

Trickle Research

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



Price Target Increase



Perspective Therapeutics, Inc.
(NYSE American: CATX)

Report Date: 03/19/24

12- 24 month Price Target: *\$2.00

Allocation: 4

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

Closing Stock Price at This Target Increase (Closing Px: 03/19/24): \$1.11

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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.

Just to recap for those who are not familiar with the Perspective story, we initiated coverage of the Company on 12/28/23. In our initiating coverage we provided two public industry comps that we thought were topical because each, like Perspective, was/is working on clinical advances of novel radiopharmaceutical therapies. The first of these, RayzeBio, Inc. (Nasdaq: RYZB) was purchased two days before our initiating coverage by Bristol Myers (NYSE: BMY) for \$4.1 billion. The acquisition price (\$62.50 per share) represented a premium to the prior day's market close of the RYZB shares of around 104% and 3.5X its September 2023 IPO price of \$18.00. The second comp we referenced in the initiating coverage was Fusion Pharmaceuticals Inc. (Nasdaq: FUSN). At that time, Fusion's market capitalization was approximately \$700 million. Today (March 19, 2024) AstraZeneca (NASDAQ: AZN) announced the acquisition of FUSN in a deal valued at \$2.4 billion representing a premium of about 3.4X the prevailing market price of FUSN at the time we referenced the comparison (December 2023).

Given the above, we would point out that the current market capitalization of Perspective is approximately \$665 million. Just for comparison, that number reflects closely with the prior market caps of the two acquired comps. We would add, the market cap of Perspective at the time of our initiation less than 90 days ago was only \$128 million, so its respective market cap has increased dramatically as well. Recognize, some of that trajectory stems from the fact that since our initiation the Company has raised approximately \$170 million which is remarkable on its own. In our view, as we alluded to in the initiation as well as subsequently, that access to capital derisked the story on some levels paving the way for higher valuations. That said, we believed and noted at the time of our initiation that there may be a bit of a "landgrab" going on in the relatively nascent radiopharmaceutical space. Further, as we also noted in our initial coverage, we think Perspective is focused on a different approach than some of the others (utilizing a lead-based isotope) that we think may afford them some distinct advantages.

In our last update of 01/10/24, we suggested that the Company's recent success raising capital would likely have a positive impact on some of our original model assumptions around anticipated dilution that would likely lead us to better forward valuation/target assessments. At the time we opted to wait to see the impact of those changes, which we now think we have a better handle on. As a result of those adjustments to our model, and in conjunction with what we think are reasonable comparative transactions in the space at much higher relative valuations, we are establishing a new 12-24 month price target of *\$2.00 for Perspective shares. Further, while we are (again) purely speculating here, we think the likelihood of Perspective coming into play, potentially at much higher valuations, is increasing.

Projected Operating Model

Perspective Therapeutics, Inc.						
Projected Operating Statement						
By Trickle Research						
	(Actual)	(Actual)	(Actual)	(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>
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
Sales and marketing	\$ 812	\$ 911	\$ 855	\$ 860	\$ 3,438	\$ -
General and administrative	\$ 7,023	\$ 5,073	\$ 4,696	\$ 5,000	\$ 21,792	\$ 21,063
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
Operating loss	\$ (11,227)	\$ (11,374)	\$ (10,534)	\$ (11,258)	\$ (44,393)	\$ (44,513)
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)
Deferred income tax benefit	\$ 10,500	\$ -	\$ -	\$ -	\$ 10,500	\$ -
Net loss	\$ (371)	\$ (11,106)	\$ (10,356)	\$ (11,258)	\$ (33,091)	\$ (44,513)
Basic and diluted loss per share (in dollars per share)	\$ -	\$ (0.04)	\$ (0.04)	\$ (0.04)	\$ (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	286,558	268,924	591,310
Projected Cash Position (in '000's)				\$ 9,050	\$ 9,050	\$ 131,561

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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.