



eNewsletter

CHF Spotlight

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A 24/7 mobile solutions provider for removing the inefficiencies and threats of inadequate IT support and cyber-security

During the past two years there has been a major shift in working. Stay at home mandates due to the COVID-19 pandemic resulted in massive numbers of workers being remote from site. Technological solutions needed to be implemented to allow communication, attend meetings, and provide access to file servers. This was followed by education going remote as well. Just putting the laptop on the dining room table, or using the old home computer, was not an adequate solution. New hardware and upgrades to existing services had to be brought in.

As re-opening looms remote work remains likely for up to 40% of the workforce, and online education remains for many even as classrooms re-open. Many are opting to start their own businesses rather than return to the corporate

world, and need new IT. All of this new technology growth will remain in place, and when it needs upgrading or servicing, who are you going to call?

Nerds On Site Inc. (CSE: NERD, OTCQB: NOSUF) offers a practical solution for residential users and small- and medium-sized enterprises (SME) to consider. The Company has a large team of carefully chosen technology specialists ready to visit a home or place of work to diagnose problems on the spot and offer ongoing managed solutions to prevent problems occurring in the first place.

NERD has developed a proven business model that it has been utilizing to provide exceptional IT solutions 24/7 for its customers. The Company has done this, in part, through



staples

work. learn. grow.

In March, 2021, Staples Canada™ (“Staples”) and NERD announced an exclusive partnership to launch NERD for Business, that will support small business customers with IT and cyber-security services.

In December 2021, NERD launched its Cyber-Security Snapshot initiative to better serve and protect its more than 12,000 existing Clients. Clients will be offered a free security assessment and be provided with progressive solutions to prevent cyber-crime incidents. In February 2022 NERD rolled out the second stage of the campaign, providing the SME-Edge solution to targeted SME Clients. The Company’s SME-Edge is its comprehensive cyber-security solution that includes a fully managed network and internet traffic gateway, featuring zero-trust capabilities. The self-contained cabinet can be easily configured to work with a Client’s existing IT infrastructure and includes patented cyber-security protection that prevents information-leaking incidents caused by data breaches. The unique solution has been increasingly adopted by the SME community, with millions of Client devices being protected. NERD expects to significantly increase the number of installed SME-Edge packages, subject to the developing condition of global logistics for technology parts.

According to the Cost of a Data Breach Report in 2021 by IBM, there was a \$1.76M cost difference in breaches where a zero-trust approach was deployed versus undeployed. That alarming number is concrete evidence NERD is on the right track to provide unique and advanced solutions

the creation of its own enterprise resource planning (ERP) system called IAAN (“I am a nerd”), a proprietary web-based database of IT solutions and a system for billing, purchasing and communication between the Company, its customers and contractors. Any team member will be able to find and implement solutions from the Client’s location. If software, parts, or a security installation is required, NERD works closely with suppliers to get things fast and at fair prices. When custom software is required, NERD also has the ability to develop unique, state-of-the-art solutions through third-party developers. This can include electronic records processing and security applications. It is not just hardware and software the Company helps with, NERD provides around-the-clock network and device monitoring options, onsite and remote support, IT asset management and much more. NERD uses a subcontractor model and is starting to use franchising as well and has now established a solid presence in 44 urban centres across Canada, and now 8 in the USA with plans for more.

The backbone of the Company rests on its highly trained and vetted technicians, known as “eNerds”, who all have backgrounds in technology and are tested for real-world experience before being allowed to interact with customers. Every eNerd on the team has access to every other team member, and many are certified by industry leaders such as Google, Microsoft, Dell, Amazon and Cisco. This ensures that every eNerd has access to the talent and solutions they need to best serve their Clients.





Investment Perspective

NERD is significantly underpriced at this time, at less than 1x revenue, and offers a real breakout opportunity for growth. NERD currently has annual revenues of approximately \$10,000,000 and has ambitious plans to grow revenue significantly in the coming year. The Company currently services more than 12,000 Clients per year. Notable among corporate Clients are some well-known Canadian names, where broader Corporate relationships could be developed in time. NERD has been expanding its business operation to the US, where the market size of the managed IT industry is many multiple-times that of the Canadian side.

From recent surveys it is apparent that 95% of SMEs are massively underserved. No single service company has established itself as the segment leader on a national scale, although there are good local and regional players both in the US and Canada. NERD sees these providers as potential future M&A opportunities. The Company has identified potential targets this past fiscal year and is working through required due diligence processes. NERD is focused on targets that will increase its customer base and provide cyber-security upgrading opportunities, relatively improving its revenue.

NERD lacks direct competition in Canada as it is the only franchisable company that offers onsite IT services and solutions for businesses and its residential Clients. Other service providers seem to be targeted more towards the installation of home video and audio enter-

to combat cyber-criminals. According to Cybersecurity Ventures, a new ransomware attack occurred every 11 seconds in 2021, victimizing both big corporations and small enterprises. In fact, small companies are proving to be easier targets as they are often lacking awareness and advanced cyber-protection.

The growth opportunity for NERD is that it operates in a highly fragmented market, with the majority of IT service companies in the space being small and short-lived. The big IT service companies focus on large enterprises and charge such high fees to their well-heeled corporate clients that catering to the SME market does not make sense for it. For smaller companies, external support is often the only place to turn, and all too often that is sole practitioners, who operate with limited support. A single IT professional cannot cover all aspects of this vast technological universe and be up-to-date on every topic, as things change every day. In recent years, network intrusion, ransomware attacks and other black-hat activity has reached such proportions that it's no longer random bad luck when it hits someone. Internet vulnerability is a day-to-day reality for companies of all sizes.



tainment systems rather than onsite IT solutions geared toward SMEs.

As the re-opening of the economy proceeds there should be increased business opportunities under the Staples agreement.

Go Capital, a private capital company is significantly invested in NERD. In addition to its major shareholders, NERD's management team and members of the Board of Directors have been seen consistently acquiring shares through the open market or private placements. The total holding of insiders is approximately 55% of the Company's total outstanding shares.



Article written by: Stephen Mlot, P.Eng.

Stephen has invested in public companies for more than 40 years, with more than 45 years Mineral Industry experience, including 25 years of Management and Board service with junior mining companies. He has analyzed opportunities in mining, petroleum, alternative energy/clean-tech, real estate, aquaculture, and technologies like AI and blockchain/coin mining. Stephen is a P.Eng. in Ontario.

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Compensation for this article came from our monthly fees. CHF Capital Markets Inc. and partners Ottavio Cavalcanti and Cathy Hume own shares of NERD.

Nerds On Site Inc.

Charles Regan, CEO

T: 1-877-778-2335

E: IR@nerdsonsite.com

CHF Capital Markets

Thomas Do, IR Manager

T: +1 416 868 1079 x232

E: thomas@chfir.com