



MEDIA RELEASE

For Immediate Release

Q9 Networks Reports First Quarter 2007 Results

- Revenue of \$12.8 million, a 17% increase over the same quarter, 2006 and a 3% increase over the previous quarter
- EBITDA of \$3.2 million, a 10% increase from the same quarter 2006 and a 6% decrease from the previous quarter
- Income before taxes of \$0.9 million, an increase of 54% from the same quarter 2006 and a decrease of 35% from the previous quarter
- Revenue under contract increases 4% to \$11.2 million
- Opened new data centre in Toronto
- New Calgary data centre substantially complete; expected to be approximately \$5 million under budget with total capacity of 1,200 cabinet equivalents

Toronto, ON – March 13, 2007 – Q9 Networks Inc. (TSX:Q), a leading Canadian provider of outsourced data centre infrastructure for organizations with mission-critical IT operations, today announced its quarterly results for the period ended January 31, 2007.

Revenue for the first quarter 2007 was \$12.8 million, a 17% increase over first quarter 2006 revenue of \$11.0 million and an increase of 3% from fourth quarter 2006 revenue of \$12.5 million (all figures expressed in Canadian dollars).

Revenue under contract entering the second quarter 2007 increased to \$11.2 million, up 4% over revenue under contract of \$10.8 million at the beginning of the first quarter 2007. Revenue under contract does not include contracts signed but not yet installed.

Co-location revenue for the first quarter 2007 was \$6.1 million, managed services revenue was \$4.7 million and managed bandwidth revenue was \$1.8 million.

EBITDA for the first quarter 2007 was \$3.2 million, up 10% from the first quarter 2006 and down 6% or \$0.2 million compared to the previous quarter as a result of continued investment in the Company's growth strategy. Please see the attached schedules for the Company's EBITDA definition and reconciliation.

Net income for the first quarter 2007 was \$0.4 million, compared to net income of \$0.6 million for the first quarter 2006 and net income of \$8.5 million for the fourth quarter 2006. Net income for the first quarter 2007 included a non-cash tax expense of \$0.6 million. Net income for the fourth quarter 2006 was positively affected by a non-cash tax benefit of \$7.1 million due to the recognition of a future tax asset. Basic and diluted earnings per share for the first quarter 2007 were \$0.02, compared to basic and diluted earnings per share of \$0.03 in the same quarter 2006 and basic and diluted earnings per share of \$0.42 and \$0.41, respectively in the fourth quarter 2006.



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Cash flow generated from operations for the first quarter, 2007 was \$4.1 million. The Company ended the quarter with cash, cash equivalents and short-term investments of \$55.7 million, a decrease of \$11.9 million from last quarter. The decrease was substantially due to continued investment in the Company's data centre expansions. Other than \$0.7 million in notes payable to an equipment supplier, the Company had no debt outstanding.

In October 2006, Q9 renewed its Normal Course Issuer Bid to enable it to purchase up to 1,012,870 of its common shares, representing approximately five per cent of the 20,257,416 common shares outstanding as of October 27, 2006. During the quarter, Q9 repurchased and cancelled 2,000 shares at an average cost of \$13.25 per share.

The Company is now nearing completion of its new Calgary data centre. The facility will have a capacity of 1,200 cabinet equivalents, 200 more than originally planned. The total capital cost is approximately \$20 million, \$5 million less than management's preliminary estimate. Customer installations are expected to begin in April 2007.

The Company anticipates that the expansion of its Brampton data centre will be completed in the fourth quarter of fiscal 2007.

"I am pleased with our growth and momentum in the quarter," said Osama Arafat, CEO, Q9 Networks. "With our new Toronto data centre now open and the Calgary data centre opening in a few weeks, also under budget and with greater capacity than originally estimated, Q9 is again demonstrating its ability to execute on its expansion strategy. We will be able to significantly grow our customer base and begin realizing the leverage inherent in our business. We are very excited about the opportunities represented by these two new facilities."

Conference Call Information

The Company will host a conference call to discuss its results at 5:00 PM today. The conference call will be available over the Internet through the Investor Relations section of the Company's Web site at www.Q9.com or by telephone at 416-644-3415 and 1-800-733-7571. A replay will be available until March 20, 2007 following the conference call and can be accessed by dialing 416-640-1917, pass code 21217441#.

Non-GAAP Measures

The Company reports EBITDA because it is a key measure used by management to evaluate the Company's performance. The Company believes that EBITDA is useful supplemental information as it provides an indication of the results generated by the Company's main business activities prior to taking into consideration how those activities are financed and taxed and also prior to taking into consideration asset depreciation and other non-cash expenses. EBITDA is not a recognized measure under Canadian GAAP, and accordingly investors are cautioned that EBITDA should not be construed as an alternative to net earnings or loss determined in accordance with Canadian GAAP as an indicator of the financial performance of the Company or as a measure of the Company's liquidity and cash flows. The Company's method of calculating EBITDA differs from other issuers and, accordingly, EBITDA may not be comparable to similar measures presented by other issuers. Please see the attached schedule for the Company's EBITDA definition and reconciliation.

About Q9 Networks:

Q9 Networks is a leading Canadian provider of outsourced data centre infrastructure for organizations with mission-critical IT operations. Q9's data centres and network are backed by an industry leading SLA which guarantees 100 per cent network and power availability. Q9 managed services, including: bandwidth, dedicated servers, firewalls, load balancing, virtual private networking (VPN) and back-up/restore, enable the rapid provisioning and scalability of client infrastructure.

For Further Information, Please Contact:

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Q9 NETWORKS INC.

Balance Sheets

(In thousands)

(Unaudited)

	January 31, 2007	October 31, 2006
Assets		
Current assets:		
Cash and cash equivalents	\$ 8,539	\$ 5,961
Short-term investments	46,978	61,448
Accounts receivable	4,878	4,330
Unbilled revenue	325	345
Future tax asset	983	667
Prepaid expenses	1,031	866
	<u>62,734</u>	<u>73,617</u>
Restricted cash	230	230
Other assets	756	766
Future tax asset	5,503	6,393
Property and equipment	68,744	58,592
	<u>\$ 137,967</u>	<u>\$ 139,598</u>
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 8,073	\$ 11,830
Deferred revenue	4,907	4,731
Notes payable	693	434
	<u>13,673</u>	<u>16,995</u>
Deferred revenue	710	755
Deferred gain on sale of property	1,109	1,128
Leasehold inducements	1,395	1,378
Asset retirement obligation	957	930
Other long-term liabilities	1,278	1,158
Shareholders' equity:		
Capital stock:		
Common shares	140,276	139,427
Contributed surplus	4,330	3,949
Deficit	<u>(25,761)</u>	<u>(26,122)</u>
	<u>118,845</u>	<u>117,254</u>
	<u>\$ 137,967</u>	<u>\$ 139,598</u>

Q9 NETWORKS INC.

Statements of Operations and Deficit

(In thousands, except per share amounts)

(Unaudited)

	Three months ended January 31,	
	2007	2006
Revenue:		
Co-location	\$ 6,064	\$ 5,147
Managed services	4,660	3,823
Managed bandwidth	1,839	1,646
Set-up fees	249	331
	<u>12,812</u>	<u>10,947</u>
Cost of revenue	<u>8,406</u>	<u>7,471</u>
Gross margin	4,406	3,476
Expenses:		
Sales and marketing	1,509	1,091
General and administrative	2,307	1,928
Amortization of property and equipment	234	359
	<u>4,050</u>	<u>3,378</u>
Income from operations	356	98
Investment income, net	592	519
Income before income taxes	948	617
Income tax expense:		
Current	-	7
Future	574	-
Net income	<u>374</u>	<u>610</u>
Deficit, beginning of period	(26,122)	(36,090)
Repurchase of shares	(13)	(139)
Deficit, end of period	<u>(25,761)</u>	<u>\$ (35,619)</u>
Earnings per share:		
Basic	\$ 0.02	\$ 0.03
Diluted	0.02	0.03
Weighted average number of shares outstanding:		
Basic	20,264	20,274
Diluted	21,040	20,876

Q9 NETWORKS INC.

Statements of Cash Flows

(In thousands)

(Unaudited)

	Three months ended January 31,	
	2007	2006
Cash provided by (used in):		
Operating activities:		
Net income	\$ 374	\$ 610
Items not involving cash:		
Amortization of property and equipment	2,323	2,368
Amortization of other assets	10	14
Gain on sale of property	(19)	(20)
Accretion expense	27	18
Unrealized gain on short-term investments	(8)	—
Net non-cash rent expense	137	247
Stock-based compensation expense	576	468
Future income taxes	574	—
Change in non-cash operating working capital	121	980
	4,115	4,685
Financing activities:		
Issuance of notes payable	490	241
Repayment of notes payable	(231)	(250)
Repurchase of shares	(27)	(630)
Issuance of shares	27	93
	259	(546)
Investing activities:		
Purchase of property and equipment	(16,009)	(1,959)
Purchase of short-term investments	(106,049)	(58,134)
Sale of short-term investments	120,262	57,651
Increase in other assets	—	(11)
	(1,796)	(2,453)
Increase in cash and cash equivalents	2,578	1,686
Cash and cash equivalents, beginning of period	5,961	7,843
Cash and cash equivalents, end of period	\$ 8,539	\$ 9,529
Supplemental cash flow information:		
Interest received	\$ 848	\$ 769
Income taxes paid	—	—
Supplemental disclosure of non-cash financing and investing activities:		
Effect of acquisition of property and equipment in accounts payable and accrued liabilities	3,534	(650)
Effect of repurchase of shares in accounts payable and accrued liabilities	—	140

Q9 NETWORKS INC.

EBITDA¹ Reconciliation

(In thousands)

(Unaudited)

	Three months ended January 31,	
	2007	2006
Net income for the period	\$ 374	\$ 610
Income taxes	574	7
Accretion expense	27	18
Investment income, net	(592)	(519)
Amortization	2,314	2,362
EBITDA before the under-noted Stock-based compensation ²	2,697	2,478
	495	418
EBITDA	\$ 3,192	\$ 2,896

Note:

1. EBITDA means earnings before interest, income taxes, amortization, accretion expense and stock-based compensation.
2. Stock-based compensation expense included above is related solely to the nominal exercise price options, which were awarded to employees immediately prior to the Company's Initial Public Offering (IPO). Stock-based compensation expense related to all other options is not added back to net income for the period in calculating EBITDA.