BIOPHARMA DIVE

Apellis to lay off 25% of staff, trim research in major restructuring

The workforce reduction and related spending cuts are meant to focus resources in support of the company's new geographic atrophy drug Syfovre.

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Courtesy of Apellis Pharmaceuticals

Apellis Pharmaceuticals is laying off one quarter of its workforce in an overhaul of its business designed to focus resources on a newly approved vision loss drug.

The job cuts announced Tuesday will affect about 225 employees. The company's field-based sales staff and medical employees are "minimally affected" by the reorganization, which will be completed during the third quarter, Apellis said.

Apellis also plans to trim its research spending. The company will stop developing preclinical treatments for geographic atrophy and an unspecified brain disease, as well as abandon a plan to study one of its marketed medicines alongside an RNA-based treatment.

Apellis won't start any new development on a systemically administered version of pegcetacoplan, the medicine it sells as Syfovre for geographic atrophy and Empaveli for a rare blood disorder. It's focusing on an ongoing Phase 3 trial of pegcetacoplan in two rare kidney diseases, for which study results are expected next year.

Going forward, the company will only pursue “high potential opportunities” in retinal and central nervous system diseases. It’ll also continue a collaboration with gene editing biotech Beam Therapeutics to develop treatments for certain immune system-driven diseases.

Apellis estimates the restructuring will save up to $300 million through 2024, $70 million of which is associated with the layoffs and the remainder due to elimination of planned expenses. The company had cash and cash equivalents of about $616 million at the end of the second quarter, enough to fund operations through early 2025.

The reorganization will “strengthen our ability to invest in growth opportunities and support the company’s long-term success,” said CEO Cedric Francois, in a statement. “These were difficult, but necessary decisions.”

The job cuts make Apellis one of more than 100 drugmakers to lay off employees this year, according to data compiled BioPharma Dive. By the number of employees affected, the planned reduction is among the most sizable within the biotech sector so far this year.

Like other drugmakers that have cut jobs, Apellis is dealing with a depressed stock price. In Apellis’ case, however, its share price decline has been sudden, spurred by reports of a rare but potentially blinding side effect in a handful of patients treated with Syfovre since its February approval.

Apellis doesn’t yet know the cause of those side effects. But last week the company said that it uncovered irregularities in some of the needles used to withdraw the medicine from vials before an injection.

That disclosure suggested the safety issues may be unrelated to Syfovre itself, helping Apellis' stock rebound. But at $43 apiece, shares are worth less than they were prior to Syfovre's approval, and the company is still losing money. Apellis had a net loss of $122 million on drug sales of $95 million in the second quarter. It posted a $652 million net loss last year.

Apellis is counting on Syfovre sales to turn those numbers around. Analysts have predicted the drug could generate $3 billion annually at its peak. The drug is currently only approved in the U.S., but could by cleared in Europe in early 2024. Approvals in Canada, Australia, the U.K. and Switzerland could come next year as well.

The company will update its cash position when it announces third quarter earnings.