Half-Year Report 2018

IN GENERAL

About 4SC

4SC is a clinical-stage biopharmaceutical company developing small-molecule drugs that can target key indications in cancer with high unmet medical needs.

4SC's pipeline is protected by a comprehensive portfolio of patents and currently comprises three key drug candidates in various stages of development: resminostat, domatinostat (4SC-202) and 4SC-208.

4SC aims to generate future growth and enhance its enterprise value by entering into partnerships with pharmaceutical and biotech companies and/or the eventual marketing and sales of approved drugs in select territories by 4SC itself.

4SC is headquartered in Planegg-Martinsried near Munich, Germany. The Company had 45 employees as of 30 June 2018 and is listed on the Prime Standard of the Frankfurt Stock Exchange (FSE Prime Standard: VSC; ISIN: DE000A14KL72).

About this report

This Half-Year Report as of 30 June 2018 is comprised of the interim management report and the condensed interim financial statements of 4SC AG (4SC) as of 30 June 2018 and complemented by a responsibility statement. It should be read in conjunction with 4SC's Annual Report for the 2017 financial year and Q1 Announcement as of 31 March 2018.

The report at hand contains certain forward-looking statements that are subject to risks and uncertainties that are described, with no claim to be exhaustive, in the section entitled "Report on opportunities and risks" in the Annual Report 2017 and also in the Half-Year Report as of 30 June 2018. In many cases, these risks and uncertainties are outside of 4SC's control and may cause actual results to differ materially from those contemplated in these forward-looking statements. 4SC expressly does not assume any obligation for updating or revising forward-looking statements to reflect any changes in expectations or in events, conditions or circumstances on which such statements are based.

INTERIM MANAGEMENT REPORT

1 Course of business

1.1 SECTOR ENVIRONMENT

In H1 2018, the sector indexes NASDAQ Biotechnology and DAX subsector Biotechnology recorded gains of +0.37% and +25% respectively. Industry information service Dealogic reports that 48 companies went public in H1 2018 globally, a number that has increased from the 36 initial public offerings (IPOs) seen in the first half of the previous year. Issue proceeds totaled US-$4.29 billion, up almost double from US-$2.3 billion in H1 2017. An additional US-$29.4 billion was obtained from capital increases, a more than 3x multiple of the US-$8.8 billion in H1 2017.

Furthermore, in H1 2018 there were 9 European biotechnology IPOs, increasing from 6 IPOs seen in H1 2017. In addition, European biopharmaceutical companies managed to raise US-$9.5 billion in new capital, based on data analysis from Dealogic, which is almost 11 times more than the US-$871 million obtained in H1 2017.

1.2 BUSINESS REVIEW

In H1 2018, the business of 4SC continued to focus on the development of small molecule drugs for the treatment of cancer in indications with a high unmet medical need. 4SC's core product pipeline currently comprises three small-molecule compounds that are in various stages of development: resminostat, domatinostat (4SC-202) and 4SC-208.

1.2.1 RESMINOSTAT

Resminostat is an orally administered broad spectrum histone deacetylase (HDAC) inhibitor that potentially offers a novel approach to treating cancer. Resminostat demonstrated that it is well tolerated and can inhibit tumor growth and proliferation, cause tumor regression, and strengthen the body's immune response to cancer.

Pivotal RESMAIN study in CTCL on track

In 2016, 4SC started the pivotal RESMAIN study – a randomized, double-blind, placebo-controlled clinical Phase II study of resminostat in a total of 150 patients.

The RESMAIN study is focused on patients with advanced-stage cutaneous T-cell lymphoma (CTCL). Such patients suffer from painful and itchy skin lesions resulting in disfigurement and a severely impaired quality of life. None of the current therapeutic options achieve sustainable stable disease, with most patients progressing within six months (on average). Resminostat is being evaluated as maintenance treatment – prolonging the period patients are stable and not progressing.

In January 2018, the Data Safety Monitoring Board, an independent committee of clinical and drug safety experts, evaluated data from the first 50 patients treated in the study and observed no safety issues. The committee recommended continuation without modification of the study protocol.

At the end of March 2018, Yakult Honsha Co., Ltd. (Yakult Honsha), 4SC's development partner in Japan, elected to join the RESMAIN study – triggering a milestone payment to 4SC. Yakult Honsha enrolled the first patients in Japan in early April 2018. RESMAIN is being conducted in more than 50 study centers across 11 European countries and in Japan.

4SC expects to complete recruitment of at least the first 100 patients in 2018 and to see top-line results in late 2019. If the study results are positive, 4SC plans to submit applications for marketing approval of resminostat in CTCL in Europe and potentially the U.S. and Yakult Honsha will submit in Japan. If approved, resminostat would be the first HDAC inhibitor approved for CTCL in Europe and the first and only drug approved for maintenance therapy in this indication in either Europe, Japan or the U.S.

Phase II study in biliary tract cancer initiated

Yakult Honsha initiated a randomized, double-blind, placebo-controlled, multi-center Phase II study evaluating the combination of resminostat and S-1 chemotherapy versus S-1 chemotherapy plus placebo as second-line treatment in 100 Japanese patients with unresectable or recurrent biliary tract cancer.

The study is based on a positive Phase I clinical study which was completed in September 2017.

S-1 is a chemotherapy combination drug which is approved for the treatment of several solid tumor types including biliary tract cancer in Asia. The main goal of the study is to prolong progression free survival (PFS) and secondary objectives include efficacy and safety parameters. Final results are expected to be available by mid-2020.

1.2.2 DOMATINOSTAT (4SC-202)

Domatinostat is an orally administered small molecule Class I selective HDAC inhibitor. It strengthens the body's own anti-tumor immune response, influences the tumor microenvironment and facilitates infiltration of immune cells into the tumor making it more visible to the immune system.

Domatinostat has been investigated in a Phase I study with 24 heavily pretreated patients with several types of advanced hematologic cancers and was well tolerated. Positive signs of anti-tumor efficacy were also observed; with one complete remission (28 months) and one partial responder (8 months).

International Nonproprietary Name (INN) proposed

Recognizing the advanced clinical development stage of 4SC-202, the World Health Organization (WHO) proposed the INN "domatinostat" for 4SC-202 in May 2018.

Domatinostat in combination with checkpoint inhibitors

4SC initiated the Phase Ib/II SENSITIZE study of domatinostat in combination with the anti-PD-1 checkpoint inhibitor pembrolizumab in patients with advanced-stage melanoma. In November 2017 the first patient was enrolled in the study. 4SC expects top-line results from the first cohorts of patients to be available in H2 2018. The study is expected to complete in H1 2019.

In a second Phase II study EMERGE, domatinostat will also be tested in combination with another checkpoint inhibitor, the anti-PD-L1 antibody avelumab, for treating microsatellite-stable gastrointestinal tumors. Such tumors are generally not responsive to checkpoint inhibition. 4SC expects safety data in Q1 2019 and early efficacy data in H2 2019.

These two studies – SENSITIZE and EMERGE – are designed to serve several purposes:

- Together they provide safety data for domatinostat in combination with the two main classes of checkpoint inhibitors, anti-PD-1 and anti-PD-L1,
- Potentially provide evidence to support the efficacy of domatinostat in checkpoint inhibitor refractory/non-responding patients in a major immunogenic tumor indication (melanoma) or in a historically checkpoint inhibitor non-responsive major indication (microsatellite-stable gastrointestinal tumors cancer)
- Provide sufficient data to initiate a pivotal clinical trial with domatinostat as soon as possible in the skin cancer Merkel-cell carcinoma.

Evaluation of further combination partners

In April 2018, 4SC presented a poster with preclinical data supporting double and triple combinations of domatinostat and checkpoint inhibitors in cancer therapy at the American Association for Cancer Research (AACR) Annual Meeting. Based on these promising preclinical results, 4SC is currently evaluating further clinical trials combining domatinostat with checkpoint inhibitors and other immunotherapeutic agents.

Domatinostat is also being investigated by potential partner companies in combination with their own drugs and data from these studies are expected to be published at relevant conferences in H2 2018.

1.2.3 4SC-208

In January 2018, 4SC was granted composition of matter patents in further geographic regions for a group of molecules including 4SC-208, an orally-available hedgehog/GLI signaling inhibitor. The patents now not only provide 4SC with market exclusivity until 2033 in the U.S. but also in China, Japan, Singapore, Australia and New Zealand. 4SC-208 is currently being evaluated in preclinical cancer models.

1.2.4 OUT-LICENSED PROGRAMS

4SC continues to explore partnering opportunities in line with its strategy to monetize non-core assets.

1.2.5 SIGNIFICANT CORPORATE EVENTS

There were no significant corporate events in H1 2018.

1.3 STAFF

As of 30 June 2018, the headcount of 4SC totaled 45 employees, including 4SC's Management Board (31 December 2017: 48). The percentage of female employees was at 64% on 30 June 2018, with no significant changes since the end of 2017 (67%).

On average, 46 employees (headcount) worked for 4SC in H1 2018 (H1 2017: 47). The Company had a total of 41 full-time equivalents (FTEs) as of 30 June 2018 (31 December 2017: 43), taking account of part-time employees and employees on parental leave. As of the end of H1 2018, 76% of these FTEs (31 December 2017: 71%) worked in Research and Development, with the remaining 24% (31 December 2017: 29%) working in Business Development and Administration.

2 Results of operations, financial position and net assets

4SC AG, reports figures for the first six months of the 2018 financial year and the comparative period of the 2017 financial year referring to the separate financial statements, in contrast to the comparative period of fiscal year 2017 which refers to the consolidated figures of the 4SC Group. However, the half-year figures for 2018 and 2017 are comparable, as the merger of 4SC Discovery GmbH into 4SC AG in December 2017 will result in identical figures. The description of results of operations, financial positions and net assets during the reporting period is limited to the most important/material events.

2.1 RESULTS OF OPERATIONS

2.1.1 REVENUE

In Q2 2018, revenue increased by 73% to €1,064 thousand (Q2 2017: €614 thousand), and in H1 2018 rose by 340% to €4,117 thousand (H1 2017: €936 thousand). In both Q2 2018 and H1 2018 revenue is mainly driven by milestone payments received from our cooperation partners Yakult Honsha and Guangzhou LingSheng Pharma Tech Co., Ltd. (Link Health). In addition, 4SC received recognition of deferred income for the upfront payment from Link Health.

2.1.2 OPERATING EXPENSES

Operating expenses, comprising cost of sales, distribution costs, research and development costs and administrative costs, were €5,085 thousand in Q2 2018 (Q2 2017: €2,891 thousand) and €10,717 thousand in H1 2018 (H1 2017: €6,599 thousand). Operating expenses were 76% (Q2 2018) and 62% (H1 2018) above the levels seen in the previous year as a result of 4SC's expanded clinical studies.

Research and development costs amounted to €4,313 thousand in Q2 2018 (€2,172 thousand in Q2 2017) and to €8,933 thousand in H1 2018 (€5,037 thousand in H1 2017). Research and development costs continue to make up the majority of expenses.

Cost of sales, distribution and administrative costs increased slightly to €772 thousand in Q2 2018 (Q2 2017: €719 thousand) and to €1,784 thousand in H1 2018 (H1 2017: €1,562 thousand).

Other operating income fell to €2 thousand in H1 2018 (H1 2017: €76 thousand).

2.1.3 NET LOSS

The net loss for the period increased by 79% in Q2 2018 to €4,113 thousand (Q2 2017: net loss of €2,295 thousand) and by 19% in H1 2018 to €6,693 thousand (H1 2017: €5,613 thousand).

2.2 NET ASSETS

2.2.1 ASSETS

Non-current assets amounted to €6,035 thousand as of 30 June 2018 (31 December 2017: €6,365 thousand) and consist primarily of intangible assets totaling €5,323 thousand (31 December 2017: €5,694 thousand).

Current assets decreased to €35,649 thousand on 30 June 2018 (31 December 2017: €41,548 thousand), mainly due to lower cash and cash equivalents of €34,129 thousand (€41,327 thousand on 31 December 2017).

2.2.2 EQUITY

The decline in equity from €44,693 thousand on 31 December 2017 to €38,373 thousand on 30 June 2018 was primarily driven by the loss for the period of €6,693 thousand, increasing the accumulated deficit from €160,310 thousand at the end of 2017 to €167,003 thousand as of 30 June 2018. As a result, the equity ratio fell from 93.3% at the end of the 2017 to 92.1% at the end of H1 2018.

2.2.3 LIABILITIES

Non-current liabilities decreased by 12% to €407 thousand on 30 June 2018 (31 December 2017: €461 thousand).

Current liabilities increased by 5% to €2,904 thousand (31 December 2017: €2,759 thousand). This item includes trade accounts payable of €923 thousand (31 December 2017: €1,175 thousand), deferred income of €99 thousand (31 December 2017: €992 thousand) and other liabilities of €1,882 thousand (31 December 2017: €592 thousand).

2.3 FINANCIAL POSITIONS

2.3.1 CASH FLOWS FROM OPERATING ACTIVITIES

Cash flows from operating activities amounted to €-7,100 thousand in H1 2018 (H1 2017: €-5,426 thousand), reflecting mainly the net loss for the period of €6,693 thousand (H1 2017: net loss of €5,613 thousand).

2.3.2 CASH FLOWS FROM FINANCING ACTIVITIES

The cash flows from financing activities in H1 2018 amounted to €-8 thousand (H1 2017: Null€). The negative cash flows are due to costs in connection with the successful capital increase in July 2017.

2.3.3 CASH BALANCE/FUNDS

Cash and cash equivalents amounted to €34,129 thousand as of 30 June 2018 (31 December 2017: €41,327 thousand). The average monthly use of cash from operating activities was €1,198 thousand in H1 2018 (H1 2017: €902 thousand).

3 Report on opportunities and risks

Please see pages 22 to 29 of the Annual Report 2017 for a detailed description of the risks and opportunities arising from the Company's business activities as well as its IT-based risk management and controlling system. The Company's risks and opportunities have remained virtually unchanged. The occurrence of any one of the risks described in the Annual Report – alone or in conjunction with each other – could have a negative impact on the results of operations, financial position and net assets of 4SC.

4 Report on expected development

4.1 SECTOR DEVELOPMENT

Based on the expected sector newsflow in H2 2018 the biotechnology sector is expected to continue its' strong performance, but according to industry information service BioCentury the near record-setting pace of H1 2018 capital markets activity in the biotechnology space isn't likely to be replicated in H2 2018. This is not likely to be because of changes to sector fundamentals, but instead more as a consequence of macroeconomic and geopolitical market uncertainty and a possible U.S.-China trade war coupled with a calendar that leaves fewer available days to execute deals.

Global follow-on demand is expected to remain strong in H2 2018 but could see a slowdown given the dearth of value-inflecting clinical catalysts coupled with the regular dampening caused by the holiday season.

Bankers quoted by BioCentury expect that one noteworthy trend to continue is the ever-increasing deal size. While an abundance of capital is certainly playing a role, an emerging trend would be to see biotech companies go it alone in development and commercialization - rather than partnering with large biopharma's – an approach that investors would often prefer.

4.2 COMPANY OUTLOOK

4SC's future development plans are included in section 1.2 Business review starting on page 3.

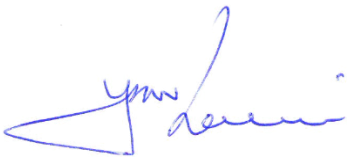
4.3 FINANCIAL FORECAST

4SC held cash balance/funds amounting to €34,129 thousand at the end of H1 2018. Taking this into account as well as current financial planning and the intended operating activities, the Management Board of 4SC sustains its existing financial forecast for the full year 2018 of an average monthly use of cash from operations of between €1,800 thousand and €2,000

thousand. The Management Board further estimates that available cash/funds should be sufficient to finance the Company into 2020.

For an expansion of its development activities, 4SC may undertake further financing measures during the current or the coming fiscal year. The measures generally considered by the Management Board for this purpose on an opportunistic basis include raising of new equity through a rights-free share issue or a capital increase with subscription rights granted to shareholders as well the raising of debt.

Planegg-Martinsried, Germany, 8 August 2018



Jason Loveridge, Ph.D.
Sole Managing Director

INTERIM IFRS FINANCIAL STATEMENTS

FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2018

STATEMENT OF COMPREHENSIVE INCOME

(In € 000's, unless stated otherwise)	Q2 2018	Q2 2017	6M 2018	6M 2017
Revenue	1,064	614	4,117	936
Cost of sales	-36	-23	-269	-90
Gross profit	**1,028**	**591**	**3,848**	**846**
Distribution costs	-105	-83	-232	-158
Research and development costs	-4,313	-2,172	-8,933	-5,037
Administrative costs	-631	-613	-1,283	-1,314
Other income	2	11	2	76
Operating profit/loss	**-4,019**	**-2,266**	**-6,598**	**-5,587**
Share in the profit of equity-accounted investments	0	0	0	0
Finance income	2	4	7	16
Finance costs	-2	0	-8	-9
Net finance income/loss	**0**	**4**	**-1**	**7**
Earnings before taxes	**-4,019**	**-2,262**	**-6,599**	**-5,580**
Income tax expense	-94	-33	-94	-33
Profit/loss for the period = Comprehensive income/loss	**-4,113**	**-2,295**	**-6,693**	**-5,613**
Earnings per share (basic and diluted, in €)	**-0.13**	**-0.12**	**-0.22**	**-0.30**

STATEMENT OF FINANCIAL POSITIONS – ASSETS

(In € 000's)	30 Jun 2018	31 Dec 2017
Non-current assets		
Intangible assets	5,323	5,694
Property, plant and equipment	612	570
Other assets	100	101
Total non-current assets	**6,035**	**6,365**
Current assets		
Trade accounts receivable	1,017	30
Cash and cash equivalents	34,129	41,327
Current income tax assets	12	23
Other assets	491	168
Total current assets	**35,649**	**41,548**
Total assets	**41,684**	**47,913**

STATEMENT OF FINANCIAL POSITIONS – EQUITY AND LIABILITIES

(In € 000's)	30 Jun 2018	31 Dec 2017
Equity		
Subscribed capital	30,649	30,649
Share premium	172,092	172,100
Reserves	2,635	2,254
Accumulated deficit	-167,003	-160,310
Total equity	**38,373**	**44,693**
Non-current liabilities		
Other liabilities	62	67
Deferred income	345	394
Total non-current liabilities	**407**	**461**
Current liabilities		
Trade accounts payable	923	1,175
Other liabilities	1,882	1,485
Deferred income	99	99
Total current liabilities	**2,904**	**2,759**
Total equity and liabilities	**41,684**	**47,913**

STATEMENT OF CASH FLOWS

(In € 000's)	6M 2018	6M 2017
Cash flows from operating activities		
Earnings before taxes	-6,599*	-5,580
Adjustment for statement of comprehensive income items		
Depreciation, amortization	419	430
Net finance income/loss	0	-6
Stock options	381	207
Other non-cash items	4	-60
Changes in statement of financial position items		
Trade accounts receivable	-987	-260
Current income tax assets	11	-10
Other assets	-323	1,334
Trade accounts payable	-252	-99
Other liabilities	298	-884
Deferred income	-49	-496
Interest received	5	1
Interest paid	-8	-3
Income taxes paid	0*	0
Total cash flows from operating activities	**-7,100**	**-5,426**

* The withholding tax regarding milestone payments from Link Health received in H1 2018 and H1 2017, respectively, were not paid until they had become due at the start of Q3 2018 an Q3 2017, respectively.

To be continued on the following page.

STATEMENT OF CASH FLOWS

(In € 000's)	6M 2018	6M 2017
Cash flows from investing activities		
Purchase of intangible assets	0	0
Purchase of property, plant and equipment	-90	-23
Proceeds from sales of intangible assets	0	0
Proceeds from sales of property, plant and equipment	0	39
Total cash flows from investing activities	**-90**	**16**
Cash flows from financing activities		
Payments to subscribed capital	0	0
Payments to share premium	-8	0
Total cash flows from financing activities	**-8**	**0**
Net change in cash and cash equivalents	**-7,198**	**-5,410**
+ Cash and cash equivalents at the beginning of the period	41,327	10,048
= Cash and cash equivalents at the end of the period	**34,129**	**4,638**

STATEMENT OF CHANGES IN EQUITY

(In € 000's)			Reserves			
	Subscribed capital	**Share premium**	**Stock options**	**Retained earnings**	**Accumulated deficit**	**Total**
Balance on 1 Jan 2017	**18,967**	**143,829**	**1,760**	**67**	**-149,350**	**15,273**
Options issued (ESOP 2016/2016)*			207			207
Expenditures related to the implementation of the resolved capital increase		-494				-494
Comprehensive income/loss 6M 2017					-5,613	-5,613
Consolidated profit/loss 6M 2017					*-5,613*	*-5,613*
Balance on 30 Jun 2017	**18,967**	**143,335**	**1,967**	**67**	**-154,963**	**9,373**
Balance on 1 Jan 2018	**30,649**	**172,100**	**2,187**	**67**	**-160,310**	**44,693**
Options issued (ESOP 2016/2016)*			208			208
Options issued (ESOP 2016/2017)*			57			57
Options issued (ESOP 2017/2017)*			116			116
Costs in connection with the capital increase on 11 July 2017		-8				-8
Comprehensive income/loss 6M 2018					-6,693	-6,693
Profit/loss 6M 2018					*-6,693*	*-6,693*
Balance on 30 Jun 2018	**30,649**	**172,092**	**2,568**	**67**	**-167,003**	**38,373**

* ESOP: Employee Share Option Program.

SELECTED NOTES

TO THE INTERIM IFRS FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2018

1 Summary of significant accounting policies

1.1 BASIS OF PREPARATION

These interim financial statements were created in accordance with the accounting principles of the International Financial Reporting Standard (IFRS) – as adopted by the EU – in consideration of IAS 34 (interim financial reporting) in accordance with the requirements of the International Accounting Standards Board (IASB). The recommendations of the Standing Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC) have been taken into account. New standards issued by the IASB and adopted by the European Commission are applied without exception starting in the financial year in which their application becomes mandatory.

1.2 COMPANIES INCLUDED IN THE FINANCIAL STATEMENTS

These interim financial statements as at 30 June 2018 comprise 4SC AG, based in Planegg-Martinsried, Germany. The following company was also taken into account in these financial statements:

Company / domicile	Measured as	Measured according to
Panoptes Pharma Ges.m.b.H., Vienna, Austria	Associate	IAS 28

1.3 RELEASE OF THE FINANCIAL STATEMENTS

The interim report was approved for publication by the Management Board on 8 August 2018. The discussion of the interim report by the Audit Committee and the Management Board in line with the German Corporate Governance Code (as amended on 7 February 2017) was held via telephone conference on 25 July 2018.

1.4 GENERAL DISCLOSURES

The accounting policies applied and estimates made essentially correspond to those used for the financial statements for the year ending 31 December 2017, except for the adoption of IFRS 15, Revenue from Contracts with Customers and IFRS 9, Financial Instruments as of January 1, 2018. The adoption had no impact on the line items of the Statement of Comprehensive Income, the Statement of Financial Position or the Statement of Cash Flows.

2 Revenue

4SC's development of revenues is included in section 2.1 Results of operations on page 5. Revenues are classified by geographical region as follows:

(In € 000's)	Q2 2018	Q2 2017	6M 2018	6M 2017
Germany	1	16	23	55
Europe	0	0	0	0
Asia	1,063	598	4,094	881
Rest	0	0	0	0
Total Revenue	**1,064**	**614**	**4,117**	**936**

3 Earnings per share

The basic earnings per share are calculated in accordance with IAS 33.9 ff. by dividing the profit/loss for the period attributable to the shareholders (numerator) by the average weighted number of shares outstanding in the reporting period (denominator).

	Q2 2018	Q2 2017	6M 2018	6M 2017
Based on net profit/loss for the period (in € 000's)	-4,113	-2,295	-6,693	-5,613
Based on average number of shares (in thousand)	30,649	18,967	30,649	18,967
Earnings per share (basic and diluted, in €)	**-0.13**	**-0.12**	**-0.22**	**-0.30**

Given 4SC's loss, all of the stock options exercisable are currently "out of money", thus the options exercisable are not dilutive. As a result, the diluted and basic earnings per share are identical.

4 Notes to the cash balance/funds

4SC holds cash and cash equivalents and had no other financial assets, borrower's note loans and bearer notes as of the reporting date. Taken together, these items comprise the cash balance/funds:

(In € 000's)	30 Jun 2018	31 Dec 2017	30 Jun 2017
Cash and cash equivalents at the end of the period	34,129	41,327	4,638
Other financial assets	0	0	0
Cash balance/funds	**34,129**	**41,327**	**4,638**

5 Shareholdings and managers' transactions

In H1 2018 no reportable transactions pursuant to Article 19 MAR were made with shares or options by members of the Management Board or Supervisory Board.

The following overview tables show the shares and stock options held by members of the Management Board and Supervisory Board as of the 30 June 2018 reporting date as well as changes in these holdings compared to the start of the year.

(number of shares)	Shares 1 Jan 2018	Purchase	Sale	Shares 30 Jun 2018
Supervisory Board				
Clemens Doppler, Ph.D.	7,923	0	0	7,923
Prof. Helga Rübsamen-Schaeff, Ph.D.	3,700	0	0	3,700
Manfred Rüdiger, Ph.D.	2,500	0	0	2,500
Shares held by the Supervisory Board	**14,123**	**0**	**0**	**14,123**

(number of stock options)	Options 1 Jan 2018	Additions	Expired	Exercised	Options = maximum number of shares 30 Jun 2018
Management Board					
Jason Loveridge, Ph.D.	300,000	0	0	0	300,000
Options held by the Management Board	**300,000**	**0**	**0**	**0**	**300,000**

6 Related party transactions

4SC engaged in the following significant business transactions with related parties in the period from 1 January to 30 June 2018:

BioNTech and BioNTech Small Molecules (other related parties)

4SC maintains legal relations with BioNTech AG, Mainz, Germany and its subsidiary BioNTech Small Molecules GmbH, which are both members of the Santo Holding (Deutschland) GmbH Group, Holzkirchen, Germany.

In the first half of 2018, the transaction volume with BioNTech amounted to €21 thousand (H1 2017: €63 thousand) and with BioNTech Small Molecules to €2 thousand (H1 2017: €8 thousand). As of 30 June 2018, there were no receivables from BioNTech (31 December 2017: €13 thousand) and BioNTech Small Molecules (31 December 2017: €13 thousand). Liabilities to BioNTech Small Molecules amounted to €14 thousand as of 30 June 2018 (31 December 2017: €15 thousand). As of 30 June 2018, there were no liabilities to BioNTech AG (31 December 2017: null€).

Other related party transactions

Beyond this, there were further business transactions with related parties, where the transaction volume in the six-month reporting period in each case did not exceed €10 thousand or where the total annual transaction volume is likely not to exceed €10 thousand. No liabilities existed from these transactions as of 30 June 2018.

7 Review report

These interim financial statements and the interim management report as of 30 June 2018 have been subjected to a review by Baker Tilly GmbH & Co. KG Wirtschaftsprüfungsgesellschaft, Düsseldorf, Germany.

8 Events after the reporting period

4SC had announced the following events by the time this Half-Year Report was published:

- 4SC presented new data supporting resminostat's mechanism of action in CTCL maintenance therapy at the 25th Biennial Congress of the European Association for Cancer Research (EACR). In several CTCL cell lines 4SC's scientists saw two highly interesting new effects: firstly, resminostat downregulates the expression of genes responsible for the capability of diseased cells to infiltrate the skin, and second, it beneficially modulates the expression of genes which are associated with disease progression, an effect which supports the hypothesis that resminostat can significantly prolong time to progression for patients.
- The Safety Review Committee (SRC) consisting of clinical and drug safety experts evaluated the safety data from the first dose cohort and recommended continuation with the second dose cohort in the ongoing Phase Ib/II SENSITIZE study of domatinostat in combination with pembrolizumab in melanoma. Shortly after, the first patient was enrolled into the second dose cohort.
- The internationally acting investment bank Stifel Nicolaus Europe Limited, London, UK (Stifel Europe) has initiated research coverage on 4SC. In their recently published report, Stifel Europe's independent analysts have initiated coverage with a buy rating. In addition to Stifel Europe, 4SC is also covered by LifeSci Capital LLC, New York, USA, goetzpartners securities Limited, London, UK, and Edison Investment Research Limited, London, UK.

REVIEW REPORT

To 4SC AG, Planegg-Martinsried, District of Munich, Germany

We have reviewed the interim financial statements - comprising the statement of comprehensive income, the statement of financial position, the statement of cash flows, the statement of changes in equity as well as selected explanatory notes - together with the interim management report of 4SC AG, Planegg-Martinsried, District of Munich, Germany, for the period from 1 January to 30 June 2018 that are part of the half-year financial report according to Section 115 WpHG ("Wertpapierhandelsgesetz": "German Securities Trading Act"). The preparation of the interim financial statements in accordance with the IFRS as adopted by the EU and of the interim management report in accordance with the provisions of the German Securities Trading Act applicable to interim management reports is the responsibility of the Company's legal representatives. Our responsibility is to issue a review report on the interim financial statements and the interim management report of 4SC AG based on our review.

We performed our review of the interim financial statements and the interim management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with a certain level of assurance, that the interim financial statements have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and that the interim management report has not been prepared, in material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim management reports. A review is limited primarily to inquiries of Company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statements audit. Since, in accordance with our engagement, we have not performed a financial statements audit, we cannot issue an auditor's report.

Based on our review, no matters have come to our attention that cause us to presume that the interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, or that the interim management report has not been prepared, in all material respects, in accordance with the requirements of the German Securities Trading Act applicable to interim management reports.

Munich, dated 8 August 2018

Baker Tilly GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft (Düsseldorf)

Stahl	Hund
German CPA	German CPA

RESPONSIBILITY STATEMENT

„To the best of my knowledge, and in accordance with the applicable reporting regulations, the financial statements for the first six months 2018 give a true and fair view of the assets, liabilities, financial position and profit and loss of 4SC, and the interim management report includes a fair review of the development and performance of the business and the position of 4SC, together with a description of the material opportunities and risks associated with the expected development of 4SC."

Planegg-Martinsried, Germany, 8 August 2018

Jason Loveridge, Ph.D.
Sole Managing Director

PUBLISHING INFORMATION

PUBLICATION DATE

9 August 2018

EDITOR

4SC AG, Fraunhoferstrasse 22, 82152 Planegg-Martinsried, Germany

4SC ON THE INTERNET

More information about 4SC, its products and development programs, is available on its website, www.4sc.com, as well as the following information:

- Previous reports on 4SC's progress and outlook
- Audio recordings of conference calls
- Presentations
- General investor information

CORPORATE COMMUNICATIONS & INVESTOR RELATIONS

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4SC