

October 25, 2007



# Wayside Technology Group, Inc. Reports 2007 Third Quarter Results and Declares Quarterly Dividend

SHREWSBURY, N.J.--(BUSINESS WIRE)--

Wayside Technology Group, Inc. (NASDAQ: WSTG) today reported financial results for the third quarter ended September 30, 2007. The results will be discussed in a conference call to be held on Friday, October 26, 2007 at 10:00 AM Eastern time. The dial-in telephone number is (866) 814-8483 and the pass code is "WSTG".

This conference call will be available via live webcast -- in listen-mode only -- at [www.earnings.com](http://www.earnings.com). A replay will be available on our website at [www.waysidetechology.com](http://www.waysidetechology.com).

Net sales for the third quarter of 2007 decreased 14% or \$6.9 million to \$41.8 million compared to \$48.7 million for the same period in 2006. Total sales for the third quarter of 2007 for our Lifeboat segment were \$30.8 million compared to \$31.5 million in the third quarter of 2006, representing a 2% decrease. Total sales for the third quarter of 2007 for our Programmer's Paradise segment were \$11.0 million compared to \$17.2 million in the third quarter of 2006, representing a 36% decrease. On a sequential basis, sales for our Programmer's Paradise segment increased 6% as compared to the second quarter of 2007. Gross profit margin, as a percentage of net sales, for the quarter ending September 30, 2007 was 9.9% compared to 9.0% in the third quarter of 2006.

"We continued to implement our plan to deemphasize the lowest margin segments of the VMware business while new VMware distributors adopted ultra low pricing strategies," said Simon F. Nynens, chairman and chief executive officer. "As a result our VMware labeled sales declined \$9.5 million in the third quarter. Excluding VMware, sales of our higher margin lines increased by \$2.5 million or 10%."

"VMware remains our single largest vendor and represents 30% of our third quarter revenue. We continue to be a strong partner for VMware and we continue to focus on virtualization. We expect VMware, as well as products complementary to VMware, to be a major driver of growth and profitability in the future," said Simon Nynens. "We recently received certification for our distribution business to act as a VMware Authorized Consulting Partner (VAC) and we launched a brand new incentive program, Lifeboat\*Points, designed to leverage Lifeboat's technical consulting and other services, and to stimulate the growth of VMware ecosystem solutions. We also expect to grow our sales by adding new software lines and penetrating new accounts."

On October 24, 2007, the Board of Directors declared a quarterly dividend of \$.15 per share

of its common stock payable November 20, 2007 to shareholders of record on November 6, 2007.

In the Lifeboat Distribution segment, sales for the third quarter of 2007 decreased by 2%, compared to the year-earlier period, as we continued to deemphasize the lowest margin segments of the VMware business. Our remaining distribution lines showed strong growth. Excluding VMware, sales increased by \$5.7 million or 41%.

In the Programmer's Paradise segment, sales for the third quarter of 2007 decreased by \$6.2 million, compared with the year-earlier period, primarily due to declining VMware sales as well as increased competition in the "direct to end user" segment of our business. The decline in VMware sales is mainly due to a change in the government's GSA program by VMware. VMware has selected an exclusive reseller/distributor for GSA government sales. Programmer's Paradise now receives a referral fee for VMware GSA sales. This has a positive impact on gross margins; however, as a result, VMware's sales for our Programmer's Paradise segment decreased \$3.1 million.

Gross profit for the quarter ended September 30, 2007 was \$4.1 million compared to \$4.4 million in the third quarter of 2006, a 6% decrease. Total gross profit for our Programmer's Paradise segment for the quarter ended September 30, 2007 was \$1.4 million compared to \$2.1 million in the third quarter of 2006, representing a 32% decrease. Total gross profit for our Lifeboat segment for the quarter ended September 30, 2007 was \$2.7 million compared to \$2.3 million in the third quarter of 2006, representing a 19% increase.

Total selling, general, and administrative ("SG&A") expenses for the third quarter of 2007 were \$3.0 million compared to \$3.1 million in the third quarter of 2006.

Net income for the third quarter of 2007 amounted to \$822,000 or 2.0% of net sales as compared to \$859,000 or 1.8% for the same period in 2006.

About Wayside Technology Group, Inc.

Wayside Technology Group, Inc. (NASDAQ: WSTG) was founded in 1982 and is a unified and integrated technology company providing products and solutions for corporate resellers, VARs, and developers, as well as business, government and educational entities. The company generated sales of \$182 million in 2006, and was ranked No. 8 on BusinessWeek's list of hot growth companies in June 2006. The company offers technology products from software publishers and manufacturers such as Microsoft, CA, IBM, VMware, Borland, Quest Software, Compuware, Infragistics, ComponentOne, Macrovision, and Adobe.

Additional information can be found by visiting [www.waysidetechology.com](http://www.waysidetechology.com).

The statements in this release concerning the Company's future prospects are forward-looking statements that involve certain risks and uncertainties. Such risks and uncertainties include the continued acceptance of the Company's distribution channel by vendors and customers, the timely availability and acceptance of new products, and contribution of key vendor relationships and support programs. The forward-looking statements contained herein are also subject generally to other risks and uncertainties that are described from time to time in our filings with the Securities and Exchange Commission.

CONDENSED CONSOLIDATED BALANCE SHEETS  
(In thousands, except share and per share amounts)

	September 30, 2007	December 31, 2006
----- (Unaudited)		
ASSETS		
Current assets		
Cash and cash equivalents	\$ 9,270	\$ 13,832
Marketable securities	9,421	7,032
Accounts receivable, net	20,150	28,045
Inventory - finished goods	1,249	1,265
Prepaid expenses and other current assets	848	607
Deferred income taxes	926	1,632
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Total current assets	41,864	52,413
Equipment and leasehold improvements, net	620	488
Other assets	2,096	2,927
Deferred income taxes	1,127	1,453
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Total assets	\$ 45,707	\$ 57,281
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LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities		
Accounts payable and accrued expenses	\$ 21,691	\$ 35,304
Dividend payable	-	638
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Total current liabilities	21,691	35,942
Other liabilities	20	41
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Total liabilities	21,711	35,983
Commitments and contingencies		
Stockholders' equity		
Common stock, \$.01 par value; authorized, 10,000,000 shares; issued 5,284,500 shares	53	53
Additional paid-in capital	29,406	29,252
Treasury stock, at cost, 584,751 shares and 687,879 shares, respectively	(2,376)	(1,905)
Accumulated deficit	(3,530)	(6,302)
Accumulated other comprehensive income	443	200
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Total stockholders' equity	23,996	21,298
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Total liabilities and stockholders' equity	\$ 45,707	\$ 57,281
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WAYSIDE TECHNOLOGY GROUP, INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE  
INCOME  
(Unaudited)  
(In thousands, except per share data)

	Nine months ended		Three months ended	
	September 30,		September 30,	
	2007	2006	2007	2006
Net Sales	\$132,752	\$125,479	\$41,790	\$48,679
Cost of sales	119,834	113,196	37,664	44,299
Gross profit	12,918	12,283	4,126	4,380
Selling, general and administrative expenses	8,998	8,999	2,962	3,109
Income from operations	3,920	3,284	1,164	1,271
Interest income, net	749	501	257	222
Realized foreign exchange gain	1	2	1	1
Income before income tax provision	4,670	3,787	1,422	1,494
Provision for income taxes	1,898	1,556	600	635
Net income	\$ 2,772	\$ 2,231	\$ 822	\$ 859
Net income per common share - Basic	\$ 0.63	\$ 0.54	\$ 0.19	\$ 0.20
Net income per common share - Diluted	\$ 0.59	\$ 0.50	\$ 0.18	\$ 0.19
Weighted average common shares outstanding - Basic	4,395	4,162	4,426	4,213
Weighted average common shares outstanding - Diluted	4,682	4,495	4,674	4,548
Reconciliation to comprehensive income:				
Net income	\$ 2,772	\$ 2,231	\$ 822	\$ 859
Other comprehensive income, net of tax:				
Unrealized gain on marketable securities	4	21	4	6
Foreign currency translation adjustments	239	74	77	16
Total comprehensive income	\$ 3,015	\$ 2,326	\$ 903	\$ 881

Source: Wayside Technology Group, Inc.