

WidePoint Corporation

WYY (NYSE American) - Buy \$10 Price Target

March 26, 2026

DHS Renewal Drives Upside with Multiple Near-Term Catalysts

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- **DHS Contract Renewal Anchors the Story** - CWMS represents the majority of revenue; extensions remain in place while renewal is pending.
- **Commercial SaaS Win Adds Incremental Growth Leg** = \$40–45M contract with a major carrier begins ramping mid-2026 over a three-year term.
- **Pipeline Expansion Across Federal Agencies** - early traction at Justice and Transportation expands footprint beyond DHS and opens multi-agency growth pathway.
- **Operating Leverage Emerging Post Capex Cycle** - Capex normalization supports improved free cash flow and capital return optionality.
- **Multiple Long-Duration Catalysts Ahead** -Olympics 2028 and Census 2030 provide visible pathways to incremental large-scale contracts.
- **Trading at 10.5x 2026E EBITDA vs. 18.6x SaaS peers** - with the gap expected to narrow as results become more SaaS-like.Reiterate Buy rating and \$10 price target

Rating	Buy	Earnings Per Share				
Target Price	\$10.00	Normalized to exclude unusual items				
Ticker Symbol	WYY	FYE - December	2024	2025	2026E	2027E
Market	NASDAQ	1Q - March	(\$0.07)	(\$0.08)	(\$0.08)	(\$0.08)
Stock Price	\$5.39	2Q - June	(\$0.05)	(\$0.06)	\$0.02	\$0.02
52 wk High	\$7.55	3Q - September	(\$0.04)	(\$0.06)	\$0.06	\$0.09
52 wk Low	\$2.19	4Q - December	(\$0.04)	(\$0.09)	(\$0.01)	\$0.06
		Year	(\$0.21)	(\$0.28)	(\$0.00)	\$0.09
Shares Outstanding:	9.9 M	Revenue (\$mm)	142.6	150.5	168.7	189.4
Public Market Float:	8.2 M	EV/Rev	0.3X	0.3X	0.3X	0.3X
Avg. Daily Volume	40,279	EBITDA (\$mm)	2.6	1.1	4.7	5.6
Market Capitalization:	\$53.3 M	EV/EBITDA	19.0X	45.4X	10.5X	8.7X
Institutional Holdings:	18.4%					
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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After a slow start to the year, WidePoint reported strong fourth-quarter results, with revenue up 12%. The major news is the pending renewal of the company's CWMS contract with the Department of Homeland Security (DHS), which represents the majority of the company's revenue. While two government shutdowns and a change in the Secretary have delayed the process, the government has provided short-term extensions of the current contract and continues to fund and utilize the program. We remain confident that WidePoint will ultimately renew this contract on improved terms and that DHS will continue to procure services under the existing structure for as long as required.

Commercial Win and Near-Term Catalysts Support Growth Outlook

We reiterate our Buy rating and \$10 price target. We see three catalysts in the coming months. First would be the renewal and expansion of the DHS contract. Secondly, the company has secured an estimated \$40–45 million commercial SaaS contract with one of the "Big Three" telecom carriers, expected to ramp beginning mid-2026 and run for approximately three years. In addition, we expect the company to win a major contract to support the 2030 Census, consistent with its role in the 2020 Census, with revenue ramping in the years leading up to the event.

Expanding Federal Footprint Beyond DHS

Visibility on other smaller contracts also looks strong, with the company calling out work underway with the U.S. Treasury and FAA, as well as the transition of two IT customers to its Device as a Service (DaaS) offering. During the call, management highlighted several new government contract developments. First, in the fourth quarter, it added 30,000 new devices under its management for Customs and Border Protection (CBP), which is part of DHS and under the existing contract. In addition to its longstanding contract with the Department of Defense to provide digital identity services, it has added trial units with both the Department of Justice and the FAA. WidePoint's two most widely sold services are Telecom Lifecycle Management (TLM) and Secure Identity and Access Management (IAM). It has held the DHS contract for TLM for over a decade, and we expect a renewal for a ten-year term. There are 14 other cabinet-level departments, all of which utilize mobile devices and could adopt WidePoint's TLM service. Similarly, for IAM, the Pentagon has long been a customer. The company disclosed that it now has its foot in the door at Justice and Transportation. The addition of further agencies for either service would represent a significant expansion opportunity and could drive a step-change in the company's growth profile, in our view.

Free Cash Flow Inflection and Capital Allocation Optionality

The other notable change in the outlook is that the company has completed a capital spending surge, and capital spending should return to pre-2025 lower levels, improving free cash flow generation. The company ended the year with nearly \$10 million in cash, or approximately \$1 per share, representing about 18% of market capitalization. We expect either an acquisition or a stepped-up share buyback program. The company has historically been cautious on acquisitions, so we believe a buyback is more likely. With our forecast for another \$10 million in cumulative cash flow over the next two years, we see increasing flexibility for capital deployment, particularly toward opportunistic share repurchases.

Valuation and Target Price

WYY shares trade at 10.5x our 2026E EBITDA, well below the SaaS peer-group average of 18.6x. At our updated \$10 target, the implied multiple is 20.2x 2026E EBITDA, about in line with peers despite the increasing SaaS mix and significantly improved contract visibility. We reiterate our Buy rating and \$10 target.

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WidePoint Shares Trade at About Half the Valuation of SaaS Comps

Ticker	Company	Price Last	Cap \$ millions	EV \$ millions	Gross Margin	2025 EBITDA\$	2026 EBITDA\$	Growth vs. 2024	EV/EBITDA 2026
WYY	WidePoint Corporation	\$5.39	53.21	49.01	36% (1)	1.08	4.67	332.9%	10.5x
WYY	WYY at our price target	\$10.00	98.73	94.53	36% (1)	1.08	4.67	332.9%	20.2x
CRM	Salesforce, Inc.	\$181.96	167,949	177,605	75%	17,091	18,822	10.1%	9.4x
ADBE	Adobe Inc.	\$237.25	95,896	98,746	89%	11,743	12,301	4.8%	8.0x
INTU	Intuit Inc.	\$426.86	118,048	124,482	77%	7,877	9,130	15.9%	13.6x
NOW	ServiceNow, Inc.	\$103.06	107,801	104,140	78%	4,937	5,835	18.2%	17.8x
CRWD	CrowdStrike Holdings, Inc. Class A	\$385.86	97,859	96,797	75%	1,296	1,716	32.4%	56.4x
SHOP	Shopify, Inc. Class A	\$118.42	154,433	149,150	48%	1,997	2,648	32.6%	56.3x
WDAY	Workday, Inc. Class A	\$127.07	32,657	32,036	76%	3,116	3,538	13.6%	9.1x
PLTR	Palantir Technologies Inc. Class A	\$154.96	370,614	392,354	82%	2,276	4,075	79.0%	96.3x
ADSK	Autodesk, Inc.	\$235.42	49,674	50,239	90%	2,852	3,295	15.5%	15.2x
SNOW	Snowflake, Inc.	\$160.61	55,523		66%	684	911	33.2%	0.0x
TEAM	Atlassian Corp Class A	\$66.46	17,591	18,719	83%	1,316	1,508	14.6%	12.4x
SQ	Block, Inc. Class A	\$60.01	35,952	37,872	42%	3,467	4,531	30.7%	8.4x
HUBS	HubSpot, Inc.	\$238.07	12,556	11,098	84%	712	885	24.4%	12.5x
VEEV	Veeva Systems Inc Class A	\$178.11	29,091	22,689	75%	1,453	1,618	11.3%	14.0x
ZS	Zscaler, Inc.	\$139.44	22,421	21,964	77%	682	882	29.3%	24.9x
NET	Cloudflare Inc Class A	\$218.00	76,732	79,374	75%	490	608	24.1%	130.6x
ZM	Zoom Communications, Inc. Class A	\$78.11	23,016	16,735	77%	2,098	2,186	4.2%	7.7x
IOT	Samsara, Inc. Class A	\$31.85	18,496	18,350	77%	306	406	32.6%	45.2x
MDB	MongoDB, Inc. Class A	\$246.54	19,814	18,561	72%	476	589	23.8%	31.5x
BSY	Bentley Systems, Incorporated Class B	\$35.09	10,629	11,846	79%	526	601	14.3%	19.7x
OKTA	Okta, Inc. Class A	\$78.12	13,818	12,142	77%	797	838	5.2%	14.5x
DT	Dynatrace, Inc.	\$36.45	10,871	10,117	80%	607	712	17.2%	14.2x
AKAM	Akamai Technologies, Inc.	\$119.15	17,263	21,032	55%	1,801	1,819	1.0%	11.6x
ESTC	Elastic NV	\$49.94	5,169	4,940	74%	293	351	20.0%	14.1x
ZI	ZoomInfo Technologies Inc	\$5.81	1,774	3,013	82%	478	515	7.7%	5.8x
MNDY	monday.com Ltd.	\$69.28	3,518	1,943	88%	188	192	2.1%	10.1x
GWRE	Guidewire Software, Inc.	\$149.44	12,651	12,811	63%	228	324	41.9%	39.5x
DOCU	DocuSign, Inc.	\$46.30	9,002	9,237	79%	1,059	1,205	13.7%	7.7x
TWLO	Twilio, Inc. Class A	\$125.43	19,004	18,960	48%	1,051	1,180	12.3%	16.1x
FFIV	F5, Inc.	\$297.86	16,835	15,947	80%	1,142	1,228	7.5%	13.0x
PCOR	Procore Technologies Inc	\$55.94	8,397	8,110	78%	280	370	32.1%	21.9x
WIX	Wix.com Ltd.	\$89.12	4,906	4,705	67%	399	349	-12.4%	13.5x
PAYC	Paycom Software, Inc.	\$119.82	6,503	6,308	71%	882	960	8.8%	6.6x
APPF	AppFolio Inc Class A	\$158.57	5,707	5,558	61%	247	316	28.3%	17.6x
PCTY	Paycity Holding Corp.	\$109.60	5,905	6,033	68%	583	627	7.6%	9.6x
DSGX	Descartes Systems Group Inc.	\$70.05	6,026	5,780	66%	330	373	13.3%	15.5x
GTLB	Gitlab, Inc. Class A	\$20.67	3,517	2,508	87%	170	148	-12.7%	16.9x
DBX	Dropbox, Inc. Class A	\$22.70	5,287	7,648	80%	1,180	1,140	-3.4%	6.7x
PATH	UPath, Inc. Class A	\$10.93	5,740	4,600	83%	378	444	17.4%	10.4x
SPSC	SPS Commerce, Inc.	\$55.00	2,056	1,960	64%	231	263	13.7%	7.5x
U	Unity Software, Inc.	\$17.80	7,707	8,589	74%	409	521	27.4%	16.5x
KVYO	Klaviyo, Inc. Class A	\$18.15	5,532	4,809	75%	188	245	30.7%	19.6x
BILL	BILL Holdings, Inc.	\$38.17	3,777	3,574	78%	249	323	30.0%	11.0x
QLYS	Qualys, Inc.	\$89.90	3,207	2,614	83%	313	321	2.5%	8.1x
WK	Workiva Inc. Class A	\$58.62	3,332	3,395	78%	91	165	80.5%	20.6x
BOX	Box, Inc. Class A	\$23.66	3,276	4,087	79%	363	396	9.2%	10.3x
FRSH	Freshworks, Inc. Class A	\$7.92	2,250	1,593	84%	200	203	1.3%	7.8x
BRZE	Braze, Inc. Class A	\$21.60	2,209	2,008	67%	43	82	88.9%	24.5x
QTWO	Q2 Holdings, Inc.	\$46.20	2,883	2,914	54%	187	228	22.4%	12.8x
FROG	JFrog Ltd.	\$47.13	5,638	5,479	76%	95	116	22.5%	47.1x
NCNO	nCino Inc.	\$14.48	1,661	1,890	57%	133	163	22.4%	11.6x
DOCN	DigitalOcean Holdings, Inc.	\$87.00	8,004	10,319	60%	375	405	8.2%	25.5x
FIVN	Five9, Inc.	\$14.61	1,117	1,244	54%	270	302	12.0%	4.1x
RNG	RingCentral, Inc. Class A	\$35.69	3,001	4,727	71%	653	725	11.0%	6.5x
ASAN	Asana, Inc. Class A	\$6.05	1,412	1,111	89%	79	101	28.6%	11.0x
BL	BlackLine, Inc.	\$37.07	2,207	2,517	75%	193	218	13.3%	11.5x
CXM	Sprinklr, Inc. Class A	\$5.81	1,446	1,069	67%	165	168	1.8%	6.4x
SEMR	SEMrush Holdings, Inc. Class A	\$11.93	1,801	1,683	81%	62	78	26.0%	21.6x
RAMP	LiveRamp Holdings, Inc.	\$25.52	1,611	1,329	71%	185	218	17.4%	6.1x
APPN	Appian Corporation Class A	\$23.94	1,771	1,875	71%	77	95	23.7%	19.7x
SPT	Sprout Social, Inc. Class A	\$5.57	332	319	78%	55	64	16.3%	5.0x
PD	PagerDuty, Inc.	\$6.33	538	525	85%	141	136	-3.5%	3.9x
FSLY	Fastly, Inc. Class A	\$29.79	4,522	5,282	54%	77	100	29.4%	52.8x
AMPL	Amplitude Inc Class A	\$6.59	881	801	74%	10	19	84.2%	42.6x
ZIP	ZipRecruiter, Inc. Class A	\$1.84	155	303	89%	41	62	53.1%	4.9x
YEXT	Yext, Inc.	\$4.38	540	533	75%	107	112	4.7%	4.7x
BIGC	Commerce.com, Inc.	\$2.58	212	242	76%	32	48	51.2%	5.0x
CCSI	Consensus Cloud Solutions, Inc.	\$24.71	466	1,004	80%	187	188	0.5%	5.3x
DOMO	Domo, Inc. Class B	\$3.40	142	248	69%	31	35	14.1%	7.1x
ASUR	Asure Software, Inc.	\$7.99	227	280	54%	32	38	20.1%	7.3x
Average					73.3%			20.5%	18.6x

(1) Managed Services only

Source: Company reports and Litchfield Hills Research



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WidePoint Corporation – Income Forecast

Fiscal years ended December 31	2025					2026E					2027E				
	1QA	2QA	3QA	4Q	YEAR	1Q	2Q	4,674	4Q	YEAR	1Q	2Q	5,626	4Q	YEAR
Carrier services	22,401,299	22,223,060	20,406,680	26,836,660	91,867,699	24,641,429	24,445,366	22,447,348	29,520,326	101,054,469	27,105,572	26,889,903	24,692,083	32,472,359	111,159,916
YoY growth	15.6%	8.9%	-9.0%	9.1%	5.8%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Managed services	11,816,440	15,657,142	15,718,527	15,485,556	58,677,665	12,998,084	17,222,856	18,076,306	19,356,945	67,654,191	14,297,892	18,945,142	20,787,752	24,196,181	78,226,967
YoY growth	-20.3%	0.1%	28.8%	18.1%	5.2%	10.0%	10.0%	15.0%	25.0%	15.3%	10.0%	10.0%	15.0%	25.0%	15.6%
Revenue	34,217,739	37,880,202	36,125,207	42,322,216	150,545,364	37,639,513	41,668,222	40,523,654	48,877,271	168,708,660	41,403,464	45,835,044	45,479,835	56,668,540	189,386,883
YoY growth	0.0%	5.1%	4.3%	12.3%	5.6%	10.0%	10.0%	12.2%	15.5%	12.1%	10.0%	10.0%	12.2%	15.9%	12.3%
Seq growth	-9.2%	10.7%	-4.6%	17.2%		-11.1%	10.7%	-2.7%	20.6%		-15.3%	10.7%	-0.8%	24.6%	
Cost of services															
Carrier	22,401,299	22,223,060	20,406,680	26,836,660	91,867,699	24,641,429	24,445,366	22,447,348	29,520,326	101,054,469	27,105,572	26,889,903	24,692,083	32,472,359	111,159,916
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	7,037,919	10,539,900	10,443,215	9,648,691	37,669,725	8,318,774	11,022,628	11,568,836	12,388,445	43,298,682	9,150,651	12,124,891	13,304,161	15,485,556	50,065,259
Gross margin %	40.4%	32.7%	33.6%	37.7%	35.8%	36.0%	36.0%	36.0%	36.0%	36.0%	36.0%	36.0%	36.0%	36.0%	36.0%
Total cost of revenue	29,439,218	32,762,960	30,849,895	36,485,351	129,537,424	32,960,203	35,467,994	34,016,184	41,908,771	144,353,151	36,256,223	39,014,793	37,996,244	47,957,915	161,225,175
As a percent of revenue	86.0%	86.5%	85.4%	86.2%	86.0%	87.6%	85.1%	83.9%	85.7%	85.6%	87.6%	85.1%	83.5%	84.6%	85.1%
Gross margin	4,778,521	5,117,242	5,275,312	5,836,865	21,007,940	4,679,310	6,200,228	6,507,470	6,968,500	24,355,509	5,147,241	6,820,251	7,483,591	8,710,625	28,161,708
As a percent of revenue	14.0%	13.5%	14.6%	13.8%	14.0%	12.4%	14.9%	16.1%	14.3%	14.4%	12.4%	14.9%	16.5%	15.4%	14.9%
Sales and marketing	639,482	669,797	677,618	746,927	2,733,824	677,511	750,028	729,426	879,791	3,036,756	745,262	825,031	818,637	1,020,034	3,408,964
As a percent of revenue	1.9%	1.8%	1.9%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%
General and administrative	4,731,782	4,922,649	4,832,422	5,241,572	19,728,425	4,516,742	5,000,187	4,862,838	5,865,273	20,245,039	4,968,416	5,500,205	5,457,580	6,800,225	22,726,426
As a percent of revenue	13.8%	13.0%	13.4%	12.4%	13.1%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%
Impairment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation and amortization	223,688	233,122	225,908	647,713	1,330,431	250,000	250,000	250,000	250,000	1,000,000	250,000	250,000	250,000	250,000	1,000,000
Operating Income	(816,431)	(708,326)	(460,636)	(799,347)	(2,784,740)	(764,943)	200,014	665,206	(26,563)	73,714	(816,437)	245,015	957,374	640,367	1,026,318
Operating margin	-2.4%	-1.9%	-1.3%	-1.9%	-1.8%	-2.0%	0.5%	1.6%	-0.1%	0.0%	-2.0%	0.5%	2.1%	1.1%	0.5%
Interest income	53,430	89,340	83,439	106,854	333,063	25,000	25,000	25,000	25,000	100,000	25,000	25,000	25,000	25,000	100,000
Interest expense	(55,073)	(52,382)	(47,671)	(47,265)	(202,391)	(55,000)	(55,000)	(55,000)	(55,000)	(220,000)	(55,000)	(55,000)	(55,000)	(55,000)	(220,000)
Other income	-	497	93	57	647	-	-	-	-	-	-	-	-	-	-
Pretax Income	(818,074)	(670,871)	(424,775)	(739,701)	(2,653,421)	(794,943)	170,014	635,206	(56,563)	(46,286)	(846,437)	215,015	927,374	610,367	906,318
Taxes	(94,011)	(52,412)	134,410	109,704	97,691	-	-	-	-	-	-	-	-	-	-
Tax rate	11.5%	7.8%	-31.6%	-14.8%	-3.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Net income to common	(724,063)	(618,459)	(559,185)	(849,405)	(2,751,112)	(794,943)	170,014	635,206	(56,563)	(46,286)	(846,437)	215,015	927,374	610,367	906,318
Net income margin	-2.1%	-1.6%	-1.5%	-2.0%	-1.8%	-2.1%	0.4%	1.6%	-0.1%	0.0%	-2.0%	0.5%	2.0%	1.1%	0.5%
Diluted shares outstanding	9,552,971	9,586,166	9,655,173	9,655,173	9,669,721	9,745,173	9,835,173	9,925,173	10,015,173	9,880,173	10,105,173	10,195,173	10,285,173	10,375,173	10,240,173
Seq change	233,671	33,195	69,007	-	-	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000
EPS diluted - continuing	(\$0.08)	(\$0.06)	(\$0.06)	(\$0.09)	(\$0.28)	(\$0.08)	\$0.02	\$0.06	(\$0.01)	(\$0.00)	(\$0.08)	\$0.02	\$0.09	\$0.06	\$0.09
EBITDA															
Net loss	(724,063)	(618,459)	(559,185)	(849,405)	(2,751,112)	(794,943)	170,014	635,206	(56,563)	(46,286)	(846,437)	215,015	927,374	610,367	906,318
Depreciation and amortization	709,900	725,300	650,400	1,007,800	3,093,400	900,000	900,000	900,000	900,000	3,600,000	900,000	900,000	900,000	900,000	3,600,000
Income tax	(94,011)	(52,412)	134,410	109,713	97,700	-	-	-	-	-	-	-	-	-	-
Interest income	(53,430)	(89,340)	(83,439)	(106,854)	(333,063)	(25,000)	(25,000)	(25,000)	(25,000)	(100,000)	(25,000)	(25,000)	(25,000)	(100,000)	
Interest expense	55,073	52,382	47,671	47,274	202,400	55,000	55,000	55,000	55,000	220,000	55,000	55,000	55,000	220,000	
Other income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EBITDA	(106,531)	17,471	189,857	208,528	309,325	135,057	1,100,014	1,565,206	873,437	3,673,714	83,563	1,145,015	1,857,374	1,540,367	4,626,318
Loss on factoring receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Stock based comp	198,900	166,018	154,100	251,182	770,200	250,000	250,000	250,000	250,000	1,000,000	250,000	250,000	250,000	250,000	1,000,000
Adjusted EBITDA	92,369	183,489	343,957	459,710	1,079,525	385,057	1,350,014	1,815,206	1,123,437	4,673,714	333,563	1,395,015	2,107,374	1,790,367	5,626,318
EBITDA margin	0.3%	0.5%	1.0%	1.1%	0.7%	1.0%	3.2%	4.5%	2.3%	2.8%	0.8%	3.0%	4.6%	3.2%	3.0%
YoY growth	-83.9%	-77.4%	-40.0%	-26.1%	-58.1%	316.9%	635.7%	427.7%	144.4%	332.9%	-13.4%	3.3%	16.1%	59.4%	20.4%
CAPX	27,632	93,334	20,031	124,472	265,469	50,000	50,000	50,000	50,000	200,000	50,000	50,000	50,000	50,000	200,000
Free Cash Flow	64,737	90,155	323,926	335,238	814,056	335,057	1,300,014	1,765,206	1,073,437	4,473,714	283,563	1,345,015	2,057,374	1,740,367	5,426,318
As a percent of revenue	0.2%	0.2%	0.9%	0.8%	0.5%	0.9%	3.1%	4.4%	2.2%	2.7%	0.7%	2.9%	4.5%	3.1%	2.9%

Source: Company reports and Litchfield Hills Research LLC

WYY (NYSE American) - Buy \$10 Price Target

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