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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2023

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File Number 001-36569

LANTHEUS HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Delaware	**35-2318913**
(State or other jurisdiction of incorporation or organization)	**(IRS Employer Identification No.)**
201 Burlington Road, South Building Bedford, MA	**01730**
(Address of principal executive offices)	**(Zip Code)**

(978) 671-8001

(Registrant's telephone number, including area code)

Not Applicable

(Former name, former address and former fiscal year, if changed since last report

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value $0.01 per share	LNTH	The Nasdaq Global Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☑	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging Growth Company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined by Rule 12b-2 of the Act) Yes ☐ No ☑

The registrant had 68,489,153 shares of common stock, $0.01 par value, outstanding as of October 27, 2023.

LANTHEUS HOLDINGS, INC.
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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited)

Lantheus Holdings, Inc.
Condensed Consolidated Balance Sheets
(Unaudited)
(in thousands, except par value)

	September 30, 2023	December 31, 2022
Assets		
Current assets		
Cash and cash equivalents	$ 614,131	$ 415,652
Accounts receivable, net	259,198	213,397
Inventory	56,462	35,475
Other current assets	11,485	13,092
Assets held for sale	7,159	—
Total current assets	948,435	677,616
Property, plant and equipment, net	140,293	122,166
Intangibles, net	163,294	315,285
Goodwill	61,189	61,189
Deferred tax assets, net	152,189	110,647
Other long-term assets	56,210	34,355
Total assets	$ 1,521,610	$ 1,321,258
Liabilities and stockholders' equity		
Current liabilities		
Current portion of long-term debt and other borrowings	$ 703	$ 354
Accounts payable	37,076	20,563
Short-term contingent liability	—	99,700
Accrued expenses and other liabilities	138,823	127,084
Total current liabilities	176,602	247,701
Asset retirement obligations	22,823	22,543
Long-term debt, net and other borrowings	560,576	557,712
Other long-term liabilities	62,850	46,155
Total liabilities	822,851	874,111
Commitments and contingencies (See Note 18)		
Stockholders' equity		
Preferred stock ($0.01 par value, 25,000 shares authorized; no shares issued and outstanding)	—	—
Common stock ($0.01 par value, 250,000 shares authorized; 69,808 and 68,851 shares issued as of September 30, 2023 and December 31, 2022, respectively)	698	689
Additional paid-in capital	743,973	715,875
Treasury Stock at cost - 1,339 shares as of September 30, 2023 and December 31, 2022	(75,000)	(75,000)
Accumulated deficit	30,123	(193,158)
Accumulated other comprehensive loss	(1,035)	(1,259)
Total stockholders' equity	698,759	447,147
Total liabilities and stockholders' equity	$ 1,521,610	$ 1,321,258

The accompanying notes are an integral part of these condensed consolidated financial statements.

Lantheus Holdings, Inc.
Condensed Consolidated Statements of Operations
(Unaudited)
(in thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenues	$ 319,946	$ 239,292	$ 942,430	$ 671,895
Cost of goods sold	119,995	91,859	462,756	257,363
Gross profit	199,951	147,433	479,674	414,532
Operating expenses				
Sales and marketing	37,399	25,414	106,472	73,260
General and administrative	35,741	23,759	85,163	93,945
Research and development	14,450	12,517	60,883	39,455
Total operating expenses	87,590	61,690	252,518	206,660
Operating income	112,361	85,743	227,156	207,872
Interest expense	5,054	1,626	14,978	4,604
Other (income) expense	(52,649)	1,101	(60,362)	306
Income before income taxes	159,956	83,016	272,540	202,962
Income tax expense	27,999	21,784	49,259	55,710
Net income	$ 131,957	$ 61,232	$ 223,281	$ 147,252
Net income per common share:				
Basic	$ 1.93	$ 0.89	$ 3.27	$ 2.15
Diluted	$ 1.88	$ 0.86	$ 3.18	$ 2.08
Weighted-average common shares outstanding:				
Basic	68,436	68,756	68,188	68,482
Diluted	70,046	71,075	70,268	70,669

The accompanying notes are an integral part of these condensed consolidated financial statements.

Lantheus Holdings, Inc.
Condensed Consolidated Statements of Comprehensive Income
(Unaudited)
(in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	**2022**	**2023**	**2022**
Net income	$ 131,957	$ 61,232	$ 223,281	$ 147,252
Other comprehensive income:				
Foreign currency translation	(83)	(379)	224	(463)
Unrealized gain on cash flow hedges, net of tax	—	1,049	—	3,942
Total other comprehensive (loss) income	(83)	670	224	3,479
Comprehensive income	$ 131,874	$ 61,902	$ 223,505	$ 150,731

The accompanying notes are an integral part of these condensed consolidated financial statements.

Lantheus Holdings, Inc.
Condensed Consolidated Statements of Changes in Stockholders' Equity
(Unaudited)
(in thousands)

	Nine Months Ended September 30, 2023							
	Common Stock		Treasury Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	Shares	Amount	Shares	Amount				
Balance, January 1, 2023	68,851	$ 689	1,339	$ (75,000)	$ 715,875	$ (193,158)	$ (1,259)	$ 447,147
Net loss	—	—	—	—	—	(2,807)	—	(2,807)
Other comprehensive loss	—	—	—	—	—	—	(119)	(119)
Stock option exercises and employee stock plan purchases	120	1	—	—	2,781	—	—	2,782
Vesting of restricted stock awards and units	813	8	—	—	(8)	—	—	—
Shares withheld to cover taxes	(154)	(2)	—	—	(11,152)	—	—	(11,154)
Stock-based compensation	—	—	—	—	9,667	—	—	9,667
Balance, March 31, 2023	69,630	$ 696	1,339	$ (75,000)	$ 717,163	$ (195,965)	$ (1,378)	$ 445,516
Net income	—	—	—	—	—	94,131	—	94,131
Other comprehensive income	—	—	—	—	—	—	426	426
Stock option exercises and employee stock plan purchases	73	1	—	—	1,346	—	—	1,347
Vesting of restricted stock awards and units	68	1	—	—	(1)	—	—	—
Shares withheld to cover taxes	(16)	—	—	—	(1,467)	—	—	(1,467)
Stock-based compensation	—	—	—	—	12,692	—	—	12,692
Balance, June 30, 2023	69,755	$ 698	1,339	$ (75,000)	$ 729,733	$ (101,834)	$ (952)	$ 552,645
Net income	—	—	—	—	—	131,957	—	131,957
Other comprehensive loss	—	—	—	—	—	—	(83)	(83)
Stock option exercises and employee stock plan purchases	25	—	—	—	1,265	—	—	1,265
Vesting of restricted stock awards and units	39	—	—	—	(1)	—	—	(1)
Shares withheld to cover taxes	(11)	—	—	—	(1,000)	—	—	(1,000)
Stock-based compensation	—	—	—	—	13,976	—	—	13,976
Balance, September 30, 2023	69,808	$ 698	1,339	$ (75,000)	$ 743,973	$ 30,123	$ (1,035)	$ 698,759

	Nine Months Ended September 30, 2022							
	Common Stock		Treasury Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Total Stockholders' Equity
	Shares	Amount	Shares	Amount				
Balance, January 1, 2022	67,739	$ 677	—	$ —	$ 685,472	$ (221,225)	$ (485)	$ 464,439
Net income	—	—	—	—	—	42,962	—	42,962
Other comprehensive income	—	—	—	—	—	—	2,396	2,396
Stock option exercises and employee stock plan purchases	296	3	—	—	5,931	—	—	5,934
Vesting of restricted stock awards and units	645	7	—	—	(7)	—	—	—
Shares withheld to cover taxes	(110)	(1)	—	—	(5,503)	—	—	(5,504)
Stock-based compensation	—	—	—	—	5,623	—	—	5,623
Balance, March 31, 2022	68,570	$ 686	—	$ —	$ 691,516	$ (178,263)	$ 1,911	$ 515,850
Net income	—	—	—	—	—	43,058	—	43,058
Other comprehensive income	—	—	—	—	—	—	413	413
Stock option exercises and employee stock plan purchases	61	1	—	—	1,422	—	—	1,423
Vesting of restricted stock awards and units	108	1	—	—	(1)	—	—	—
Shares withheld to cover taxes	(13)	(1)	—	—	(823)	—	—	(824)
Stock-based compensation	—	—	—	—	7,412	—	—	7,412
Balance, June 30, 2022	68,726	$ 687	—	$ —	$ 699,526	$ (135,205)	$ 2,324	$ 567,332
Net income	—	—	—	—	—	61,232	—	61,232
Other comprehensive income	—	—	—	—	—	—	670	670
Stock option exercises and employee stock plan purchases	53	1	—	—	1,555	—	—	1,556
Vesting of restricted stock awards and units	41	1	—	—	(1)	—	—	—
Shares withheld to cover taxes	(11)	(1)	—	—	(842)	—	—	(843)
Stock-based compensation	—	—	—	—	8,103	—	—	8,103
Balance, September 30, 2022	68,809	$ 688	—	$ —	$ 708,341	$ (73,973)	$ 2,994	$ 638,050

The accompanying notes are an integral part of these condensed consolidated financial statements.

Lantheus Holdings, Inc.
Condensed Consolidated Statements of Cash Flows
(Unaudited)
(in thousands)

	Nine Months Ended September 30,	
	2023	**2022**
Operating activities		
Net income	$ 223,281	$ 147,252
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation, amortization and accretion	45,028	36,048
Impairment of long-lived assets	138,050	—
Asset retirement obligation acceleration	—	1,229
Amortization of debt related costs	3,227	737
Changes in fair value of contingent assets and liabilities	(9,475)	25,400
Provision for excess and obsolete inventory	5,251	4,980
Stock-based compensation	36,335	21,138
Gain on sale of RELISTOR licensed intangible asset associated with net sales royalties	(51,789)	—
Deferred taxes	(57,649)	14,461
Long-term indemnification receivable	3,929	668
Long-term income tax payable and other long-term liabilities	(2,744)	(538)
Other	3,118	3,188
(Decreases) increases in cash from operating assets and liabilities:		
Accounts receivable	(43,044)	(112,031)
Inventory	(25,995)	(4,666)
Other current assets	2,496	314
Other long-term assets	—	(533)
Accounts payable	12,150	8,409
Accrued expenses and other liabilities	(89,196)	30,374
Net cash provided by operating activities	192,973	176,429
Investing activities		
Capital expenditures	(34,486)	(13,623)
Proceeds from sale of assets, net	97,839	1,800
Acquisition of assets, net	(45,345)	—
Net cash provided by (used in) investing activities	18,008	(11,823)
Financing activities		
Payments on long-term debt and other borrowings	(685)	(7,891)
Contingent value rights settlement	(3,700)	—
Proceeds from stock option exercises	3,462	7,538
Proceeds from issuance of common stock	1,933	1,375
Payments for minimum statutory tax withholding related to net share settlement of equity awards	(13,621)	(7,171)
Net cash used in financing activities	(12,612)	(6,149)
Effect of foreign exchange rates on cash, cash equivalents and restricted cash	139	(266)
Net increase in cash, cash equivalents and restricted cash	198,508	158,191
Cash, cash equivalents and restricted cash, beginning of period	417,241	100,651
Cash, cash equivalents and restricted cash, end of period	$ 615,749	$ 258,842

Lantheus Holdings, Inc.
Condensed Consolidated Statements of Cash Flows (Continued)
(Unaudited)
(in thousands)

	Nine Months Ended September 30,	
	2023	**2022**
Reconciliation to amounts within the condensed consolidated balance sheets		
Cash and cash equivalents	$ 614,131	$ 257,259
Restricted cash included in other long-term assets	1,618	1,583
Cash, cash equivalents and restricted cash at end of period	$ 615,749	$ 258,842

	Nine Months Ended September 30,	
	2023	**2022**
Schedule of non-cash investing and financing activities		
Additions of property, plant and equipment included in liabilities	$ 8,573	$ 2,303
Right-of-use asset obtained in exchange for operating lease liabilities	$ 29,625	$ —

The accompanying notes are an integral part of these condensed consolidated financial statements.

Lantheus Holdings, Inc.
Notes to Condensed Consolidated Financial Statements
(Unaudited)

Note Regarding Company References and Trademarks

Unless the context otherwise requires, references to the "Company" and "Lantheus" refer to Lantheus Holdings, Inc. and its direct and indirect wholly-owned subsidiaries; references to "Lantheus Holdings" refer to Lantheus Holdings, Inc. and not to any of its subsidiaries; references to "LMI" refer to Lantheus Medical Imaging, Inc., the direct subsidiary of Lantheus Holdings; references to "Cerveau," "Lantheus Real Estate," "Lantheus Two," "Lantheus Three" and "Progenics" refer to Cerveau Technologies, Inc.; Lantheus MI Real Estate, LLC; Lantheus Two, LLC; Lantheus Three, LLC; and Progenics Pharmaceuticals, Inc., respectively, each a wholly-owned subsidiary of LMI, and references to "EXINI" refer to EXINI Diagnostics AB, a wholly-owned subsidiary of Progenics. Solely for convenience, the Company refers to trademarks, service marks and trade names without the TM, SM and ® symbols. Those references are not intended to indicate, in any way, that the Company will not assert, to the fullest extent permitted under applicable law, its rights to its trademarks, service marks and trade names.

1. Basis of Presentation

The accompanying unaudited condensed consolidated financial statements include the accounts of Lantheus and have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, these condensed consolidated financial statements do not include all of the information and notes required by generally accepted accounting principles in the United States ("U.S. GAAP") for complete financial statements. In the opinion of management, all adjustments (consisting of normal and recurring adjustments) considered necessary for a fair statement have been included. The results of operations for the three and nine months ended September 30, 2023 are not necessarily indicative of the results that may be expected for the year ended December 31, 2023 or any future period.

The condensed consolidated balance sheet at December 31, 2022 has been derived from the audited consolidated financial statements at that date but does not include all the information and notes required by U.S. GAAP for complete financial statements. These condensed consolidated financial statements and accompanying notes should be read in conjunction with the consolidated financial statements and notes thereto included in Item 8 of the Company's most recent Annual Report on Form 10-K for the year ended December 31, 2022 filed with the Securities Exchange Commission ("SEC") on February 23, 2023.

Progenics Acquisition

On June 19, 2020 (the "Closing Date"), pursuant to the Amended and Restated Agreement and Plan of Merger, dated as of February 20, 2020 (the "Merger Agreement"), by and among Lantheus Holdings, Plato Merger Sub, Inc., a wholly-owned subsidiary of Lantheus Holdings ("Merger Sub"), and Progenics, Lantheus Holdings completed the acquisition of Progenics by means of a merger of Merger Sub with and into Progenics, with Progenics becoming an indirect subsidiary of Lantheus Holdings following the completion of such merger (the "Progenics Acquisition").

In connection with the Progenics Acquisition, Lantheus Holdings issued 26,844,877 shares of Lantheus Holdings common stock and 86,630,633 contingent value rights (each a "CVR") tied to the financial performance of PYLARIFY to former Progenics stockholders and option holders. Each CVR entitled its holder to receive a pro rata share of aggregate cash payments equal to 40% of United States ("U.S.") net sales generated by PYLARIFY in 2022 and 2023 in excess of $100.0 million and $150.0 million, respectively. The Company's aggregate payments in respect of the CVRs, together with any other non-stock consideration treated as paid in connection with the Progenics Acquisition, was capped at 19.9% of the total consideration the Company paid in the Progenics Acquisition. Based on the Company's 2022 PYLARIFY net sales, the Company determined that the aggregate payment obligation under the CVRs was $99.6 million, which was the maximum amount payable. The Company paid out this amount in May 2023 in full satisfaction of the CVRs.

2. Summary of Significant Accounting Policies

Recent Accounting Pronouncements

The Company has not adopted any new accounting standards during the nine months ended September 30, 2023.

3. Revenue from Contracts with Customers

The following table summarizes revenue by revenue source as follows:

Major Products/Service Lines (in thousands)	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Product revenue, net[1]	$ 319,508	$ 233,366	$ 925,848	$ 631,157
License and royalty revenues[2]	438	5,926	16,582	40,738
Total revenues	$ 319,946	$ 239,292	$ 942,430	$ 671,895

(1) The Company's product revenue includes PYLARIFY and DEFINITY among other products. This category represents the delivery of physical goods. The Company applies the same revenue recognition policies and judgments for all its principal products.

(2) The Company recognized $24.0 million license revenue in the first quarter of 2022 related to an agreement with Novartis Pharma AG.

The Company classifies its revenues into three product categories: Radiopharmaceutical Oncology, Precision Diagnostics, and Strategic Partnerships and Other Revenue. Radiopharmaceutical Oncology includes PYLARIFY and AZEDRA. Precision Diagnostics includes DEFINITY, TechneLite and other diagnostic imaging products. Strategic Partnerships and Other Revenue includes strategic partnerships and other arrangements related to other products of the Company, including our royalty revenue from our license of RELISTOR. On August 2, 2023, the Company sold the right to its RELISTOR net sales royalties, which is classified as a licensed intangible asset ("RELISTOR royalty asset"), under its license agreement with Bausch Health Companies, Inc. ("Bausch"); the Company retained the rights to future sales-based milestone payments.

On January 31, 2022, the Company entered into a global settlement agreement with Novartis Pharma AG ("Novartis"), Advanced Accelerator Applications USA, Inc. ("AAA"), Endocyte, Inc. ("Endocyte") and their affiliates (the "Novartis Agreement") to settle certain disputes between the parties. Under the Novartis Agreement, Novartis agreed to make a lump sum payment to the Company, as well as to reimburse the Company for certain fees and expenses in connection with certain litigation, and the Company agreed to license certain intellectual property to Novartis. In addition, the Company agreed to supply PYLARIFY for clinical purposes at an arms-length value which will be recorded revenue in the future as product is provided. In accordance with the Company's ASC 606, Revenue from Contracts with Customers, assessment, Novartis is considered to be a customer. The Company determined that the $24.0 million that Novartis paid to the Company pursuant to the Novartis Agreement constituted a single element which was satisfied on the date of the execution of the Novartis Agreement. The Company determined that the license of intellectual property carried a fair value of $24.0 million. As such, the Company assigned the value of the license to be $24.0 million, which constitutes the entire transaction price and does not require further allocation. The Company determined that the $24.0 million represented the point at which Novartis, as the licensee, was able to use and benefit from the license and recognized revenue when the license was granted to Novartis upon execution of the Novartis Agreement. The Company recognized the $24.0 million fee as revenue on its consolidated statement of operations for the quarter ended March 31, 2022.

Revenue by product category on a net basis is as follows:

(in thousands)	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
PYLARIFY	$ 215,428	$ 143,754	$ 621,419	$ 366,763
Other radiopharmaceutical oncology	848	928	2,383	3,183
Total radiopharmaceutical oncology	216,276	144,682	623,802	369,946
DEFINITY	67,336	60,740	206,688	181,374
TechneLite	23,272	22,094	65,853	64,139
Other precision diagnostics	5,740	6,175	17,002	16,803
Total precision diagnostics	96,348	89,009	289,543	262,316
Strategic partnerships and other revenue	7,322	5,601	29,085	39,633
Total revenues	$ 319,946	$ 239,292	$ 942,430	$ 671,895

The Company would be required to allocate a portion of its revenue received from commercial contracts to future reporting periods to the extent the Company had performance obligations that extended beyond one year. However, the Company's performance obligations are typically part of contracts that have an original expected duration of one year or less. As such, the Company is not

disclosing the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially satisfied) as of the end of the reporting period.

4. Fair Value of Financial Instruments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability of fair value measurements, financial instruments are categorized based on a hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels, which are described below:

- *Level 1* — Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.
- *Level 2* — Inputs include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability (i.e., interest rates, yield curves, etc.) and inputs that are derived principally from or corroborated by observable market data by correlation or other means (market corroborated inputs).
- *Level 3* — Unobservable inputs that reflect a Company's estimates about the assumptions that market participants would use in pricing the asset or liability. The Company develops these inputs based on the best information available, including its own data.

The Company's financial assets and liabilities measured at fair value on a recurring basis currently consist of money market funds and contingent consideration liabilities. The Company invests excess cash from its operating cash accounts in overnight investments and reflects these amounts in cash and cash equivalents in the condensed consolidated balance sheets at fair value using quoted prices in active markets for identical assets.

The tables below present information about the Company's assets and liabilities measured at fair value on a recurring basis:

	September 30, 2023			
(in thousands)	**Total Fair Value**	**Level 1**	**Level 2**	**Level 3**
Assets:				
Money market	$ 562,210	$ 562,210	$ —	$ —
Total assets	$ 562,210	$ 562,210	$ —	$ —
Liabilities:				
Contingent consideration liabilities	$ 2,500	$ —	$ —	$ 2,500
Total liabilities	$ 2,500	$ —	$ —	$ 2,500

	December 31, 2022			
(in thousands)	**Total Fair Value**	**Level 1**	**Level 2**	**Level 3**
Assets:				
Money market	$ 342,646	$ 342,646	$ —	$ —
Total assets	$ 342,646	$ 342,646	$ —	$ —
Liabilities:				
Contingent consideration liabilities	$ 111,600	$ —	$ —	$ 111,600
Total liabilities	$ 111,600	$ —	$ —	$ 111,600

During the three and nine months ended September 30, 2023, there were no transfers into or out of Level 3.

As part of the Progenics Acquisition, the Company issued CVRs and recorded the fair value as part of consideration transferred. Each CVR entitled its holder to receive a pro rata share of aggregate cash payments equal to 40% of U.S. net sales generated by PYLARIFY in 2022 and 2023 in excess of $100.0 million and $150.0 million, respectively, subject to a maximum cap. Refer to Note 1, "Basis of Presentation" for further details on the CVRs. Based on the U.S. net sales generated by PYLARIFY in 2022, the Company paid out the maximum amount payable under the CVRs from available cash in May 2023 in full satisfaction of the CVR obligation.

The Company also assumed contingent consideration liabilities related to a previous acquisition completed by Progenics in 2013 ("2013 Acquisition"). These contingent consideration liabilities include potential payments of up to $70.0 million if the Company attains certain net sales targets primarily for AZEDRA and 1095 (also known as 131 I-MIP-1095) and a $5.0 million 1095 commercialization milestone. Additionally, there is a potential payment of up to $10.0 million related to a 1404 commercialization milestone. The Company's total potential payments related to the 2013 Acquisition are approximately $85.0 million. The Company considers the contingent consideration liabilities relating to the 2013 Acquisition each a Level 3 instrument (one with significant unobservable inputs) in the fair value hierarchy. The estimated fair value of these was determined based on probability adjusted discounted cash flows and Monte Carlo simulation models that included significant estimates and assumptions pertaining to commercialization events and sales targets. The most significant unobservable inputs with respect to 1095 and 1404 are the probabilities of achieving regulatory approval of those development projects and subsequent commercial success.

Significant changes in any of the probabilities of success, the probabilities as to the periods in which sales targets and milestones will be achieved, discount rates or underlying revenue forecasts would result in a significantly higher or lower fair value measurement. The Company records the contingent consideration liability at fair value with changes in estimated fair values recorded in general and administrative expenses in the condensed consolidated statements of operations. The Company can give no assurance that the actual amounts paid, if any, in connection with the contingent consideration liabilities, will be consistent with any recurring fair value estimate of such contingent consideration liabilities.

The following tables summarize quantitative information and assumptions pertaining to the fair value measurement of liabilities using Level 3 inputs at September 30, 2023.

	Fair Value at				Assumptions	
(in thousands)	September 30, 2023	December 31, 2022	Valuation Technique	Unobservable Input	September 30, 2023	December 31, 2022
Contingent consideration liability:						
Net sales targets - PYLARIFY (CVRs)	N/A	$ 99,700	Probability adjusted discounted cash flow model	Period of expected milestone achievement and sales targets	N/A	2022 - 2023
				Probability of success	N/A	100 %
1095 commercialization milestone	1,700	1,700	Probability adjusted discounted cash flow model			
				Period of expected milestone achievement	2026	2026
				Probability of success	40 %	40 %
				Discount rate	4.7 %	3.8 %
Net sales targets - AZEDRA and 1095	800	10,200	Monte Carlo simulation			
				Probability of success and sales targets	0% - 40%	20% - 100%
				Discount rate	16%	16% - 17%
Total	$ 2,500	$ 111,600				

For those financial instruments with significant Level 3 inputs, the following table summarizes the activities for the periods indicated:

(in thousands)	Financial Assets Nine Months Ended September 30,		Financial Liabilities Nine Months Ended September 30,	
	2023	2022	2023	2022
Fair value, beginning of period	$ —	$ 9,300	$ 111,600	$ 86,200
Changes in fair value included in net (loss) income	—	(1,100)	(9,475)	24,300
Cash payments	—	—	(99,625)	—
Fair value, end of period	$ —	$ 8,200	$ 2,500	$ 110,500

The change in fair value of the contingent financial liabilities resulted in a reduction of general and administrative expense of $9.5 million for the nine months ended September 30, 2023 and was primarily due to changes in revenue forecasts and the passage of time (excluding the CVRs). The Company made the applicable cash payment related to the CVRs in May 2023.

5. Income Taxes

The Company calculates income taxes at the end of each reporting period based on the estimated effective tax rate for the full year, adjusted for any discrete events which are recorded in the period they occur. Cumulative adjustments to the tax provision are recorded in the reporting period in which a change in the estimated annual effective tax rate is determined. The Company's income tax expense is presented below:

(in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Income tax expense	$ 27,999	$ 21,784	$ 49,259	$ 55,710

The Company regularly assesses its ability to realize its deferred tax assets. Assessing the realizability of deferred tax assets requires significant management judgment. In determining whether its deferred tax assets are realizable, the Company evaluated all available evidence, and weighed the objective evidence and expected impact. The Company continues to retain immaterial valuation allowances against the net deferred tax assets of certain of its foreign subsidiaries.

In connection with the Company's acquisition of the medical imaging business from Bristol-Myers Squibb ("BMS") in 2008, the Company recorded a liability for uncertain tax positions related to the acquired business and simultaneously entered into a tax indemnification agreement with BMS under which BMS agreed to indemnify the Company for any payments made to settle those uncertain tax positions with the state taxing authorities.

In accordance with the Company's accounting policy, the change in the tax liabilities, penalties and interest associated with these obligations (net of any offsetting federal or state benefit) is recognized within income tax expense. As these reserves change, adjustments are included in income tax expense while the offsetting adjustment is included in other income. Assuming that the remaining receivable from BMS continues to be considered recoverable by the Company, there will be no effect on net income and no net cash outflows related to these liabilities.

During the third quarter of 2023, the Company entered into a settlement agreement with one state, for which the Company was indemnified pursuant to the tax indemnification agreement, and accordingly reduced the amount of uncertain tax positions by $4.8 million. The Company continues to accrue interest on the outstanding uncertain tax positions.

6. Inventory

Inventory consisted of the following:

(in thousands)	September 30, 2023	December 31, 2022
Raw materials	$ 26,936	$ 19,987
Work in process	9,968	8,234
Finished goods	19,558	7,254
Total inventory	$ 56,462	$ 35,475

Inventory costs associated with products that have not yet received regulatory approval are capitalized if the Company believes there is probable future commercial use of the product and future economic benefit of the asset. If future commercial use of the

product is not probable, then inventory costs associated with such product are expensed during the period the costs are incurred. The Company has no inventory pending regulatory approval as of September 30, 2023.

7. Property, Plant and Equipment, Net

Property, plant and equipment, net, consisted of the following:

(in thousands)	September 30, 2023	December 31, 2022
Land	$ 9,480	$ 13,450
Buildings	69,425	76,329
Machinery, equipment and fixtures	101,196	92,604
Computer software	26,515	25,864
Construction in progress	37,742	14,047
	244,358	222,294
Less: accumulated depreciation and amortization	(104,065)	(100,128)
Total property, plant and equipment, net	$ 140,293	$ 122,166

Depreciation and amortization expense related to property, plant and equipment, net, was $2.9 million and $3.9 million for the three months ended September 30, 2023 and 2022, respectively, and $9.6 million and $10.3 million for the nine months ended September 30, 2023 and 2022, respectively.

During the three months ended June 30, 2023, as a result of a decline in expected future cash flows related to a certain asset group, the Company determined certain impairment triggers had occurred. The Company reviewed revised undiscounted cash flows that were estimated to be generated by the asset group as of June 30, 2023. Based on the undiscounted cash flow analysis, the Company determined that the asset group had net carrying values that exceeded their estimated undiscounted future cash flows. The Company then estimated the fair value of the asset group based on their discounted cash flows. The carrying value exceeded the fair value and as a result, the Company recorded a noncash impairment of $6.0 million for the six months ended June 30, 2023 in cost of goods sold in the condensed consolidated statements of operations.

Long-Lived Assets Held for Sale

During the first quarter of 2023, the Company committed to a plan to sell a portion of its land and buildings associated with its Billerica, Massachusetts campus. Effective March 16, 2023, the Company entered into a purchase and sale agreement (the “P&S”) with a prospective buyer. The assets were classified as held for sale and comprised entirely of property, plant and equipment, net. The Company determined that the fair value of the net assets being sold exceeded the carrying value as of September 30, 2023. The purchase price for the campus sale is $10.0 million in cash. The transaction is expected to close during the first half of 2024.

8. Accrued Expenses and Other Liabilities and Other Long-Term Liabilities

Accrued expenses and other liabilities and other long-term liabilities are comprised of the following:

(in thousands)	September 30, 2023	December 31, 2022
Compensation and benefits	$ 29,588	$ 30,425
Freight, distribution and operations	65,751	49,067
Accrued rebates, discounts and chargebacks	11,699	13,399
Accrued professional fees	9,229	8,668
Other	22,556	25,525
Total accrued expenses and other liabilities	$ 138,823	$ 127,084
Operating lease liabilities (Note 15)	$ 54,417	$ 25,442
Long-term contingent liability (Note 4)	2,500	11,900
Other long-term liabilities	5,933	8,813
Total other long-term liabilities	$ 62,850	$ 46,155

9. Asset Retirement Obligations

The Company considers its legal obligation to remediate its facilities upon a potential decommissioning of its radioactive-related operations as an asset retirement obligation. The Company has production facilities which manufacture and process radioactive materials at its North Billerica, Massachusetts and Somerset, New Jersey sites. As of September 30, 2023, the liability is measured at the present value of the obligation expected to be incurred and is approximately $25.1 million.

The following table provides a summary of the changes in the Company's carrying value of asset retirement obligations:

(in thousands)	Amount
Balance at January 1, 2023	$ 22,543
Accretion expense	280
Balance at September 30, 2023	$ 22,823

The Company is required to provide the Massachusetts Department of Public Health and New Jersey Department of Environmental Protection financial assurance demonstrating the Company's ability to fund the decommissioning of its North Billerica, Massachusetts and Somerset, New Jersey production facilities, respectively, upon closure. The Company has provided this financial assurance in the form of a $30.3 million surety bond.

10. Intangibles, Net

Intangibles, net, consisted of the following:

	September 30, 2023				
(in thousands)	Useful Lives (in years)	Amortization Method	Cost	Accumulated Amortization	Net
Trademarks	15 - 25	Straight-Line	$ 13,540	$ (12,179)	$ 1,361
Customer relationships	5 - 25	Accelerated	157,945	(111,315)	46,630
Currently marketed products	9	Straight-Line	132,800	(34,588)	98,212
Licenses	11 - 16	Straight-Line	22,233	(6,665)	15,568
Developed technology	9	Straight-Line	2,400	(877)	1,523
Total			$ 328,918	$ (165,624)	$ 163,294

	December 31, 2022				
(in thousands)	Useful Lives (in years)	Amortization Method	Cost	Accumulated Amortization	Net
Trademarks	15 - 25	Straight-Line	$ 13,540	$ (12,061)	$ 1,479
Customer relationships	15 - 25	Accelerated	96,681	(95,009)	1,672
Currently marketed products	9 - 15	Straight-Line	275,700	(47,628)	228,072
Licenses	11 - 16	Straight-Line	85,800	(19,101)	66,699
Developed technology	9	Straight-Line	2,400	(677)	1,723
IPR&D	N/A	N/A	15,640	—	15,640
Total			$ 489,761	$ (174,476)	$ 315,285

The Company recorded amortization expense for its intangible assets of $11.7 million and $8.3 million for the three months ended September 30, 2023 and 2022, respectively, and $35.1 million and $24.9 million for the nine months ended September 30, 2023 and 2022, respectively.

On August 2, 2023, the Company sold the right to its RELISTOR royalty asset under its license agreement with Bausch; the Company retained the rights to future sales-based milestone payments. The Company received an initial payment of approximately $98.0 million in connection with the sale and has the right to receive an additional payment from the buyer of $5.0 million if worldwide net sales of RELISTOR in 2025 exceed a specified threshold. The additional payment would be recognized upon

achievement of the specified threshold. Decreases of $63.6 million of license assets and $17.5 million of associated accumulated amortization, as well as a gain of $51.8 million were recorded as a result of the sale.

In March 2023, the Company stopped all development activities in relation to a future indication associated with AZEDRA, which is classified as an in process research and development ("IPR&D") intangible asset. The Company did not identify any alternative future uses or development programs for the asset, therefore the asset group, which consists of the IPR&D asset and a currently marketed product, was assessed for impairment as of March 31, 2023. The Company considered several factors including market share, price and competitive product offerings in evaluating the quantitative impact of the future cash flows. The Company concluded that the carrying amount exceeded the fair value of the asset group, which had no value. Accordingly, in the three months ended March 31, 2023, the Company recorded a non-cash impairment charge associated with the IPR&D asset of $15.6 million in research and development expenses and a non-cash impairment charge of $116.4 million in cost of goods sold in the condensed consolidated statements of operations.

On August 15, 2023, the Company announced that it had made the decision to discontinue the production and promotion of AZEDRA and would be winding down its Somerset, New Jersey manufacturing site. The Company currently intends to continue manufacturing AZEDRA into the first quarter of 2024, to the extent feasible, with the goal of providing doses of AZEDRA to current patients so they can complete their treatment regimen.

In February 2023, the Company entered into an agreement with Cerveau to purchase all of the outstanding capital stock of Cerveau for approximately $35.3 million. In May 2023, upon successful completion of a technology transfer, the Company paid $10.0 million to the selling stockholders of Cerveau. This additional contingent payment was capitalized as part of the asset cost and increased the Company's customer relationship intangible assets. See Note 19, "Acquisition of Assets" for further discussion of the Cerveau acquisition.

The below table summarizes the estimated aggregate amortization expense expected to be recognized on the above intangible assets:

(in thousands)	Amount
Remainder of 2023	$ 11,300
2024	39,729
2025	24,409
2026	25,209
2027	19,681
2028 and thereafter	42,966
Total	$ 163,294

11. Long-Term Debt, Net, and Other Borrowings

As of September 30, 2023, the Company's maturities of principal obligations under its long-term debt and other borrowings are as follows:

(in thousands)	Amount
Remainder of 2023	$ —
2024	—
2025	—
2026	—
2027	575,000
Total principal outstanding	575,000
Unamortized debt issuance costs	(14,846)
Finance lease liabilities	1,125
Total	561,279
Less: current portion	(703)
Total long-term debt, net and other borrowings	$ 560,576

In December 2022, the Company refinanced its existing credit facility, consisting of (i) a $200.0 million five-year term loan facility (the "2019 Term Facility") and (ii) a $200.0 million five-year revolving credit facility (the "2019 Revolving Facility" and,

together with the 2019 Term Facility, the "2019 Facility"), with a new $100.0 million delayed draw term loan facility (the "2022 Term Facility" and, the loans thereunder, the "Term Loans") and a new $350.0 million five-year revolving credit facility (the "2022 Revolving Facility" and, together with the 2022 Term Facility, the "2022 Facility").

The Company used approximately $7.8 million of cash on hand to primarily repay the principal amount of the loans outstanding related to the 2019 Facility through the nine months ended September 30, 2022. In addition, in December 2022, the Company used approximately $167.6 million of cash on hand to repay in full the aggregate remaining principal amount of the loans outstanding under the 2019 Facility and to pay related interest, transaction fees and expenses.

The Company paid off the 2019 Term Facility using available cash and did not utilize another term loan to fund the payoff. While the 2022 Term Facility allowed for a delayed draw term loan, the loan was not drawn upon. The Company recorded a loss on extinguishment of debt of $0.6 million related to the write-off of unamortized debt issuance costs and debt discounts associated with the 2019 Term Facility. In addition, the Company incurred and capitalized $2.7 million of new deferred financing costs related to the refinancing.

2022 Revolving Facility

Under the terms of the 2022 Revolving Facility, the lenders are committed to extending credit to the Company from time to time until December 2, 2027 consisting of revolving loans (the "Revolving Loans") in an aggregate principal amount not to exceed $350.0 million (the "Revolving Commitment") at any time, including a $20.0 million sub-facility for the issuance of letters of credit (the "Letters of Credit") and a $10.0 million sub-facility for swingline loans (the "Swingline Loans"). The Revolving Loans, Letters of Credit, and the Swingline Loans, if used, are expected to be used for working capital and for other general corporate purposes.

The Revolving Loans bear interest, with pricing based from time to time at the Company's election, at (i) the secured overnight financing rate as published by the Federal Reserve Bank of New York on its website plus an applicable margin that ranges from 1.50% to 2.50% based on the Company's total net leverage ratio or (ii) the alternative base rate plus an applicable margin that ranges from 0.50% to 1.50% based on the Company's total net leverage ratio. The 2022 Revolving Facility also includes an unused commitment fee at a rate ranging from 0.15% to 0.35% per annum based on the Company's total net leverage ratio.

The Company is permitted to voluntarily prepay the Revolving Loans, in whole or in part, or reduce or terminate the Revolving Commitment, in each case, without premium or penalty. On any business day on which the total amount of outstanding Revolving Loans, Letters of Credit and Swingline Loans exceeds the total Revolving Commitment, the Company must prepay the Revolving Loans in an amount equal to such excess. The Company is not required to make mandatory prepayments under the 2022 Revolving Facility. As of September 30, 2023, there were no outstanding borrowings under the 2022 Revolving Facility.

The Company has the right to request an increase to the Revolving Commitment in an aggregate principal amount of up to the sum of $335.0 million or consolidated EBITDA for the four consecutive fiscal quarters most recently ended, plus additional amounts in certain circumstances (collectively, the "Incremental Cap"), minus certain incremental term loans made pursuant to specified incremental term loan commitments ("Incremental Term Loans"). The Company has the right to request Incremental Term Loans in an aggregate principal amount of up to the Incremental Cap less any incremental increases to the Revolving Commitment. Proceeds of Incremental Term Loans may be used for working capital and for other general corporate purposes and will bear interest at rates agreed between the Company and the lenders providing the Incremental Term Loans.

2022 Facility Covenants

The 2022 Facility contains a number of affirmative, negative and reporting covenants, as well as financial maintenance covenants pursuant to which the Company is required to be in quarterly compliance, measured on a trailing four quarter basis, with two financial covenants. The minimum interest coverage ratio, commencing with the fiscal quarter ended December 31, 2022, must be at least 3.00 to 1.00. The maximum total net leverage ratio permitted by the financial covenant is displayed in the table below:

2022 Credit Agreement

Period	Total Net Leverage Ratio
Q3 2023 to Q4 2023	4.00 to 1.00
Q1 2024 and thereafter	3.50 to 1.00

The 2022 Facility contains usual and customary restrictions on the ability of the Company and its subsidiaries to: (i) incur additional indebtedness (ii) create liens; (iii) consolidate, merge, sell or otherwise dispose of all or substantially all of its assets; (iv) sell certain assets; (v) pay dividends on, repurchase or make distributions in respect of capital stock or make other restricted payments; (vi) make certain investments; (vii) repay subordinated indebtedness prior to stated maturity; and (viii) enter into certain transactions with its affiliates.

Upon an event of default, the Administrative Agent will have the right to declare the loans and other obligations outstanding under the 2022 Facility immediately due and payable and all commitments immediately terminated.

The 2022 Facility is guaranteed by Lantheus Holdings, and certain subsidiaries of LMI, including Progenics and Lantheus Real Estate, and obligations under the 2022 Facility are generally secured by first priority liens over substantially all of the assets of each of LMI, Lantheus Holdings, and certain subsidiaries of LMI, including Progenics and Lantheus Real Estate (subject to customary exclusions set forth in the transaction documents) owned as of December 2, 2022 or thereafter acquired.

Convertible Notes

On December 8, 2022, the Company issued $575.0 million in aggregate principal amount of 2.625% Convertible Senior Notes due 2027 (the "Notes"), which includes $75.0 million in aggregate principal amount of Notes sold pursuant to the full exercise of the initial purchasers' option to purchase additional Notes. The Notes were issued under an indenture, dated as of December 8, 2022 (the "Indenture"), among the Company, LMI (the "Guarantor"), as Guarantor, and U.S. Bank Trust Company, National Association, as Trustee. The net proceeds from the issuance of the Notes were approximately $557.8 million after deducting the initial purchasers' discounts and offering expenses payable by the Company.

The Notes are senior unsecured obligations of the Company. The Notes are fully and unconditionally guaranteed on a senior unsecured basis by the Guarantor. The Notes bear interest at a rate of 2.625% per year, payable semi-annually in arrears on June 15 and December 15 of each year, beginning on June 15, 2023, and will mature on December 15, 2027 unless earlier redeemed, repurchased or converted in accordance with their terms. The initial conversion rate for the Notes is 12.5291 shares of the Company's common stock per $1,000 in principal amount of Notes (which is equivalent to an initial conversion price of approximately $79.81 per share of the Company's common stock, representing an initial conversion premium of approximately 42.5% above the closing price of $56.01 per share of the Company's common stock on December 5, 2022). In no event shall the conversion rate per $1,000 in principal amount of notes exceed 17.8539 shares of the Company's common stock. Prior to the close of business on the business day immediately preceding September 15, 2027, the Notes may be converted at the option of the holders only upon occurrence of specified events and during certain periods, and thereafter until the close of business on the business day immediately preceding the maturity date, the Notes may be converted at any time. The Company will satisfy any conversion by paying cash up to the aggregate principal amount of the Notes to be converted and by paying or delivering, as the case may be, cash, shares of the Company's common stock, or a combination of cash and shares of the Company's common stock, at its election, in respect of the remainder, if any, of its conversion obligation in excess of the aggregate principal amount of the Notes being converted. The Company may redeem for cash all or any portion of the Notes, at its option, on or after December 22, 2025 if the closing sale price per share of the Company's common stock exceeds 130% of the conversion price of the Notes for a specified period of time. The redemption price will be equal to 100% of the principal amount of the Notes to be redeemed, plus accrued and unpaid interest, if any, to, but excluding, the redemption date.

The Company evaluated the Notes upon completion of the sale and concluded on the following features:

- *Conversion Feature:* The Company determined that the conversion feature qualifies for the classification of equity. As a result, the conversion feature should not be bifurcated as a derivative instrument and the Notes were accounted for as a single liability.
- *Redemption Features:* The redemption features were reviewed within the Notes and the Company determined that the redemption features are closely related to the Notes and as such should not be separately accounted for as a bifurcated derivative instrument.
- *Additional Interest Features:* The Notes may result in additional interest if the Company fails to timely file any document that the Company is required to file with the SEC pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. The Company will pay additional interest on the notes at a rate equal to 0.25% to 0.50% per annum based on the principal amount of notes outstanding for each day the Company failure to file has occurred or the notes are not otherwise freely tradable. Further, if the notes are assigned a restricted CUSIP number or the notes are not otherwise freely tradable pursuant to Rule 144 under the Securities Act by holders other than our affiliates or holders that were our affiliates at any time during the three months immediately preceding as of the 385th day after the last date of original issuance of the notes offered hereby, the Company will pay additional interest on the notes at a rate equal to (i) 0.25% to 0.50% per annum based on the principal amount of notes outstanding for each day until the restrictive legend has been removed from the notes, the notes are assigned an unrestricted CUSIP and the notes are freely tradable. The Company concluded that the interest feature is unrelated to the credit risk and should be bifurcated from the Notes, however, the Company assessed the probabilities of triggering events occurring under these features and does not expect to trigger the aforementioned events. These events will continue to be monitored to determine whether the interest feature will be bifurcated if it has value.

As of September 30, 2023, the carrying value of the Notes was $575.0 million and the fair value of the liability was $575.0 million. The Company recorded interest expense of approximately $3.9 million and $11.8 million related to the Notes for the three and nine months ended September 30, 2023, respectively. There were no conversions of Notes during the nine months ended September 30, 2023.

12. Derivative Instruments

The Company has used, but does not currently use, interest rate swaps to reduce the variability in cash flows associated with portions of the Company's interest payments on variable rate debt. In March 2020, the Company entered into interest rate swap contracts to fix the LIBOR rate on a notional amount of $100.0 million through May 31, 2024. The average fixed LIBOR rate on the interest rate swaps was approximately 0.82%. This agreement involved the receipt of floating rate amounts in exchange for fixed rate interest payments over the life of the agreement without an exchange of the underlying principal amount. The interest rate swaps were designated as cash flow hedges. In accordance with hedge accounting, the interest rate swaps were recorded on the Company's consolidated balance sheets at fair value, and changes in the fair value of the swap agreements were recorded to other comprehensive loss and reclassified to interest expense in the period during which the hedged transaction affected earnings or it will become probable that the forecasted transaction would not occur.

On December 2, 2022, the Company voluntarily terminated the interest rate swap contracts in connection with the refinancing of debt. Upon termination, the Company received approximately $5.6 million in cash and the remaining balance of approximately $5.5 million in accumulated other comprehensive income related to the interest rate swap contracts were reclassified into earnings.

13. Accumulated Other Comprehensive (Loss) Income

The components of accumulated other comprehensive (loss) income, net of tax of zero and $1.5 million for the nine months ended September 30, 2023 and 2022, respectively, consisted of the following:

(in thousands)	Foreign currency translation	Unrealized loss on cash flow hedges	Accumulated other comprehensive income (loss)
Balance at January 1, 2023	$ (1,259)	$ —	$ (1,259)
Other comprehensive income before reclassifications	224	—	224
Amounts reclassified to earnings	—	—	—
Balance at September 30, 2023	$ (1,035)	$ —	$ (1,035)
Balance at January 1, 2022	$ (754)	$ 269	$ (485)
Other comprehensive (loss) income before reclassifications	(463)	4,112	3,649
Amounts reclassified to earnings	—	(170)	(170)
Balance at September 30, 2022	$ (1,217)	$ 4,211	$ 2,994

14. Stock-Based Compensation

The following table presents stock-based compensation expense recognized in the Company's accompanying condensed consolidated statements of operations:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands)	2023	2022	2023	2022
Cost of goods sold	$ 2,508	$ 1,268	$ 6,381	$ 3,263
Sales and marketing	2,823	1,745	7,044	4,433
General and administrative	6,741	3,991	17,813	10,777
Research and development	1,904	1,099	5,097	2,665
Total stock-based compensation expense	$ 13,976	$ 8,103	$ 36,335	$ 21,138

15. Leases

Operating and finance lease assets and liabilities are as follows:

(in thousands)	Classification	September 30, 2023	December 31, 2022
Assets			
Operating	Other long-term assets	$ 45,910	$ 19,033
Finance	Property, plant and equipment, net	1,406	582
Total leased assets		$ 47,316	$ 19,615
Liabilities			
Current			
Operating	Accrued expenses and other liabilities	$ 1,799	$ 2,177
Finance	Current portion of long-term debt and other borrowings	703	354
Noncurrent			
Operating	Other long-term liabilities	54,417	25,442
Finance	Long-term debt, net and other borrowings	422	231
Total leased liabilities		$ 57,341	$ 28,204

On May 4, 2023, the Company entered into a modification to the operating lease for office space in Bedford, Massachusetts, (the "Existing Premises") that was executed in February 2022. The lease commenced and was recorded in December 2022 for $11.0 million and the initial term was set to expire in June 2031. The lease modification includes a lease of additional office and laboratory space at the Bedford location (the "Additional Premises") for a term of 15 years and 4 months and extends the term of the lease for the Existing Premises to be coterminous with the term of the lease for the Additional Premises. As a result of the extended term for the Existing Premises, the Company recorded an additional right-of-use asset and liability of $6.0 million in May 2023. The modification also contains a provision to convert the rent schedule of the Existing Premises from gross to triple net in 2024, which may result in an additional adjustment to the right-of-use asset and liability. The landlord provided notice to the Company that its renovations of the Additional Premises were completed. The Company is currently in discussions with the landlord as to the status of the renovations. As a result of the notice, the Company recorded an additional right-of-use asset and liability of $23.5 million as of September 1, 2023. To determine the value of the additional right-of-use asset and liability, the Company was required to calculate the discount rate of the lease modification. The discount rate was determined based on the expected lease term and by comparing interest rates in the market for similar borrowings with comparable credit quality of the Company. The lease for the Additional Premises allows for the extension of five years to begin immediately upon the expiration of the original term.

Other information related to leases were as follows:

	September 30, 2023	December 31, 2022
Weighted-average remaining lease term (Years):		
Operating leases	13.6	7.9
Finance leases	2.7	1.9
Weighted-average discount rate:		
Operating leases	7.3%	4.8%
Finance leases	7.2%	4.4%

16. Net Income Per Common Share

A summary of net income per common share is presented below:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands, except per share amounts)	**2023**	**2022**	**2023**	**2022**
Net income	$ 131,957	$ 61,232	$ 223,281	$ 147,252
Basic weighted-average common shares outstanding	68,436	68,756	68,188	68,482
Effect of dilutive stock options	320	455	366	452
Effect of dilutive restricted stock	1,290	1,864	1,449	1,735
Effect of convertible debt instrument	—	—	265	—
Diluted weighted-average common shares outstanding	70,046	71,075	70,268	70,669
Basic income per common share	$ 1.93	$ 0.89	$ 3.27	$ 2.15
Diluted income per common share	$ 1.88	$ 0.86	$ 3.18	$ 2.08
Antidilutive securities excluded from diluted net income per common share	435	52	422	226

Impact of the Convertible Notes

The Company considered whether the Notes are participating securities through the two-class method. The Company determined that if a cash dividend is paid that is greater than the then stock price, the holder of Notes will receive cash on an if-converted basis. While this feature is considered to be a participating right, basic earnings per share is only impacted if the Company's earnings exceeds the current share price, regardless of whether such dividend is declared. During the nine months ended September 30, 2023 and 2022, no such dividend was declared. In addition, the Company is required to settle the principal amount of the Notes in cash upon conversion, and therefore, the Company uses the if-converted method for calculating any potential dilutive effect of the conversion option on diluted net income per share, if applicable, unless the application of the two-class method is dilutive. The conversion option will have a dilutive impact on net income per share of Common Stock when the average price per share of the Company's common stock for a given period exceeds the conversion price of the Notes of $79.81 per share.

17. Other Income

Other income consisted of the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands)	**2023**	**2022**	**2023**	**2022**
Foreign currency losses	$ 9	$ 145	$ 31	$ 189
Tax indemnification loss, net	3,672	1,460	3,344	668
Interest income	(4,540)	(504)	(12,090)	(551)
Gain on sale of RELISTOR licensed intangible asset associated with net sales royalties	(51,789)	—	(51,789)	—
Other	(1)	—	142	—
Total other (income) expense, net	$ (52,649)	$ 1,101	$ (60,362)	$ 306

18. Commitments and Contingencies

Legal Proceedings

From time to time, the Company is a party to various legal proceedings arising in the ordinary course of business. In addition, the Company has in the past been, and may in the future be, subject to investigations by governmental and regulatory authorities, which expose it to greater risks associated with litigation, regulatory or other proceedings, as a result of which the Company could be required to pay significant fines or penalties. The costs and outcome of litigation, regulatory or other proceedings cannot be predicted with certainty, and some lawsuits, claims, actions or proceedings may be disposed of unfavorably to the Company and could have a material adverse effect on the Company's results of operations or financial condition. In addition, intellectual property disputes often

have a risk of injunctive relief which, if imposed against the Company, could materially and adversely affect its financial condition or results of operations. If a matter is both probable to result in material liability and the amount of loss can be reasonably estimated, the Company estimates and discloses the possible material loss or range of loss. If such loss is not probable or cannot be reasonably estimated, a liability is not recorded in its condensed consolidated financial statements.

As of September 30, 2023, the Company did not have any material ongoing litigation to which the Company was a party.

19. Acquisition of Assets

On February 6, 2023, the Company acquired Cerveau. Cerveau's primary asset is MK-6240, a second-generation F 18-labeled positron emission tomography ("PET") imaging agent that targets Tau tangles in Alzheimer's disease. The Company determined that upon review of the Cerveau acquisition, the transaction did not meet the definition of a business combination and is therefore treated as an asset acquisition.

In February 2023, the Company made an upfront payment of approximately $35.3 million to the stockholders of Cerveau (the "Selling Stockholders") and paid the Selling Stockholders an additional $10.0 million in May 2023 upon the successful completion of a technology transfer. The Company could pay up to an additional $51.0 million in milestone payments upon achievement of specified U.S. regulatory milestones related to MK-6240. The Selling Stockholders are also eligible to receive up to $1.2 billion in sales milestone payments upon the achievement of specified annual commercial sales thresholds of MK-6240 in the event the Company pursues commercialization, as well as up to $13.5 million in research revenue milestones upon achievement of specified annual research revenue thresholds. Additionally, the Company will pay to the Selling Stockholders up to double-digit royalty payments for research revenue and commercial sales. Research revenue is derived from existing partnerships with pharmaceutical companies that use MK-6240 in clinical trials and includes milestone and dose-related payments. The purchase agreement pursuant to which the Company purchased Cerveau specifies, among other things, that certain members of the Selling Stockholders will also provide transition and clinical development services for a prescribed time following the closing of the transaction.

In December 2022, the Company made upfront payments of $260.0 million to POINT Biopharma Global Inc. ("POINT") as part of an asset acquisition with the potential for additional milestone payments of approximately $1.8 billion for the two licensed assets based on U.S. Food and Drug Administration ("FDA") approval and net sales and commercial milestones.

Under the terms of the license agreement between Lantheus Two and POINT for PNT2002, Lantheus Two paid POINT an upfront cash payment of $250.0 million, and could pay up to an additional $281.0 million in milestone payments upon the achievement of specified U.S. and ex-U.S. regulatory milestones related to PNT2002. POINT is also eligible to receive up to $1.3 billion in sales milestone payments upon the achievement of specified annual sales thresholds of PNT2002.

Under the terms of the license agreement between Lantheus Three and POINT for PNT2003, Lantheus Three paid POINT an upfront cash payment of $10.0 million, and could pay up to an additional $34.5 million in milestone payments upon the achievement of specified U.S. and ex-U.S. regulatory milestones related to PNT2003. POINT is also eligible to receive up to $275.0 million in sales milestone payments upon the achievement of specified annual sales thresholds of PNT2003.

Additionally, the Company will pay POINT royalties on net sales, beyond certain financial thresholds and subject to conditions, of 20% for PNT2002 and 15% for PNT2003. Costs of IPR&D projects acquired as part of an asset acquisition that have no alternative future use are expensed when incurred, and therefore, a charge of $260.0 million was recognized in research and development expenses during the year ended December 31, 2022.

20. Segment Information

The Company operates as one business segment. The results of this operating segment are regularly reviewed by the Company's chief operating decision maker, the Chief Executive Officer. The Company's chief operating decision maker does not manage any part of the Company separately, and the allocation of resources and assessment of performance are based on the Company's consolidated operating results.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Cautionary Note Regarding Forward-Looking Statements

Some of the statements contained in this Quarterly Report on Form 10-Q are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These forward-looking statements, including, in particular, statements about our plans, strategies, prospects and industry estimates are subject to risks and uncertainties. These statements identify prospective information and can generally be identified by words such as "anticipates," "believes," "can," "could," "designed," "estimates," "expects," "hopes," "intends," "launch," "may," "pipeline," "plans," "potential," "predicts," "seeks," "should," "target," "will," "would" and similar expressions, or by express or implied discussions regarding potential marketing approvals or new indications for the collaborations, products candidates or approved products described in this Quarterly Report on Form 10-Q, or regarding potential future revenues from such collaborations, product candidates and products. Examples of forward-looking statements include statements we make relating to our outlook and expectations including, without limitation, in connection with: (i) continued market expansion and penetration for our established commercial products, particularly PYLARIFY and DEFINITY, in a competitive environment in which other imaging agents have been approved and are being commercialized, and our ability to clinically and commercially differentiate our products from other products; (ii) our ability to have third parties manufacture our products and our ability to manufacture DEFINITY in our in-house manufacturing facility; (iii) the global availability of Molybdenum-99 ("Mo-99") and other raw material and key components; (iv) the efforts and timing for clinical development, regulatory approval and successful commercialization of our product candidates and new clinical applications and territories for our products, in each case, that we or our strategic partners may undertake; (v) our strategies, future prospects, and our projected growth, including revenue related to our collaboration agreements with POINT Biopharma Global Inc. (vi) our ability to successfully continue existing clinical development partnerships using MK-6240 as a research tool and to further develop and commercialize such research tool; and (vii) our ability to identify and acquire or in-license additional diagnostic and therapeutic product opportunities in oncology and other strategic areas and continue to grow our pipeline of products. Forward-looking statements are based on our current expectations and assumptions regarding our business, the economy and other future conditions. Because forward-looking statements relate to the future, such statements are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. Our actual results may differ materially from those contemplated by the forward-looking statements. These statements are neither statements of historical fact nor guarantees or assurances of future performance. The matters referred to in the forward-looking statements contained in this Quarterly Report on Form 10-Q may not in fact occur. We caution you, therefore, against relying on any of these forward-looking statements. These forward-looking statements are subject to a number of risks, uncertainties and assumptions, including those described in Part I, Item 1A, "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2022, and in Part II, Item 1A. "Risk Factors" in this Quarterly Report on Form 10-Q.

Any forward-looking statement made by us in this Quarterly Report on Form 10-Q speaks only as of the date on which it is made. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by law.

Available Information

Our global Internet site is www.lantheus.com. We routinely make available important information, including copies of our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, as soon as reasonably practicable after those reports are electronically filed with, or furnished to, the SEC, free of charge on our website at investor.lantheus.com. We recognize our website as a key channel of distribution to reach public investors and as a means of disclosing material non-public information to comply with our disclosure obligations under SEC Regulation FD. Information contained on our website shall not be deemed incorporated into, or to be part of this Quarterly Report on Form 10-Q, and any website references are not intended to be made through active hyperlinks.

Our reports filed with, or furnished to, the SEC are also available on the SEC's website at www.sec.gov, and for Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q, in an iXBRL (Inline Extensible Business Reporting Language) format. iXBRL is an electronic coding language used to create interactive financial statement data over the Internet. The information on our website is neither part of nor incorporated by reference into this Quarterly Report on Form 10-Q.

The following discussion and analysis of our financial condition and results of operations should be read together with the condensed consolidated financial statements and the related notes included in Item 1 of this Quarterly Report on Form 10-Q as well as the other factors described in Part I, Item 1A. "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2022, and in Part II, Item 1A. "Risk Factors" in this Quarterly Report on Form 10-Q.

Overview

Our Business

We are the leading radiopharmaceutical-focused company, delivering life-changing science to enable clinicians to Find, Fight and Follow disease. We classify our products in three categories: Radiopharmaceutical Oncology, Precision Diagnostics, and Strategic Partnerships and Other Revenue. Our Radiopharmaceutical Oncology diagnostics and therapeutics help healthcare professionals ("HCPs") Find, Fight and Follow cancer. Our leading Precision Diagnostic products assist HCPs to Find and Follow diseases, with a focus in cardiology. Our Strategic Partnerships focus on enabling precision medicine through the use of biomarkers, digital solutions and pharma solutions platforms.

Our commercial products are used by oncologists, urologists, nuclear medicine physicians, cardiologists, sonographers, technologists, radiologists, and internal medicine physicians working in a variety of clinical settings. We believe that our diagnostic products provide improved clinical insight that enables HCPs to better detect and characterize, or rule out, disease, with the potential to achieve better patient outcomes, reduce patient risk and limit overall costs throughout the healthcare system.

We produce and market our products throughout the U.S., selling primarily to hospitals, independent diagnostic testing facilities, government facilities, integrated delivery networks, radiopharmacies, clinics, and group practices. We sell our products outside the U.S. through a combination of direct distribution in Canada and third party distribution relationships in Europe, Canada, Australia, Asia-Pacific, Central America and South America.

Our executive offices are located in Bedford, Massachusetts, with additional offices in North Billerica, Massachusetts; Somerset, New Jersey; Montreal, Canada and Lund, Sweden.

Recent Developments

Exclusive License for PNT2002 and PNT2003

On December 20, 2022, we announced the closing of a set of strategic collaborations with POINT Biopharma Global Inc. ("POINT"), in which we were granted a license to exclusive worldwide rights (excluding Japan, South Korea, China (including Hong Kong, Macau and Taiwan), Singapore and Indonesia) to co-develop and commercialize POINT's PNT2002 and PNT2003 product candidates.

With respect to PNT2002, POINT is generally responsible for funding and development activities required for FDA approval, including generating all clinical and nonclinical data, analysis and other information, and we are responsible for preparing for and seeking regulatory approval, as well as performing and funding all future development and commercialization following such approval. POINT will be responsible for all manufacturing of PNT2002, subject to certain exceptions described in the PNT2002 License Agreement.

In April 2023, we announced with POINT that the FDA had granted Fast Track designation for PNT2002. Fast Track is a process designed to facilitate the development and expedite the review of drugs to treat serious conditions and address unmet needs.

We expect to read out topline data from SPLASH, the phase 3 registrational trial for PNT2002, during the fourth quarter of 2023. SPLASH is designed to evaluate the efficacy and safety of PNT2002 in patients with metastatic castration-resistant prostate cancer who have progressed following treatment with an androgen receptor pathway inhibitor or ARPI.

The study has three phases: dosimetry; randomized treatment; and long term follow up. SPLASH commenced with a 27-patient safety and dosimetry lead-in, after which patients were randomized two to one to receive either PNT2002, or the alternate ARPI therapies like abiraterone or enzalutamide. In total, 412 patients were randomized. The primary endpoint is radiographic or imaging-based progression-free survival, as assessed by blinded independent central review. At the time of primary endpoint analysis, we will also perform an interim analysis on overall survival which could provide important information for our future discussions with the FDA. As is custom in long-term oncology studies, final overall survival analysis will be performed when data have matured sufficiently.

During the third quarter of 2023, we worked on establishing an Expanded Access Program, or EAP, for PNT2002. EAP programs, which are also referred to as compassionate use programs, provide a potential pathway for patients with serious or life-threatening conditions to gain access to an investigational drug for treatment outside of a clinical trial. We expect to open the EAP for PNT2002 during the fourth quarter of 2023.

With respect to PNT2003, POINT is responsible for curating all data, analysis and other information necessary for regulatory approval, and supporting us in the preparation of regulatory filings, and we are responsible for preparing for and seeking regulatory approval of all such applications, as well as performing and funding all future development and commercialization following such

approval. POINT will be responsible for all manufacturing of PNT2003, subject to certain exceptions described in the PNT2003 License Agreement.

For more information, see Note 19, “Acquisition of Assets” in our consolidated financial statements included herein.

Acquisition of Cerveau Technologies, Inc.

On February 6, 2023, we announced that we acquired Cerveau. Cerveau’s asset is MK-6240, a second-generation F 18-labeled PET imaging agent that targets Tau tangles in Alzheimer’s disease. Under the terms of the agreement, we paid the Selling Stockholders an upfront payment of $35.0 million in February 2023 and paid an additional $10.0 million in May 2023 upon the successful completion of a technology transfer. The Selling Stockholders are also eligible to receive additional development and commercial milestone payments. Additionally, we will pay double-digit royalty payments for research revenue and commercial sales. Research revenue is derived from existing partnerships with pharmaceutical companies that use MK-6240 in clinical trials and includes milestone and dose-related payments. Pursuant to the terms of the stock purchase agreement for Cerveau, certain members of the Selling Stockholders will also provide transition and clinical development services for a prescribed time following the closing of the transaction.

In September 2023, MK-6240 was granted Fast Track designation by the FDA.

For more information, see Note 19, “Acquisition of Assets” in our consolidated financial statements included herein.

Sale of RELISTOR Licensed Intangible Asset Associated with Net Sales Royalties

On August 2, 2023, we sold the right to our RELISTOR net sales royalties, which is classified as a licensed intangible asset (“RELISTOR royalty asset”), under our license agreement with Bausch; we retained the rights to future sales-based milestone payments. We received an initial payment of approximately $98.0 million in connection with the sale and we have the right to receive an additional payment from the buyer of $5.0 million if worldwide net sales of RELISTOR in 2025 exceed a specified threshold. The additional payment would be recognized upon achievement of the specified threshold. Decreases of $63.6 million of license assets and $17.5 million of associated accumulated amortization, as well as a gain of $51.8 million were recorded as a result of the sale.

For more information, see Note 10, “Intangibles, Net” in our consolidated financial statements included herein.

Discontinuation of AZEDRA

On August 15, 2023, we announced our decision to discontinue the production and promotion of AZEDRA and that we would be winding down our Somerset, New Jersey manufacturing site. We currently intend to continue manufacturing AZEDRA into the first quarter of 2024, to the extent feasible, with the goal of providing doses of AZEDRA to current patients so they can complete their treatment regimen.

For more information, see Note 10, “Intangibles, Net” in our consolidated financial statements included herein.

Key Factors Affecting Our Results

Our business and financial performance have been, and continue to be, impacted by the following:

Continued Growth of PYLARIFY

PYLARIFY, an F 18-labeled PET imaging agent targeting prostate-specific membrane antigen (“PSMA”), was approved by the FDA in May 2021 and commercially launched in the U.S. in June 2021. PYLARIFY is indicated for PET imaging of PSMA-positive lesions in men with prostate cancer with suspected metastasis who are candidates for initial definitive therapy and in men with suspected recurrence based on elevated PSA levels. Both the National Comprehensive Cancer Center guidelines and the Society for Nuclear Medicine and Molecular Imaging appropriate use criteria note that PSMA PET imaging agents, including PYLARIFY, can be used for patient selection for PSMA-targeted radioligand therapy. PYLARIFY is available through a diverse, multi-partner network of PET manufacturing facilities (“PMFs”), including both commercial and academic partners.

The successful growth of PYLARIFY is dependent on our ability to sustain PYLARIFY as the leading PSMA PET imaging agent in an increasingly competitive marketplace. PYLARIFY’s competition includes two commercially available gallium-68-based PSMA imaging agents, a recently approved fluorine-18-based PSMA imaging agent, and other non-PSMA-based imaging agents commonly referred to as conventional imaging. We previously hired additional employees to assist us with the commercialization of PYLARIFY, including in Sales, Marketing, Reimbursement, Quality and Medical Affairs, and we will continue to make commercial investments necessary to drive PYLARIFY awareness and adoption. We believe that PYLARIFY currently has the largest dedicated field-based commercial team in the PSMA PET imaging agent space.

We received notification that our Healthcare Procedure Coding System (“HCPCS”) code, which enables streamlined billing, went into effect as of January 1, 2022. In addition, effective January 1, 2022, the Centers for Medicare and Medicaid Services (“CMS”) granted Transitional Pass-Through Payment Status (“TPT Status”) in the hospital outpatient setting for PYLARIFY, enabling traditional Medicare to provide an incremental payment for PET/CT scans performed with PYLARIFY in that setting. TPT Status for PYLARIFY could expire on December 31, 2024.

In July 2023, CMS, proposed possible changes to its regulations covering payment for diagnostic radiopharmaceuticals. This included, for the first time since 2008, options for separate payment for diagnostics instead of the current packaged payment following expiration of TPT Status. We, along with numerous industry organizations, submitted comments and we expect CMS to publish final 2024 regulations in November 2023.

Our plan to successfully grow PYLARIFY has also included highlighting its commercial and clinical value, as well as through strategic partnerships and collaborations, both for the commercialization of our product outside of the United States as well as for the use of our product potentially for additional indications or in connection with the development of PSMA-targeted therapeutics. With respect to commercializing PYLARIFY outside of the U.S., we previously licensed exclusive rights to Curium to develop and commercialize piflufolastat F 18 in Europe. In July 2023, Curium announced that it received marketing authorization for PYLCLARI from the European Commission. With respect to the use of PYLARIFY in connection with the development of PSMA-targeted therapeutics, we have entered into multiple strategic collaborations with pharmaceutical companies. Additional information on collaborations using PYLARIFY are described further under Part I, Item 1. “Business - Strategic Partnerships and Other Revenue – Oncology.” in our Annual Report on Form 10-K for the year ended December 31, 2022.

In connection with the acquisition of Progenics in June 2020, we issued CVRs tied to the financial performance of PYLARIFY. We paid $99.6 million to the CVR holders during May 2023 in full satisfaction of our obligations under the CVRs.

PYLARIFY AI Use

During 2021, we announced that EXINI was granted 510(k) clearance by the FDA in the U.S. and received European Conformity Marking (“CE marking”) in Europe for aPROMISE. We commercially launched aPROMISE under the name PYLARIFY AI in the U.S. in November 2021. During the second quarter of 2022, we received a new 510(k) clearance for an updated version of our PYLARIFY AI platform.

PYLARIFY AI is artificial intelligence medical device software developed to assist with the reading and quantification of PYLARIFY scans. The technology automatically analyzes a PSMA PET/CT image to segment anatomical regions – 51 bones and 12 soft tissue organs. This image segmentation enables automated localization, detection and quantification of potential PSMA-avid lesions in a PSMA PET/CT image, which data is then incorporated into the reporting system used by physicians.

During the third quarter of 2023, in collaboration with Curium, we customized and released our PYLARIFY AI platform for use in Europe. At the European Association of Nuclear Medicine meeting in Vienna, the PYLARIFY AI presentation was awarded the Top Rated Oral Presentation for response evaluation of metastatic prostate cancer patients.

Also in the third quarter of 2023, we announced a data agreement with the Prostate Cancer Clinical Trial Consortium (PCCTC) on its IRONMAN Registry for development and validation of PSMA biomarkers with PYLARIFY AI. The IRONMAN is the International Registry for Men with Advanced Prostate Cancer, the Registry is accumulating contextualized clinical and imaging data from more than 100 institutions across the globe.

Recently, we also entered into an agreement with PIONEER (Prostate Cancer DIagnOsis and TreatmeNt Enhancement through the Power of Big Data in EuRope), led by the European Association of Urology (project Coordinator) and Bayer AG (private leader) to use our AI technology to help validate the clinical utility of PYLARIFY AI enabled PSMA biomarker to diagnose, treat and monitor prostate cancer patients. PIONEER is a European Network of Excellence for Big Data in Prostate Cancer, consisting of 34 private and public stakeholders in prostate cancer research and clinical care from across 9 countries.

Continued Growth of DEFINITY

We believe we will be able to increase use of DEFINITY through continued education of physicians and healthcare providers about the benefits of ultrasound enhancing agents in suboptimal echocardiograms. The U.S. market currently has three echocardiography ultrasound enhancing agents approved by the FDA; we estimate that DEFINITY will continue to hold at least an 80% market share.

As we continue to expand our microbubble franchise, our activities include:

- *Patents* - We continue to actively pursue additional patents in connection with DEFINITY and DEFINITY RT, both in the U.S. and internationally. In the U.S. for DEFINITY, we have six Orange Book-listed method of use patents, one of which expires in 2035 and five of which expire in 2037, as well as additional manufacturing patents that are not Orange Book-listed expiring in 2037.
- *VIALMIX RFID* – DEFINITY is activated through the use of medical devices branded as VIALMIX and VIALMIX RFID. The activation rate and time are controlled by VIALMIX RFID through the use of radio-frequency identification technology ("RFID") to ensure reproducible activation of DEFINITY. The RFID tag, which is affixed to the vial label, enables the DEFINITY vial to be appropriately activated with the VIALMIX RFID activation device.
- *DEFINITY RT* - The formulation of DEFINITY that we have branded as DEFINITY RT became commercially available in the fourth quarter of 2021. DEFINITY RT allows both storage and shipment at room temperature and provides clinicians an additional choice and allows for greater utility of this formulation in broader clinical settings. Given its physical characteristics, we believe DEFINITY RT is also well-suited for inclusion in kits requiring microbubbles for other indications and applications (including in kits developed by third parties of the type described in the paragraph entitled Microbubble Franchise below).

Expansion of Strategic Partnerships and Other Revenue

We continue to seek ways to further increase the overall value of our portfolio of products and product candidates. We are evaluating a number of different opportunities to collaborate, in-license or acquire additional products, product candidates, businesses and technologies to drive our future growth. In particular, we are focused on late-stage radiopharmaceutical therapeutic and diagnostic product opportunities in oncology and other strategic areas that will complement our existing portfolio.

Our Strategic Partnerships and Other Revenue category includes our Strategic Partnerships, Pharma Solutions and Digital Solutions businesses and is focused on enabling precision medicine with biomarkers and digital solutions.

- *Strategic Partnerships* – We seek to monetize our assets through our Strategic Partnerships business, by optimizing core assets geographically and by driving value through non-core assets. For example, with respect to PYLARIFY, we have licensed the development and commercialization rights of that imaging agent in Europe to Curium. Similarly, we licensed the commercialization rights for flurpiridaz fluorine-18 to GE Healthcare Limited.
- *Pharma Solutions* – We use our Pharma Solutions business to offer our Biomarkers and Microbubble Platforms to pharmaceutical and start-up companies to support their research and development of therapeutic drugs and devices. The strategic goal of our Pharma Solutions business is to gain early access to innovation, de-risk the development, data generation and co-funding of our pipeline through collaborations, embed our technologies in the clinical ecosystem and establish the clinical utility of product candidates and research tools in our pipeline. Our Biomarkers are intended to support patient selection and the monitoring of disease progression. For example, piflufolastat F 18 is currently being used by Curium, POINT and Regeneron in those companies' prostate cancer therapeutic drug development programs. Our acquisition of Cerveau in February 2023 added MK-6240 to our biomarker portfolio. MK-6240 is currently being used in more than ninety active clinical trials for several Alzheimer's disease therapeutic candidates being developed. Most recently, in collaboration with Ratio Therapeutics, we initiated a Phase I study for LNTH-1363S to evaluate the pharmokinetics, biodistribution and radiation dosimetry in adult health volunteers. LNTH-1363S is our novel fibroblast activation protein, alpha targeted, copper-64 labeled PET imaging agent candidate.

  In addition, we continue to expand our Microbubble Platform. In December 2022, we announced a strategic collaboration with SonoThera, Inc. ("SonoThera"), which will use our microbubbles in combination with SonoThera's ultrasound-guided, non-viral, gene therapy platform and treatments. We also have additional collaborations with other partners that are generally designed to include our microbubble as part of a kit used with our partner's medical device for therapeutic applications. In these collaborations, our microbubble is intended to be used as a vehicle to deliver a therapeutic drug.
- *Digital Solutions* – Our Digital Solutions are designed to enhance imaging value and the throughput, reproducibility and reliability of image analysis, as well as to inform treatment selection and response to therapy. Our Digital Solutions include aPROMISE and aBSI (as defined below), both of which are FDA cleared and CE marked. aPROMISE, which is currently sold as PYLARIFY AI in the U.S., is artificial intelligence medical device software that is designed to allow healthcare professionals and researchers to perform standardized quantitative assessment of PSMA PET/CT images in prostate cancer, including those images obtained by using PYLARIFY. Automated Bone Scan Index ("aBSI") automatically calculates the disease burden of prostate cancer by detecting and classifying bone scan tracer uptakes as metastatic or benign lesions using an artificial neural network. The software is currently used as one of the correlative objectives of the DORA trial, an open-labeled, randomized, Phase III study of docetaxel versus docetaxel in combination with radium-223 (Ra-223) in subjects with metastatic castration-resistant prostate cancer. We offer our Digital Solutions to HCPs for clinical use and to pharmaceutical companies for development purposes, and in some cases, we also obtain clinical imaging data that we may use to further develop artificial intelligence solutions.

Global Mo-99 Supply

We currently have Mo-99 supply agreements with Institute for Radioelements ("IRE"), running through December 31, 2024, with auto-renewal provisions that are terminable upon notice of non-renewal, and with NTP Radioisotopes ("NTP"), acting for itself and on behalf of its subcontractor, the Australian Nuclear Science and Technology Organisation ("ANSTO"), running through December 31, 2024.

Although we have the most globally diverse Mo-99 supply chain with IRE in Belgium, NTP in South Africa, and ANSTO in Australia, we still face supplier and logistical challenges in our Mo-99 supply chain. When one supplier experiences outages, we generally rely on Mo-99 supply from the other providers to limit the impact of the outages. We believe we effectively manage these various supply chain challenges, but depending on reactor and processor schedules and operations, at times we have not been able to fill some or all of the demand for our TechneLite generators on certain manufacturing days. A prolonged disruption of service from one of our three Mo-99 processing sites or one of their main Mo-99-producing reactors could have a negative effect on our business, results of operations, financial condition and cash flows.

Inventory Supply

We rely on a third party supplier, Jubilant HollisterStier ("JHS"), to supply a significant portion of DEFINITY as well as full supply of select other products. On February 23, 2022, LMI entered into a Manufacturing and Supply Agreement (the "MSA") with JHS, effective as of February 23, 2022, pursuant to which JHS will manufacture, and LMI will purchase, DEFINITY and select other products. The new MSA supersedes all of the prior agreements of the parties. The initial term of the MSA runs through December 31, 2027 and can be further extended by mutual agreement. The MSA requires LMI to purchase from JHS specified percentages of its total requirements for DEFINITY, as well as specified quantities of select other products, each year during the contract term, except to the extent that LMI has the right to withhold payment for defective product and cancel orders for untimely delivery without penalty. Either party can terminate the MSA upon the occurrence of certain events, including the material breach or bankruptcy of the other party. In addition to JHS, we rely on Samsung BioLogics as our sole source manufacturer of DEFINITY RT.

In 2021, we completed the construction of a specialized in-house manufacturing facility at our North Billerica campus to produce DEFINITY. On February 22, 2022, we received FDA approval of our supplemental new drug application authorizing commercial manufacturing of DEFINITY at our new facility. We believe this facility will allow us to better manage DEFINITY manufacturing and inventory, reduce our costs in a potentially more price competitive environment, and provide us with supply chain redundancy.

Radiopharmaceuticals are decaying radioisotopes with half-lives ranging from a few hours to several days. Radiopharmaceutical finished goods, such as doses of PYLARIFY, AZEDRA and TechneLite generators cannot be kept in inventory because of their limited shelf lives and are subject to just-in-time manufacturing, processing and distribution, which takes place at our facilities in North Billerica, Massachusetts and Somerset, New Jersey, as well as at our PMF partner manufacturing facilities across the U.S.

Research and Development Expenses

To ensure we remain the leading radiopharmaceutical-focused company in our industry, we have historically made and will continue to make substantial investments in new product development and lifecycle management for existing products, including:

- For PYLARIFY, our development of PYLARIFY resulted in approval by the FDA in May 2021.
- For PYLARIFY AI, our development of PYLARIFY AI resulted in a 510(k) clearance granted by the FDA in the third quarter of 2021 and an additional 510(k) clearance granted during the second quarter of 2022.
- For PNT2002 and PNT2003, we were granted a license to exclusive worldwide rights (excluding certain countries) for $260.0 million in upfront payments during the fourth quarter of 2022 and will potentially make additional payments as described below.
- For 1095, our PSMA-targeted iodine-131-labeled small molecule product candidate, we enrolled the last patient in our ARROW Phase 2 study during the second quarter of 2022. Patients in this study will be followed for one year after their first treatment for all efficacy endpoints and survival and safety data will be collected for an additional year.
- We are also developing additional lifecycle management opportunities for PYLARIFY, including preparing a clinical study in favorable intermediate-risk prostate cancer patients, and exploring opportunities beyond prostate cancer.

PNT2002

Under the terms of the PNT2002 License Agreement, Lantheus Two, LLC paid POINT an upfront cash payment of $250.0 million, and could pay up to an additional $281.0 million in milestone payments upon the achievement of specified U.S. and ex-U.S. regulatory milestones related to PNT2002. POINT is also eligible to receive up to $1.3 billion in sales milestone payments upon the achievement of specified annual sales thresholds of PNT2002. In addition, after Lantheus Two achieves $500.0 million in cumulative gross profit, POINT is eligible to receive royalty payments of twenty percent of net sales of PNT2002. Prior to achieving that financial

recoupment threshold, POINT is eligible to receive royalty payments of twenty percent on that portion of annual net sales of PNT2002 that generate annual gross profit in excess of specified levels.

PNT2003

Under the terms of the PNT2003 License Agreement, Lantheus Three, LLC paid POINT an upfront cash payment of $10.0 million, and could pay up to an additional $34.5 million in milestone payments upon the achievement of specified U.S. and ex-U.S. regulatory milestones related to PNT2003. POINT is also eligible to receive up to $275.0 million in sales milestone payments upon the achievement of specified annual sales thresholds of PNT2003. In addition, POINT is eligible to receive royalty payments of fifteen percent of net sales of PNT2003.

Our investments in these additional clinical activities and lifecycle management opportunities will increase our operating expenses and impact our results of operations and cash flow, and we can give no assurances as to whether any of our clinical development candidates or lifecycle management opportunities will be successful.

Results of Operations

The following is a summary of our consolidated results of operations:

	Three Months Ended September 30,				Nine Months Ended September 30,			
(in thousands)	**2023**	**2022**	**Change $**	**Change %**	**2023**	**2022**	**Change $**	**Change %**
Revenues	$ 319,946	$ 239,292	$ 80,654	33.7 %	$ 942,430	$ 671,895	$ 270,535	40.3 %
Cost of goods sold	119,995	91,859	28,136	30.6 %	462,756	257,363	205,393	79.8 %
Gross profit	199,951	147,433	52,518	35.6 %	479,674	414,532	65,142	15.7 %
Operating expenses								
Sales and marketing	37,399	25,414	11,985	47.2 %	106,472	73,260	33,212	45.3 %
General and administrative	35,741	23,759	11,982	50.4 %	85,163	93,945	(8,782)	(9.3)%
Research and development	14,450	12,517	1,933	15.4 %	60,883	39,455	21,428	54.3 %
Total operating expenses	87,590	61,690	25,900	42.0 %	252,518	206,660	45,858	22.2 %
Operating income	112,361	85,743	26,618	31.0 %	227,156	207,872	19,284	9.3 %
Interest expense	5,054	1,626	3,428	210.8 %	14,978	4,604	10,374	225.3 %
Other (income) expense	(52,649)	1,101	(53,750)	(4,881.9)%	(60,362)	306	(60,668)	(19,826.1)%
Income before income taxes	159,956	83,016	76,940	92.7 %	272,540	202,962	69,578	34.3 %
Income tax expense	27,999	21,784	6,215	28.5 %	49,259	55,710	(6,451)	(11.6)%
Net income	$ 131,957	$ 61,232	$ 70,725	115.5 %	$ 223,281	$ 147,252	$ 76,029	51.6 %

Comparison of the Periods Ended September 30, 2023 and 2022

Revenues

We classify our revenues into three product categories: Radiopharmaceutical Oncology, Precision Diagnostics, and Strategic Partnerships and Other Revenue. Radiopharmaceutical Oncology includes PYLARIFY and AZEDRA. Precision Diagnostics includes DEFINITY, TechneLite and other diagnostic imaging products. Strategic Partnerships and Other Revenue includes out-licensing arrangements, partnerships that focus on facilitating precision medicine through the use of biomarkers, digital solutions and radiotherapeutic platforms, and on our other products, such as RELISTOR.

Revenues are summarized by product category on a net basis as follows:

	Three Months Ended September 30,				Nine Months Ended September 30,			
(in thousands)	**2023**	**2022**	**Change $**	**Change %**	**2023**	**2022**	**Change $**	**Change %**
PYLARIFY	$ 215,428	$ 143,754	$ 71,674	49.9 %	$ 621,419	$ 366,763	$ 254,656	69.4 %
Other radiopharmaceutical oncology	848	928	(80)	(8.6)%	2,383	3,183	(800)	(25.1)%
Total radiopharmaceutical oncology	216,276	144,682	71,594	49.5 %	623,802	369,946	253,856	68.6 %
DEFINITY	67,336	60,740	6,596	10.9 %	206,688	181,374	25,314	14.0 %
TechneLite	23,272	22,094	1,178	5.3 %	65,853	64,139	1,714	2.7 %
Other precision diagnostics	5,740	6,175	(435)	(7.0)%	17,002	16,803	199	1.2 %
Total precision diagnostics	96,348	89,009	7,339	8.2 %	289,543	262,316	27,227	10.4 %
Strategic partnerships and other revenue	7,322	5,601	1,721	30.7 %	29,085	39,633	(10,548)	(26.6)%
Total revenues	$ 319,946	$ 239,292	$ 80,654	33.7 %	$ 942,430	$ 671,895	$ 270,535	40.3 %

The increase in revenues for the three months ended September 30, 2023, is primarily driven by an increase in PYLARIFY, DEFINITY and TechneLite sales volume, as well as revenue generated by Cerveau, offset by the sale of the RELISTOR royalty asset as recorded in Strategic Partnerships and Other Revenue.

The increase in revenues for the nine months ended September 30, 2023, is primarily driven by an increase in PYLARIFY and DEFINITY sales volume, as well as revenue generated by Cerveau, as recorded in Strategic Partnerships and Other Revenue. The increase is offset, in part, by a decrease in Strategic Partnerships and Other Revenue due to the revenue recognized from the Novartis licensing agreement in the prior year and the sale of the RELISTOR royalty asset in the current quarter.

Rebates and Allowances

Estimates for rebates and allowances represent our estimated obligations under contractual arrangements with customers and other third parties. Rebate accruals and allowances are recorded in the same period the related revenue is recognized, resulting in a reduction to revenue and the establishment of a liability which is included in accrued expenses. These rebates and allowances result from performance-based offers that are primarily based on attaining contractually specified sales volumes and growth, Medicaid rebate programs for our products, administrative fees of group purchasing organizations and certain distributor related commissions. The calculation of the accrual for these rebates and allowances is based on an estimate of the third-party's expected purchases and the resulting applicable contractual rebate to be earned over a contractual period.

An analysis of the amount of, and change in, reserves is summarized as follows:

(in thousands)	**Rebates and Allowances**
Balance, January 1, 2023	$ 13,399
Provision related to current period revenues	20,215
Payments or credits made during the period	(21,915)
Balance, September 30, 2023	$ 11,699

Gross Profit

The increase in gross profit for the three months ended September 30, 2023, as compared to the prior year period, is primarily due to increased PYLARIFY and DEFINITY sales volumes, partially offset by the decrease of RELISTOR royalty asset due to the sale of the asset.

The increase in gross profit for the nine months ended September 30, 2023, as compared to the prior year period, is primarily due to the increased PYLARIFY and DEFINITY sales volumes, partially offset by the impairment of the currently marketed intangible asset related to AZEDRA, the Novartis licensing payment in the prior year, amortization of Cerveau intangible assets, and the sale of the RELISTOR royalty asset.

Sales and Marketing

Sales and marketing expenses consist primarily of salaries and other related costs for personnel in field sales, marketing and customer service functions. Other costs in sales and marketing expenses include the development and printing of advertising and promotional material, professional services, market research and sales meetings.

Sales and marketing expenses increased $12.0 million and $33.2 million for the three and nine months ended September 30, 2023, respectively, as compared to the prior year period. This was primarily driven by our investment in sales and marketing efforts with an expansion of our PYLARIFY sales force intended to support and expand adoption of PYLARIFY and launch planning for PNT2002 and PNT2003.

General and Administrative

General and administrative expenses consist of salaries and other related costs for personnel in executive, finance, legal, information technology and human resource functions. Other costs included in general and administrative expenses are professional fees for information technology services, external legal fees, consulting and accounting services as well as bad debt expense, certain facility and insurance costs, including director and officer liability insurance.

General and administrative expenses increased $12.0 million for the three months ended September 30, 2023 compared to the prior period. This was primarily driven by increased employee-related costs, investment in technology, net increase for the fair value adjustments to the contingent asset and liabilities, new lease expenses and higher professional fees.

General and administrative expenses decreased $8.8 million for the nine months ended September 30, 2023 compared to the prior period. This was primarily driven by a $34.9 million net reduction for the fair value adjustments to the contingent asset and liabilities (refer to Note 4, “Fair Value of Financial Instruments”, for further details on contingent consideration liabilities, including CVRs). This decrease is partially offset by increased employee-related costs, investment in technology, new lease expense and higher professional fees.

Research and Development

Research and development expenses relate primarily to the development of new products to add to our portfolio and costs related to our medical affairs, medical information and regulatory functions.

Research and development expenses increased $1.9 million for the three months ended September 30, 2023 as compared to the prior year period. This was primarily driven by increased headcount and employee-related costs, as well as Cerveau research and development expenses. These increases were offset, in part, by lower clinical expenses related to our ARROW Phase 2 study.

Research and development expenses increased $21.4 million for the nine months ended September 30, 2023 as compared to the prior year period. This was primarily driven by the AZEDRA IPR&D asset impairment loss of $15.6 million and higher employee-related costs driven by an increased headcount. These increases were offset, in part, by lower clinical expenses related to our ARROW Phase 2 study.

Interest Expense

Interest expense increased by approximately $10.4 million for the nine months ended September 30, 2023 as compared to the prior year period due to the issuance of the Notes on December 8, 2022, which was partially offset by the interest rate swap agreements from the prior year.

Income Tax Expense

Our effective tax rate for each reporting period is presented as follows:

	Nine Months Ended September 30,	
	2023	**2022**
Effective tax rate	18.1%	27.4%

Our effective tax rate for the nine months ended September 30, 2023 differs from the U.S. statutory rate of 21% primarily due to the income tax benefits associated with stock compensation deductions, additional net operating losses available for utilization under Internal Revenue Code Section 382 as a result of the sale of our RELISTOR royalty asset, and the release of uncertain tax positions, partially offset by state income taxes.

The decrease in the effective income tax rate for the nine months ended September 30, 2023 is primarily due to the decrease in non-deductible contingency reserve expense and the income tax benefit associated with the additional net operating losses available for utilization as a result of the sale of our RELISTOR royalty asset.

Liquidity and Capital Resources

Cash Flows

The following table provides information regarding our cash flows:

(in thousands)	Nine Months Ended September 30, 2023	2022
Net cash provided by operating activities	$ 192,973	$ 176,429
Net cash provided by (used in) investing activities	$ 18,008	$ (11,823)
Net cash used in financing activities	$ (12,612)	$ (6,149)

Net Cash Provided by Operating Activities

Net cash provided by operating activities of $193.0 million in the nine months ended September 30, 2023 was primarily comprised of net income adjusted for the net effect of non-cash items such as impairment of long-lived assets, depreciation, amortization and accretion expense, gain on sale of RELISTOR royalty asset, and stock-based compensation expense. The primary working capital sources of cash were the timing of payments to large vendors. The primary working capital uses of cash were a decrease to accruals related to the CVR payment, an increase in trade receivables associated primarily with the increase in PYLARIFY revenues, and an increase in inventory related to the timing of batch processes.

Net cash provided by operating activities of $176.4 million in the nine months ended September 30, 2022 was primarily comprised of net income adjusted for the net effect of non-cash items such as depreciation, amortization and accretion expense, the change in fair value of contingent assets and liabilities of $25.4 million (refer to Note 4, “Fair Value of Financial Instruments”, for further details on contingent consideration liabilities, including CVRs) and stock-based compensation expense. The primary working capital sources of cash were the increase in billings associated with PYLARIFY sales and the timing of payments to large vendors. The primary working capital uses of cash were an increase in trade receivables associated primarily with the increase in PYLARIFY revenues.

Net Cash Provided by (Used in) Investing Activities

Net cash provided by investing activities during the nine months ended September 30, 2023 was due to net cash proceeds of $98.0 million from the sale of RELISTOR royalty asset offset by $45.3 million for our asset acquisition of Cerveau and $34.5 million of capital expenditures.

Net cash used in investing activities during the nine months ended September 30, 2022 was primarily due to $13.6 million of capital expenditures offset by cash proceeds of $1.8 million received from the sale of our Puerto Rico subsidiary.

Net Cash Used in Financing Activities

Net cash used in financing activities during the nine months ended September 30, 2023 is primarily attributable to the payments for minimum statutory tax withholding related to net share settlement of equity awards of $13.6 million and the CVR initial valuation as of June 30, 2020 of $3.7 million offset by proceeds of $3.5 million from stock option exercises.

Net cash used in financing activities during the nine months ended September 30, 2022 is primarily attributable to the payments on long-term debt and other borrowings of $7.9 million related to the 2019 Term Facility and payments for minimum statutory tax withholding related to net share settlement of equity awards of $7.2 million offset by proceeds of $7.5 million from stock option exercises.

External Sources of Liquidity

In December 2022, we voluntarily repaid our 2019 $200.0 million five-year term loan facility. In addition, we replaced our $200.0 million revolving facility with the 2022 Revolving Facility. The terms of the 2022 Revolving Facility are set forth in the Credit Agreement, dated as of December 2, 2022, by and among us, the lenders from time to time party thereto and Citizens Bank, N.A., as administrative agent and collateral agent (the “2022 Credit Agreement”). We have the right to request an increase to the 2022 Revolving Facility or request the establishment of one or more new incremental term loan facilities, in an aggregate principal amount of up to $335 million or consolidated EBITDA for the four consecutive fiscal quarters most recently ended, plus additional amounts, in certain circumstances.

Under the terms of the 2022 Revolving Facility, the lenders thereunder agreed to extend credit to us from time to time until December 2, 2027 consisting of revolving loans in an aggregate principal amount not to exceed $350.0 million at any time. The 2022 Revolving Facility includes a $20.0 million sub-facility for the issuance of Letters of Credit. The 2022 Revolving Facility includes a $10.0 million sub-facility for Swingline Loans. The Letters of Credit, Swingline Loans and the borrowings under the 2022 Revolving Facility are expected to be used for working capital and other general corporate purposes.

Please refer to Note 13, “Long-Term Debt, Net, and Other Borrowings” for further details on the 2022 Revolving Facility.

As of September 30, 2023, we were in compliance with all financial and other covenants under the 2022 Credit Agreement.

On December 8, 2022, we issued $575.0 million in aggregate principal amount of the Notes, which includes $75.0 million in aggregate principal amount of Notes sold pursuant to the full exercise of the initial purchasers’ option to purchase additional Notes. The Notes were issued under the Indenture. The net proceeds from the issuance of the Notes were approximately $557.8 million, after deducting the initial purchasers’ discounts and offering expenses payable by us.

On August 2, 2023, we sold the right to our RELISTOR royalty asset under our license agreement with Bausch; we retained the rights to future sales-based milestone payments. We received an initial payment of approximately $98.0 million in connection with the sale and have the right to receive an additional payment from the buyer of $5.0 million if worldwide net sales of RELISTOR in 2025 exceed a specified threshold. The additional payment would be recognized upon achievement of the specified threshold. Following such sale, we no longer receive tiered, sales-based royalties on worldwide net sales of RELISTOR related to the second quarter of 2023 and subsequent quarters.

Our ability to fund our future capital needs will be affected by our ability to continue to generate cash from operations and may be affected by our ability to access the capital markets, money markets or other sources of funding, as well as the capacity and terms of our financing arrangements.

We may from time to time repurchase or otherwise retire our debt and take other steps to reduce our debt or otherwise improve our balance sheet. These actions may include prepayments of our term loans or other retirements or refinancing of outstanding debt, privately negotiated transactions or otherwise. The amount of debt that may be retired, if any, could be material and would be decided at the sole discretion of our Board of Directors and will depend on market conditions, our cash position and other considerations.

Funding Requirements

Our future capital requirements will depend on many factors, including:

- The level of product sales and the pricing environment of our currently marketed products, particularly PYLARIFY and DEFINITY, as well as any additional products that we may market in the future;
- Revenue mix shifts and associated volume and selling price changes that could result from additional competition or changes in customers’ product demand;
- The continued costs of the ongoing commercialization of our products;
- Our investment in the further clinical development and commercialization of products and development candidates, including PNT2002, PNT2003, 1095 and MK-6240;
- The costs of acquiring or in-licensing, developing, obtaining regulatory approval for, and commercializing, new products, businesses or technologies, including any potential related milestone or royalty payments, together with the costs of pursuing opportunities that are not eventually consummated;
- The costs of investing in our facilities, equipment and technology infrastructure, including with respect to the commencement of the Additional Premises;
- The costs and timing of establishing or amending manufacturing and supply arrangements for commercial supplies of our products and raw materials and components;
- Our ability to have products manufactured and released from manufacturing sites in a timely manner in the future, or to manufacture products at our in-house manufacturing facilities in amounts sufficient to meet our supply needs;
- The costs of further commercialization of our existing products, particularly in international markets, including product marketing, sales and distribution and whether we obtain local partners to help share such commercialization costs;
- The legal costs relating to maintaining, expanding and enforcing our intellectual property portfolio, pursuing insurance or other claims and defending against product liability, regulatory compliance, intellectual property or other claims;
- The cost of interest on any additional borrowings which we may incur under our financing arrangements; and

- The impact of sustained inflation on our costs of goods sold and operating expenses.

Disruption in our financial performance could occur if we experience significant adverse changes in product or customer mix, broad economic downturns, sustained inflation, adverse industry or company conditions or catastrophic external events, including pandemics such as COVID-19, natural disasters and political or military conflict. If we experience one or more of these events in the future, we may be required to further implement expense reductions, such as a delay or elimination of discretionary spending in all functional areas, as well as scaling back select operating and strategic initiatives.

If our capital resources become insufficient to meet our future capital requirements, we would need to finance our cash needs through public or private equity offerings, debt financings, assets securitizations, sale-leasebacks or other financing or strategic alternatives, to the extent such transactions are permissible under the covenants of our 2022 Credit Agreement. Additional equity or debt financing, or other transactions, may not be available on acceptable terms, if at all. If any of these transactions require an amendment or waiver under the covenants in our 2022 Credit Agreement, which could result in additional expenses associated with obtaining the amendment or waiver, we will seek to obtain such a waiver to remain in compliance with those covenants. However, we cannot provide assurance that such an amendment or waiver would be granted, or that additional capital will be available on acceptable terms, if at all.

At September 30, 2023, our only current committed external source of funds is our borrowing availability under our 2022 Revolving Facility. We had $614.1 million of cash and cash equivalents as of September 30, 2023. Our 2022 Revolving Facility contains a number of affirmative, negative, reporting and financial covenants, in each case subject to certain exceptions and materiality thresholds. Incremental borrowings under the 2022 Revolving Facility may affect our ability to comply with the covenants including the financial covenants restricting consolidated net leverage and interest coverage. Accordingly, we may be limited in utilizing the full amount of our 2022 Revolving Facility as a source of liquidity.

Based on our current operating plans, we believe our balance of cash and cash equivalents, which totaled $614.1 million as of September 30, 2023, along with cash generated by ongoing operations and continued access to our 2022 Revolving Facility, will be sufficient to satisfy our cash requirements over the next twelve months and beyond.

Critical Accounting Policies and Estimates

The discussion and analysis of our financial condition and results of operations are based on our condensed consolidated financial statements, which have been prepared in accordance with U.S. GAAP. The preparation of these condensed consolidated financial statements requires us to make estimates and judgments that affect our reported assets and liabilities, revenues and expenses, and other financial information. Actual results may differ materially from these estimates under different assumptions and conditions. In addition, our reported financial condition and results of operations could vary due to a change in the application of a particular accounting standard.

There have been no significant changes to our critical accounting policies or in the underlying accounting assumptions and estimates used in such policies in the nine months ended September 30, 2023. For further information, refer to our summary of significant accounting policies and estimates in our Annual Report on Form 10-K filed for the year ended December 31, 2022.

Off-Balance Sheet Arrangements

We are required to provide the Massachusetts Department of Public Health and New Jersey Department of Environmental Protection financial assurance demonstrating our ability to fund the decommissioning of our North Billerica, Massachusetts and Somerset, New Jersey production facilities, respectively, upon closure. We have provided this financial assurance in the form of a $30.3 million surety bond.

Since inception, we have not engaged in any other off-balance sheet arrangements, including structured finance, special purpose entities or variable interest entities.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

For quantitative and qualitative disclosures about market risk, see Part II, Item 7A. “Quantitative and Qualitative Disclosures About Market Risk,” of our Annual Report on Form 10-K for the year ended December 31, 2022. Our exposures to market risk have not changed materially since December 31, 2022.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

The Company's management, with the participation of the Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), its principal executive officer and principal financial officer, respectively, has evaluated the effectiveness of the Company's disclosure controls and procedures as defined in Rule 13a-15(e) and 15d-15(e) of the Exchange Act. Based on that evaluation, the Company's CEO and CFO concluded that the Company's disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) were effective as of the period covered by this report.

Changes in Internal Controls Over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended September 30, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

We are continually monitoring and assessing the pandemic status and geopolitical environment to determine any potential impact on the design and operating effectiveness of our internal controls over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Information with respect to certain legal proceedings is included in Note 18, “Commitments and Contingencies”, to the condensed consolidated financial statements contained in Part I, Item 1. Financial Statements of this Quarterly Report on Form 10-Q and is incorporated herein by reference.

Item 1A. Risk Factors

There have been no material changes to the risk factors set forth in our Annual Report on Form 10-K for the year ended December 31, 2022.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Repurchases

The following table presents information with respect to purchases of common stock we made during the three months ended September 30, 2023. In December 2022, in connection with the issuance of the Notes, our Board of Directors authorized the repurchase of up to $150.0 million in aggregate amount of our common stock under certain circumstances, of which $75.0 million were repurchased prior to the nine months ended September 30, 2023. The 2015 Equity Incentive Plan, adopted by us on June 24, 2015, as amended on April 26, 2016 and as further amended on April 27, 2017, April 24, 2019, April 28, 2021 and April 28, 2022 (the "2015 Plan"), provides for the withholding of shares to satisfy minimum statutory tax withholding obligations. It does not specify a maximum number of shares that can be withheld for this purpose. The shares of common stock withheld to satisfy minimum tax withholding obligations may be deemed to be "issuer purchases" of shares that are required to be disclosed pursuant to this Item 2.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Program
July 2023*	4,944	$ 87.40	0	$75.0 million
August 2023*	1,867	$ 67.33	0	$75.0 million
September 2023*	4,346	$ 65.04	0	$75.0 million
Total	11,157		0	$75.0 million

* Reflects shares withheld to satisfy minimum statutory tax withholding amounts due from employees related to the receipt of stock which resulted from the exercise or vesting of equity awards.

Dividend Policy

We did not declare or pay any dividends, and we do not currently intend to pay dividends in the foreseeable future. We currently expect to retain future earnings, if any, for the foreseeable future, to finance the growth and development of our business and to repay indebtedness. Our ability to pay dividends is restricted by our financing arrangements. See Part I, Item 2. "Management's Discussion and Analysis of Financial Condition and Results of Operations-Liquidity and Capital Resources-External Sources of Liquidity" for further information.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Rule 10b5-1 Trading Plans

On August 30, 2023, Robert Marshall, our Chief Financial Officer and Treasurer, entered into a trading plan intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the Exchange Act (a "10b5-1 Plan"), providing for the potential sale of up to 30,000 shares of our common stock between December 15, 2023 and August 9, 2024.

On August 11, 2023, Andrea Sabens, our Chief Accounting Officer, entered into a 10b5-1 Plan providing for the potential sale of up to 4,093 shares of our common stock between November 13, 2023 and October 14, 2024.

Item 6. Exhibits

EXHIBIT NUMBER	DESCRIPTION OF EXHIBITS	INCORPORATED BY REFERENCE			
		FORM	FILE NUMBER	EXHIBIT	FILING DATE
31.1*	Certification of Chief Executive Officer pursuant to Exchange Act Rule 13a-14(a).				
31.2*	Certification of Chief Financial Officer pursuant to Exchange Act Rule 13a-14(a).				
32.1**	Certification pursuant to 18 U.S.C. Section 1350.				
101.INS*	Inline XBRL Instance Document				
101.SCH*	Inline XBRL Taxonomy Extension Schema Document				
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document				
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document				
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document				
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document				
104*	Cover Page Interactive Data File (embedded within the Inline XBRL document)				

* Filed herewith.
** Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

LANTHEUS HOLDINGS, INC.

By:	/s/ MARY ANNE HEINO
Name:	Mary Anne Heino
Title:	*Chief Executive Officer (Principal Executive Officer)*
Date:	November 2, 2023

LANTHEUS HOLDINGS, INC.

By:	/s/ ROBERT J. MARSHALL, JR.
Name:	Robert J. Marshall, Jr.
Title:	*Chief Financial Officer and Treasurer (Principal Financial Officer)*
Date:	November 2, 2023

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Mary Anne Heino, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Lantheus Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 2, 2023

/s/ MARY ANNE HEINO

Name: Mary Anne Heino

Title: *Chief Executive Officer*
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Robert J. Marshall, Jr., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Lantheus Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 2, 2023

/s/ ROBERT J. MARSHALL, JR.

Name: Robert J. Marshall, Jr.

Title: *Chief Financial Officer and Treasurer*
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, Mary Anne Heino, the Chief Executive Officer, and Robert J. Marshall, Jr., the Chief Financial Officer, of Lantheus Holdings, Inc. (the "Company"), hereby certify, that, to their knowledge:

1. The Quarterly Report on Form 10-Q for the period ended September 30, 2023 (the "Report") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 2, 2023

/s/ MARY ANNE HEINO
Name: Mary Anne Heino
Title: *Chief Executive Officer*
(Principal Executive Officer)

Date: November 2, 2023

/s/ ROBERT J. MARSHALL, JR.
Name: Robert J. Marshall, Jr.
Title: *Chief Financial Officer and Treasurer*
(Principal Financial Officer)

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.