

# Trickle Research

Every raging river, every great lake, every  
deep blue sea starts ... with a trickle



## Research Update



Perspective Therapeutics, Inc.  
(NYSE American: CATX)

**Report Date: 01/10/24**

**12- 24 month Price Target: \$1.40**

**Allocation: 4**

**Closing Stock Price at Initiation (Closing Px: 12/28/23): \$.455**

**Closing Stock Price at This Update (Closing Px: 01/10/24): \$.607**

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**Disclosure:** Portions of this report are excerpted from Perspective's filings, website(s), presentations or other public collateral.  
We have attempted to identify those excerpts by *italicizing* them in the text.

Subsequent to our initiating coverage on 12/29/23, Perspective made two topical announcements that we thought were worth commenting on briefly. The headlines of each announcement are below in chronological order:

***January 5, 2024***

***Perspective Therapeutics Announces Exclusive License Agreement with Mayo Clinic for New Radiopharmaceutical Platform for Prostate Cancer Treatment***

*Mayo Clinic's PSMA Alpha-PET Doublet platform allows for imaging and targeted therapy with alpha and/or beta-particle radiopharmaceutical therapy (RPT) using a novel 64/67Cu and 203/212Pb double chelator design.*

*PSMA Alpha-PET Doublet licensing provides Perspective with a strongly differentiated prostate cancer program. The entirety of this release is available here: [Press Releases - Perspective Therapeutics](#)*

***January 9, 2024***

***Perspective Therapeutics Enters into Strategic Agreements with Lantheus Including Equity Investment, Co-Development Options, and Expansion of Manufacturing Capability***

*SEATTLE, Jan. 09, 2024 (GLOBE NEWSWIRE) -- Perspective Therapeutics, Inc. (NYSE AMERICAN: CATX), today announced it entered into strategic agreements with Lantheus Holdings, Inc., the leading radiopharmaceutical-focused company, and its affiliates (Lantheus) (NASDAQ: LNTH). For an upfront payment of \$28 million in cash, Lantheus will obtain an exclusive option to negotiate for an exclusive license to Perspective's [<sup>212</sup>Pb]VMT- $\alpha$ -NET, a clinical stage alpha therapy developed for the treatment of neuroendocrine tumors, and a right to co-fund the IND-enabling studies for early-stage therapeutic candidates targeting prostate-specific membrane antigen (PSMA) and gastrin releasing peptide receptor (GRPR) and, prior to IND filing, a right to negotiate for an exclusive license to such candidates. Lantheus has also agreed to purchase an equity stake of up to 19.9% (56,342,355) shares of Perspective's outstanding shares of common stock for up to approximately \$33 million, subject to completion of a qualified third-party financing transaction and certain other closing conditions. Additionally, Perspective has agreed to acquire the assets and associated lease of Lantheus' radiopharmaceutical manufacturing facility in Somerset, New Jersey for an undisclosed price. The entirety of this release is available at: [Press Releases - Perspective Therapeutics](#).*

We are not certain how to frame the first of these announcements regarding the license from Mayo Clinic other than to suggest that Mayo Clinic is a major research entity and presumably they would not enter into an agreement of this nature without some sense that their Licensee (Perspective) has the wherewithal to potentially advance the technology. However, we have seen other companies collaborate in similar iterations with Mayo, and our takeaway is that while these arrangements provide some level of validation to the licensee's business, they may or may not prove quantifiably beneficial in the future. To translate, at this stage, with the information provided, we find this arrangement encouraging but not markedly meaningful. Clearly, more visibility at some point in the future may change that calculus.

On the other hand, we found the second of these two announcements both encouraging **and** markedly meaningful, but perhaps for some reasons that may have little to do with the prospects of the technology. As we spent some time covering in the initiating research, there are in our view at least two considerable risk factors associated with Perspective. The first is perhaps the most obvious, which is the risk that the science fails in the clinic and that includes issues with safety, efficacy or both. That is a headline risk that

all biotechnology companies face and the statistics regarding the number of compounds that fail along the clinical path are daunting.

The second of these noted headwinds is the risks associated with financing the clinical process, which is always an expensive endeavor complicated by the extended amount of time it takes to complete the clinical trials. In short, investors need to not only ask themselves whether or not they believe the technology will ultimately work in the clinic, gain FDA approval and make it to commercialization, but also how much dilution will be necessary along the way to support the process, and how will that dilution impact shares that are purchased today. Consider, it is entirely possible for an investor to get the clinical/ commercial success correct, yet experience dilution that is so marked, that their investment return may ultimately be much less robust than their initial assessments of clinical success might have assumed. That is, they may be right, and still be wrong.

As we delineated in our initial coverage, our modeled started with the premise of ultimate clinical success to which we assigned a terminal value, but we also attempted to ascertain the capital and associated dilution that would be necessary to get to that terminal value. More specifically, while the Company ended Q3F23 with roughly 280 million shares outstanding, our 2030 terminal value approach reflects *roughly 800 million shares outstanding*. To further delineate our approach, our analysis assumes clinical successes along the way that lead to higher shares prices as well. That is, we assume future funding rounds get done at higher shares prices thus resulting in lower relative incremental outstanding share additions. Obviously, with that approach, there are for instance, far more relative shares issued in fiscal 2024 and 2025 to support burn rates, than in 2029 and 2030. However, (setting aside the facility included in the deal) the announced Lantheus Holdings, Inc. agreement provides \$28 million of **non-dilutive** financing, and potentially an additional \$33 million of financing at roughly \$.59 per share. Succinctly, those financing metrics are considerably less dilutive than the capital our model assumed for the next \$60 million worth of financing. All other things remaining equal, making those dilution adjustments to our model would add \$.40 to \$.50 per share to our current \$1.40 price target. We will wait to see the impact of potential ATM shares to memorialize those adjustments, but needless to say, from a cost of capital perspective, as well as from the recognition that the Company requires considerable amounts of capital going forward and capital is hard to come by, this is, in our view, a very constructive event.

## Projected Operating Model

<b>Perspective Therapeutics, Inc.</b>							
<b>Projected Operating Statement</b>							
<b>By Trickle Research</b>							
	(Actual)	(Actual)	(Actual)	(Estimate)	(Estimate)	(Estimate)	(Estimate)
	<u>3/31/23</u>	<u>6/30/23</u>	<u>9/30/23</u>	<u>12/31/23</u>	<u>Fiscal 2023</u>	<u>Fiscal 2024</u>	<u>Fiscal 2025</u>
Sales	\$ 1,830	\$ 1,500	\$ 1,909	\$ 1,500	\$ 6,739	\$ -	\$ -
Grant revenue	\$ 233	\$ 588	\$ 276	\$ -	\$ 1,097	\$ -	\$ -
Total revenue	\$ 2,063	\$ 2,088	\$ 2,185	\$ 1,500	\$ 7,836	\$ -	\$ -
Cost of sales	\$ 1,576	\$ 1,840	\$ 1,447	\$ 1,137	\$ 6,000	\$ -	\$ -
Gross profit	\$ 487	\$ 248	\$ 738	\$ 363	\$ 1,836	\$ -	\$ -
Operating expenses:							
Research and development	\$ 3,857	\$ 5,653	\$ 5,721	\$ 5,761	\$ 20,992	\$ 23,450	\$ 24,114
Sales and marketing	\$ 812	\$ 911	\$ 855	\$ 860	\$ 3,438	\$ -	\$ -
General and administrative	\$ 7,023	\$ 5,073	\$ 4,696	\$ 5,000	\$ 21,792	\$ 21,063	\$ 21,228
Change in estimate of asset retirement obligation	\$ -	\$ (15)	\$ -	\$ -	\$ (15)	\$ -	\$ -
Loss on disposal of property and equipment	\$ 22	\$ -	\$ -	\$ -	\$ 22	\$ -	\$ -
Total operating expenses	\$ 11,714	\$ 11,622	\$ 11,272	\$ 11,621	\$ 46,229	\$ 44,513	\$ 45,342
Operating loss	\$ (11,227)	\$ (11,374)	\$ (10,534)	\$ (11,258)	\$ (44,393)	\$ (44,513)	\$ (45,342)
Non-operating income (expense):			\$ -	\$ -			
Interest income	\$ 374	\$ 294	\$ 204	\$ -	\$ 872	\$ -	\$ -
Interest (expense)	\$ (18)	\$ (28)	\$ (14)	\$ -	\$ (60)	\$ -	\$ -
Other income (expense)	\$ 356	\$ 2	\$ (12)	\$ -	\$ 346	\$ -	\$ -
Non-operating income, net	\$ 356	\$ 268	\$ 178	\$ -	\$ 802	\$ -	\$ -
Net loss before deferred income tax benefit	\$ (10,871)	\$ (11,106)	\$ (10,356)	\$ (11,258)	\$ (43,591)	\$ (44,513)	\$ (45,342)
Deferred income tax benefit	\$ 10,500	\$ -	\$ -	\$ -	\$ 10,500	\$ -	\$ -
Net loss	\$ (371)	\$ (11,106)	\$ (10,356)	\$ (11,258)	\$ (33,091)	\$ (44,513)	\$ (45,342)
Basic and diluted loss per share (in dollars per share)	\$ -	\$ (0.04)	\$ (0.04)	\$ (0.04)	\$ (0.12)	\$ (0.12)	\$ (0.08)
Weighted average shares used in computing net loss per share:							
Basic and diluted (in '000's)	228,591	279,988	280,558	283,558	268,174	379,808	543,558
Projected Cash Position (in '000's)				\$ 8,000	\$ 8,000	\$ 15,097	\$ 5,745

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Trickle Research co-sponsors two microcap conferences each year. Trickle Research encourages its coverage companies to present at those conferences and Trickle charges them a fee to do so. Companies are under no obligation to present at these conferences. Perspective Therapeutics, Inc. has paid fees to present at Trickle co-sponsored conferences and we will encourage them to do so in the future.

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## Rating System Overview:

There are no letters in the rating system (Buy, Sell Hold), only numbers. The numbers range from 1 to 10, with 1 representing 1 "investment unit" (for my performance purposes, 1 "investment unit" equals \$250) and 10 representing 10 investment units or \$2,500. Obviously, a rating of 10 would suggest that I favor the stock (at respective/current levels) more than a stock with a rating of 1. As a guideline, here is a suggestion on how to use the allocation system.

Our belief at Trickle is that the best way to participate in the micro-cap/small cap space is by employing a diversified strategy. In simple terms, that means you are generally best off owning a number of issues rather than just two or three. To that point, our goal is to have at least 20 companies under coverage at any point in time, so let's use that as a guideline. Hypothetically, if you think you would like to commit \$25,000 to buying micro-cap stocks, that would assume an investment of \$1000 per stock (using the diversification approach we just mentioned, and the 20-stock coverage list we suggested and leaving some room to add to positions around allocation upgrades. We generally start initial coverage stocks with an allocation of 4. Thus, at \$1000 invested per stock and a typical starting allocation of 4, your "investment unit" would be the same \$250 we used in the example above. Thus, if we initiate a stock at a 4, you might consider putting \$1000 into the position ( $\$250 * 4$ ). If we later raise the allocation to 6, you might consider adding two additional units or \$500 to the position. If we then reduce the allocation from 6 to 4 you might consider selling whatever number of shares you purchased with 2 of the original 4 investment units. Again, this is just a suggestion as to how you might be able to use the allocation system to manage your portfolio.

**For those attached to more traditional rating systems (Buy, Sell, Hold) we would submit the following guidelines.**

**A Trickle rating of 1 thru 3 would best correspond to a "Hold" although we would caution that a rating in that range should not assume that the stock is necessarily riskier than a stock with a higher rating. It may carry a lower rating because the stock is trading closer to a price target we are unwilling to raise at that point. This by the way applies to all of our ratings.**

**A Trickle rating of 4 thru 6 might best (although not perfectly) correspond to a standard "Buy" rating.**

**A Trickle rating of 7 thru 10 would best correspond to a "Strong Buy" however, ratings at the higher end of that range would indicate something that we deem as quite extraordinary..... an "Extreme Buy" if you will. You will not see a lot of these.**