Website address:
https://www.gesundheitsindustrie-bw.de/en/article/press-release/heidelberg-pharma-announces-royalty-financing-agreement-healthcare-royalty-usd-115-million

Heidelberg Pharma Announces Royalty Financing Agreement with HealthCare Royalty for up to USD 115 million

HealthCare Royalty to purchase royalties from worldwide sales of Telix Pharmaceuticals' imaging diagnostic agent ZircaixTM (TLX250-CDx). Heidelberg Pharma is eligible to receive up to USD 115 million in three near-term tranches. Cumulative royalties sold are capped at a maximum value.

Heidelberg Pharma AG (FSE: HPHA), a clinical stage biotech Company developing innovative Antibody Drug Conjugates (ADCs), and HealthCare Royalty (HCRx) today announced that they have signed a royalty financing agreement. Formal closing conditions that are expected to be fulfilled in a timely manner must still be met. Heidelberg Pharma is eligible to receive up to USD 115 million from the sale of its future royalties from worldwide sales of Zircaix™(TLX250-CDx), a microdose radiopharmaceutical Positron Emission Tomography (PET) imaging agent for the diagnosis and follow up of clear cell renal cancer.

Zircaix™ is a radiolabeled form of the antibody girentuximab which binds to the tumor-specific antigen CAIX on clear cell renal cell carcinomas. Zircaix™ also has potential as a PET diagnostic imaging agent for other tumor types. Heidelberg Pharma developed the antibody up to a first completed Phase III clinical trial prior to licensing it to Telix Pharmaceuticals Limited (Telix), an Australian company based in Melbourne, Australia, in 2017.

Telix completed the Phase III ZIRCON trial for Zircaix™ in the third quarter of 2022. A rolling Biologics License Application (BLA) submission to the US Food and Drug Administration (FDA) was announced by Telix in December 2023.

Key terms of the agreement between Heidelberg Pharma and HCRx:

- Heidelberg Pharma will receive a USD 25 million upfront payment at closing
- Heidelberg Pharma will receive a maximum of USD 75 million payment upon FDA approval of Zircaix™
- Heidelberg Pharma will receive a USD 15 million milestone payment if calendar year 2025 worldwide net product sales of Zircaix™ exceed a certain level
- Following the receipt by HCRx of a maximum cumulative amount, royalty payments will revert to Heidelberg Pharma and HCRx will receive a low single digit royalty tail percentage thereafter

Prof. Dr. Andreas Pahl, Chief Executive Officer at Heidelberg Pharma, commented: "We are delighted to partner with HealthCare Royalty. This agreement will provide us with a non-dilutive financing based on expected royalty payments from the worldwide sales of Zircaix™. The anticipated financial inflow will extend our cash reach substantially. We are well-positioned to accelerate and expand development of our proprietary pipeline candidates and ADC technologies."

"With this investment, we further pursue the goal of supporting innovative biopharmaceutical companies that will generate long-term value. We strongly believe in the potential of Zircaix™ to deliver value for patients worldwide and are pleased to partner with Heidelberg Pharma on this transaction." added Clarke Futch, founder, Chairman and Chief Executive Officer of HCRx.

Morgan Stanley & Co. LLC acted as sole structuring agent on the transaction. Goodwin Procter LLP and Görg Partnerschaft von Rechtsanwälten mbB acted as legal advisors to Heidelberg Pharma. McDermott Will & Emery LLP acted as legal advisors to HCRx.

Press release

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Source: Heidelberg Pharma AG

Further information

- Heidelberg Pharma AG