Apellis Pharmaceuticals Announces Collaboration with SFJ Pharmaceuticals® for APL-2 in Hematologic Indications

Apellis to receive up to $120 million in upfront and near-term milestone payments, with the potential for additional payments subject to mutual agreement

Apellis retains exclusive worldwide commercial rights to APL-2 in all indications

WALTHAM Mass., and CRESTWOOD, Ky., February 28, 2019 (GLOBE NEWSWIRE) – Apellis Pharmaceuticals Inc., (Nasdaq:APLS) a clinical-stage biopharmaceutical company focused on the development of novel therapeutic compounds to treat disease through the inhibition of the complement system, today announced a novel, risk-sharing collaboration to support the development of APL-2 in hematologic indications with SFJ Pharmaceuticals, a global drug development company backed by Blackstone Life Sciences and Abingworth.

This collaboration marks the first time that SFJ Pharmaceuticals has partnered with a pre-revenue biopharma company. As part of this collaboration, SFJ and Apellis have entered into an agreement to support the development of APL-2 for the treatment of patients with paroxysmal nocturnal hemoglobinuria (PNH). Under the terms of the agreement, SFJ has agreed to pay Apellis $60 million in support of the PNH clinical program following deal close, with up to an additional $60 million based on Apellis meeting specific, pre-defined clinical milestones that are expected in 2019 and associated with the PNH development program, and subject to Apellis meeting certain capital requirements. Subject to mutual agreement, SFJ may also pay Apellis an additional $50 million in funding for the PNH clinical program following a specified, pre-defined clinical milestone.

In addition, Apellis and SFJ have entered into a letter of intent to negotiate and enter into a joint development agreement to support Apellis' clinical development programs for APL-2 for the treatment of patients with cold agglutinin disease (CAD) and warm antibody hemolytic anemia (wAIHA). Following execution of the CAD/wAIHA joint development agreement, including agreed upon development plans, Apellis would receive up to $30 million in funding. Subject to mutual agreement, SFJ may also pay Apellis an additional $50 million in funding for the CAD and wAIHA clinical programs following a specified, pre-defined clinical milestone. Together the PNH agreement and the CAD/wAIHA agreement would provide the potential for up to $250 million in non-dilutive financing.

Under the terms of the PNH agreement, Apellis will pay SFJ regulatory approval milestone payments in annual increments at a pre-determined payment schedule over six years, with the majority of payments to SFJ due in years 3-6 following regulatory approval. No approval payments are owed to SFJ should regulatory approval not be achieved for PNH. Apellis has an option to buy-out of all or part of the

milestone payments at any time following regulatory approval at a discounted rate. Apellis will retain exclusive worldwide commercial rights to APL-2 in all indications.

"This innovative collaboration with SFJ provides Apellis with substantial non-dilutive funding to develop APL-2 in hematologic diseases of complement with serious unmet need," said Cedric Francois, CEO and co-founder of Apellis. "We are fortunate to partner with the highly experienced and qualified drug development professionals at SFJ Pharma, who have an outstanding track record of success. Under the terms of the collaboration, we will retain full commercial rights for APL-2 in all indications, have diversified our development risk and maintain considerable financial flexibility – both in terms of the amount of capital we can access and in regards to payment options following potential regulatory approval."

"The collaboration with Apellis is particularly exciting for SFJ as it expands our business model to include pre-revenue biopharma companies," said Bob DeBenedetto, CEO of SFJ. "After performing an in-depth diligence review of Apellis' clinical data in PNH, CAD and wAIHA, as well as the PNH Phase 3 program design and commercial scale manufacturing capabilities, we believe that Apellis is the ideal partner with which to enter this novel agreement."

About APL-2
APL-2 is designed to inhibit the complement cascade centrally at C3 and may have the potential to treat a wide range of complement-mediated diseases more effectively than is possible with partial inhibitors of complement. APL-2 is a synthetic cyclic peptide conjugated to a polyethylene glycol (PEG) polymer that binds specifically to C3 and C3b, effectively blocking all three pathways of complement activation (classical, lectin, and alternative). To date, APL-2 has generally been well-tolerated. No significant infections have been observed in trials involving the systemic administration of APL-2, including the trials in PNH, AIHA or other trials.

About APL-2 in Hematologic Diseases
Apellis is currently evaluating APL-2 in PEGASUS, a Phase 3 trial to evaluate the efficacy and safety of APL-2 in patients with PNH as well as in two Phase 1b trials (PHAROAH and PADDOCK) for systemic administration. Previously reported interim data from these 1b trials showed improvements in lactate dehydrogenase and hemoglobin levels in patients who are suboptimal responders to eculizumab and untreated patients, respectively. Apellis is also testing APL-2 in a Phase 2 open-label trial assessing the safety, tolerability, efficacy, and PK of multiple subcutaneous (SC) doses of APL-2 administered daily in patients with warm autoimmune hemolytic anemia (wAIHA) or cold agglutinin disease (CAD). In this trial to date, APL-2 has shown the potential to improve hemoglobin, reticulocytes, bilirubin and lactate dehydrogenase levels. For additional information regarding our clinical trials, visit www.apellis.com/clinical-trials.html.

About Apellis
Apellis Pharmaceuticals, Inc. is a clinical-stage biopharmaceutical company focused on the development of novel therapeutic compounds for the treatment of a broad range of life-threatening or debilitating autoimmune diseases based upon complement immunotherapy through the inhibition of the complement system at the level of C3. Apellis is the first company to advance chronic therapy with a C3 inhibitor into clinical trials. For additional information about Apellis and APL-2, please visit http://www.apellis.com.

About the SFJ Pharmaceuticals Group

SFJ is a global drug development company, which provides a unique and highly customized co-development partnering model for the world's top pharmaceutical and biotechnology companies. SFJ provides at-risk funding and the global clinical development management and oversight, necessary for regulatory submission for some of the most promising drug development programs of Pharmaceutical and Biotechnology companies. SFJ's mission is to leverage its financial strength and global team of pharmaceutical development experts to accelerate the development of life-saving and life enhancing drugs for the benefit of physicians and the patients they serve.

Forward-Looking Statements

Statements in this press release about future expectations, plans and prospects, as well as any other statements regarding matters that are not historical facts, may constitute "forward-looking statements" within the meaning of The Private Securities Litigation Reform Act of 1995. These statements include, but are not limited to, statements relating to the implications of preliminary clinical data. The words "anticipate," "believe," "continue," "could," "estimate," "expect," "intend," "may," "plan," "potential," "predict," "project," "should," "target," "will," "would" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. Actual results may differ materially from those indicated by such forward-looking statements as a result of various important factors, including: whether the collaboration with SFJ will be successful, the agreement for CAD/wAIHA will be executed and Apellis will receive all of the contemplated funding under the collaboration; whether dosing in the Phase 3 GA program will resume when anticipated; whether the Company's clinical trials will be fully enrolled and completed when anticipated; whether preliminary or interim results from a clinical trial will be predictive of the final results of the trial; whether results obtained in preclinical studies and clinical trials will be indicative of results that will be generated in future clinical trials; whether APL-2 will successfully advance through the clinical trial process on a timely basis, or at all; whether the results of such clinical trials will warrant regulatory submissions and whether APL-2 will receive approval from the United States Food and Drug Administration or equivalent foreign regulatory agencies for GA, PNH, CAD, wAIHA or any other indication; whether, if Apellis' products receive approval, they will be successfully distributed and marketed; and other factors discussed in the "Risk Factors" section of Apellis' Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 26, 2019 and the risks described in other filings that Apellis may make with the Securities and Exchange Commission. Any forward-looking statements contained in this press release speak only as of the date hereof, and Apellis specifically disclaims any obligation to update any forward-looking statement, whether as a result of new information, future events or otherwise.

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