

# PERNAS RESEARCH

## Stock Sonar

STOCK SONARS ARE **WEEKLY** REPORTS SENT VIA EMAIL EVERY WEDNESDAY AT 9:45 AM EST

1. *Includes speculative or starter positions when we come across them (roughly twice a month)*
2. *Includes a snapshot of our current portfolio with links to each corresponding research piece. (see page 2)*
3. *Gives readers insight into our research process, which industries we are evaluating and why we pass on names.*

## Stock Sonar #56 - 5/15/2024

### Total Site Solutions (Ticker:TSSI) — mrkt cap \$26mm; Price \$1.4; EV/EBITDA 7

**SPECULATIVE POSITION INITIATED.** We rarely invest in nanocaps and certainly not ones that have gone up three hundred percent in six months. That being said, we are happy to make an exception with TSSI. The reason? Capable management and modular data centers (AI play). Upon speaking with the new CEO, a former Dell executive, we came away impressed with the turnaround that has been implemented. TSSI acts as both a procurement agent and system integrator for companies looking to build edge/modular data centers. We believe there are significant tailwinds as companies look to build data centers closer to where data is generated – a phenomenon called ‘data gravity’ – a trend significantly accelerated by AI. Management believes there is the possibility of a 10x increase in business demand which would be a large driver of share returns. (TSSI is heavily reliant on Dell for revenue which creates concentration risk, but we believe this is mitigated given that TSSI management are former Dell executives.)

### BOX Inc (NYSE:BOX) — mrkt cap \$3.9B; Price \$27.14; EV/EBITDA 45

**MORE RESEARCH NEEDED.** BOX, a key player in cloud content management and file sharing, focuses predominantly on large enterprise customers. This differentiation from competitors like Dropbox, who cater more to general users, is marked by BOX’s robust compliance and security features tailored for enterprise needs. Additionally, its superior interoperability allows seamless integration with other enterprise tools, which is essential for maintaining competitive edge against giants like Microsoft. BOX is actively trying to expand its market share with innovative tools like Box Sign and advanced AI search functionalities. However, with the company appearing to be at a mature phase of its business cycle and trading at a high EV/EBITDA multiple of 45, a deeper dive into its growth strategies and market positioning is necessary before considering a core position.

### Shutterstock (NYSE:SSTK) — mrkt cap \$1.5B; Price \$42.6; EV/EBITDA 12

**PASS.** As a leading provider of digital content, Shutterstock caters to users with a variety of subscription plans and on-demand services, offering access to a vast library of images, videos, and music tracks. It has shed roughly 65% of its market value from previous highs, and currently trades at what appears to be a reasonable valuation. However, the emergence of generative AI poses a significant existential threat to Shutterstock’s business model. In the foreseeable future, generative AI tools will enable the creation of similar digital content at little to no cost. While Shutterstock might pivot to licensing its extensive content library for AI training purposes, the uncertainty of such a transition presents risks.

#### **INVESTMENT DISCLAIMERS & INVESTMENT RISKS**

**Past performance is not necessarily indicative of future results. All investments carry significant risk, and it's important to note that we are not in the business of providing investment advice. All investment decisions of an individual remain the specific responsibility of that individual. There is no guarantee that our research, analysis, and forward-looking price targets will result in profits or that they will not result in a full loss or losses. All investors are advised to fully understand all risks associated with any kind of investing they choose to do.**

*Pernas Portfolio Snapshot (May 15, 2024)*

<b>Core Positions (5-15% each)</b>	<b>Most Recent Action</b>
Meta Platforms (NAS:META)	11/22/2022 Add
Card Factory (LON:CARD)	4/24/2024 Initiation
Dr. Martens (LSE:DOCS)	4/16/2024 Add
Burberry (LSE:BURBY)	2/1/2024 Initiation
Remitly (NAS:RELY)	5/2/2024 Add
VusionGroup (PA:VU)	6/26/2023 Add
Natural Res. (NAS:NRP)	3/1/2023 Initiation
Richardson, Elec. (NAS:RELL)	9/1/2023 Initiation
Donnelley (NYSE:DFIN)	1/14/2022 Trim

<b>Starter Positions (1-3% each)</b>	<b>Most Recent Action</b>
Alphawave (LSE:AWE)	4/17/2024 Initiation
Enphase (NAS:ENPH)	11/15/2023 Initiation

<b>Speculative Trades (1% each)</b>	<b>Most Recent Action</b>
ARQ Inc (NAS:ARQ)	3/20/2024 Trim
Centrus Energy (NYSE:LEU)	4/10/2024 Initiation
Quantum-Si Inc (NAS:QSI)	8/16/2023 Initiation
Red Robin (NAS:RRGB)	3/20/2024 Initiation
TotalSite Solutions (OTC:TSSI)	5/15/2024 Initiation