m. Eastern time (1:30 p.m. Pacific time) to discuss these results.

WidePoint's President and CEO Jin Kang, Executive Vice President and Chief Sales and Marketing Officer Jason Holloway, and CFO Bob George will host the conference call, followed by a question and answer period.

U.S. dial-in number: 888-506-0062  
 International number: 973-528-0011  
 Access Code: 228203

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 Gateway Investor Relations 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 Monday, August 29, 2022.

Toll-free replay number: 877-481-4010

International replay number: 919-882-2331

Replay ID: 46176

### About WidePoint

WidePoint Corporation (NYSE American: WYY) is a leading technology Managed Solution Provider (MSP) dedicated to securing and protecting the mobile workforce and enterprise landscape. WidePoint is recognized for pioneering technology solutions that include Identity and Access Management (IAM), Mobility Managed Services (MMS), Telecom Management, Information Technology as a Service (ITaaS), Cloud Security, and Analytics & Billing as a Service (ABaaS). For more information, visit [widepoint.com](http://widepoint.com).

### Non-GAAP Financial Measures

WidePoint uses a variety of operational and financial metrics, including non-GAAP financial measures such as EBITDA and 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 income to EBITDA and Adjusted EBITDA is provided below:

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2022	2021	2022	2021
	<i>(unaudited)</i>			
NET (LOSS) INCOME (1)	\$ (13,759,000)	\$ (205,000)	\$ (14,152,000)	\$ 381,000
Adjustments to reconcile net (loss) income to EBITDA				
Depreciation and amortization	581,000	374,000	1,132,000	744,000
Income tax (benefit) provision	(3,241,000)	73,000	(3,291,000)	96,000
Interest income	(4,000)	-	(11,000)	(3,000)
Interest expense	63,000	69,000	126,000	140,000
EBITDA	(16,360,000)	311,000	(16,196,000)	1,358,000
Other adjustments to reconcile EBITDA to Adjusted EBITDA				
Provision for doubtful accounts	-	(24,000)	-	(24,000)
Goodwill impairment charge	16,277,000	-	16,277,000	-
Stock-based compensation expense	89,000	244,000	269,000	427,000
Adjusted EBITDA	\$ 6,000	\$ 531,000	\$ 350,000	\$ 1,785,000

(1) Net loss includes a non-cash reduction of expenses for the change in the fair value of contingent consideration of \$ 301,000 and \$666,000 in the three and six-month periods ended June 30, 2022, respectively.

WidePoint uses adjusted EBITDA as supplemental non-GAAP measure of performance. WidePoint defines EBITDA as net income excluding (i) interest expense, (ii) provision for or benefit from income taxes and (iii) depreciation and amortization. Adjusted EBITDA excludes certain amounts included in EBITDA. WidePoint is not providing a quantitative reconciliation of adjusted EBITDA in reliance on the

"unreasonable efforts" exception for forward-looking non-GAAP measures set forth in SEC rules because certain financial information, the probable significance of which cannot be determined, is not available and cannot be reasonably estimated without unreasonable effort and expense. In this regard, WidePoint does not provide a reconciliation of forward-looking adjusted EBITDA (non-GAAP) to GAAP net income, due to the inherent difficulty in forecasting and quantifying certain amounts that are necessary for such reconciliation. Because certain deductions for non-GAAP exclusions used to calculate projected net income may vary significantly based on actual events, WidePoint is not able to forecast on a GAAP basis with reasonable certainty all deductions needed in order to provide a GAAP calculation of projected net income at this time. The amounts of these deductions may be material and, therefore, could result in projected GAAP net income being materially less than is indicated by estimated adjusted EBITDA (non-GAAP).

### **Safe Harbor Statement**

*This press release contains forward-looking statements concerning our business, operations and financial performance and condition as well as our plans, objectives and expectations for our business operations and financial performance and condition that are subject to risks and uncertainties. All statements other than statements of historical fact included herein are forward-looking statements. You can identify these statements by words such as "aim," "anticipate," "assume," "believe," "could," "due," "estimate," "expect," "goal," "intend," "may," "objective," "plan," "potential," "positioned," "predict," "should," "target," "will," "would" and other similar expressions that are predictions of or indicate future events and future trends. These forward-looking statements are based on current expectations, estimates, forecasts and projections about our business and the industry in which we operate and our management's beliefs and assumptions. These statements are not guarantees of future performance or development and involve known and unknown risks, uncertainties and other factors that are in some cases beyond our control. All forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially from those that we expected, including, the ability to achieve expected benefits from the acquisition of ITA, the ability to achieve the financial outlook included herein, the impact of the COVID-19 pandemic on our business and operations; the impact of any supply chain interruptions; our ability to successfully execute our strategy; our ability to sustain profitability and positive cash flows; our ability to gain market acceptance for our products; our ability to win new contracts, execute contract extensions and expansion of services of existing contracts; our ability to compete with companies that have greater resources than us; our ability to penetrate the commercial sector to expand our business; our ability to retain key personnel; and the risk factors set forth in our Annual Report on Form 10-K for the year ended December 31, 2021 filed with the SEC on March 28, 2022. The forward-looking statements included herein are made only as of the date hereof. We undertake no obligation to publicly update or revise any forward-looking statement as a result of new information, future events or otherwise, except as otherwise required by law.*

### **Investor Relations:**

Gateway Group, Inc.  
Matt Glover or John Yi  
949-574-3860  
[WYY@gatewayir.com](mailto:WYY@gatewayir.com)

**WIDEPOINT CORPORATION AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**

	JUNE 30, 2022	DECEMBER 31, 2021
	(Unaudited)	
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 7,192,085	\$ 6,479,980
Accounts receivable, net of allowance for doubtful accounts of \$45,023 and \$62,988 in 2022 and 2021, respectively	12,424,600	12,536,584
Unbilled accounts receivable	7,883,179	10,937,415
Other current assets	2,789,387	3,194,009
Total current assets	30,289,251	33,147,988
NONCURRENT ASSETS		
Property and equipment, net	1,152,890	841,133
Lease right of use asset, net	5,059,331	6,273,211
Intangible assets, net	6,360,252	6,228,886
Goodwill	5,811,578	22,088,578
Deferred tax assets, net	8,295,569	5,127,482
Other long-term assets	2,787,302	1,782,060
Total assets	\$ 59,756,173	\$ 75,489,338
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 14,691,477	\$ 10,263,015
Accrued expenses	9,810,349	12,344,426
Deferred revenue	1,963,276	2,280,894
Current portion of lease liabilities	634,479	794,175
Current portion of contingent consideration	-	358,000
Total current liabilities	27,099,581	26,040,510
NONCURRENT LIABILITIES		
Lease liabilities, net of current portion	5,015,198	6,025,691
Contingent consideration, net of current portion	380,000	1,347,000
Deferred revenue, net of current portion	367,503	400,142
Total liabilities	32,862,282	33,813,343
Commitments and contingencies (Note 17)	-	-
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; 30,000,000 shares authorized; 8,725,476 and 8,842,026 shares issued and outstanding, respectively	8,726	8,842
Additional paid-in capital	100,934,729	101,424,922
Accumulated other comprehensive loss	(381,275)	(241,586)
Accumulated deficit	(73,668,289)	(59,516,183)
Total stockholders' equity	26,893,891	41,675,995
Total liabilities and stockholders' equity	\$ 59,756,173	\$ 75,489,338

**WIDEPOINT CORPORATION AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2022	2021	2022	2021
	(Unaudited)			
REVENUES	\$ 23,057,354	\$ 19,983,420	\$ 45,493,781	\$ 40,634,263
COST OF REVENUES (including amortization and depreciation of \$306,938, \$120,250, \$594,456, and \$239,333, respectively)	19,737,710	15,991,159	38,277,412	31,926,123
GROSS PROFIT	3,319,644	3,992,261	7,216,369	8,708,140
OPERATING EXPENSES				
Sales and marketing	562,623	533,528	1,137,792	1,015,827
General and administrative expenses (including share-based compensation of \$89,385, \$243,821, \$269,126 and \$426,663, respectively)	3,817,316	3,267,587	7,562,545	6,575,249
Goodwill impairment	16,277,000	-	16,277,000	\$ -
Depreciation and amortization	274,088	253,857	538,449	504,748
Total operating expenses	20,931,027	4,054,972	25,515,786	8,095,824
(LOSS) INCOME FROM OPERATIONS	(17,611,383)	(62,711)	(18,299,417)	612,316
OTHER INCOME (EXPENSE)				
Interest income	4,158	192	10,728	2,567
Interest expense	(62,826)	(69,290)	(126,347)	(140,306)
Other income	669,990	2	971,003	2,498
Total other income (expense)	611,322	(69,096)	855,384	(135,241)
(LOSS) INCOME BEFORE INCOME TAX (BENEFIT) PROVISION	(17,000,061)	(131,807)	(17,444,033)	477,075
INCOME TAX (BENEFIT) PROVISION	(3,240,852)	72,924	(3,291,927)	96,382
NET (LOSS) INCOME	\$ (13,759,209)	\$ (204,731)	\$ (14,152,106)	\$ 380,693
BASIC EARNINGS PER SHARE	\$ (1.58)	\$ (0.02)	\$ (1.62)	\$ 0.04
BASIC WEIGHTED-AVERAGE SHARES OUTSTANDING	8,696,111	9,072,281	8,739,043	9,033,905
DILUTED EARNINGS PER SHARE	\$ (1.58)	\$ (0.02)	\$ (1.62)	\$ 0.04
DILUTED WEIGHTED-AVERAGE SHARES OUTSTANDING	8,696,111	9,072,281	8,739,043	9,191,532