Consolidated Half-Year Financial Report as of 30 June 2017

ABOUT THIS REPORT

This Consolidated Half-Year Financial Report as of 30 June 2017 is comprised of the interim Group management report and the condensed consolidated interim financial statements of 4SC AG ("4SC Group" or "4SC") as of 30 June 2017, and complemented by a responsibility statement. It should be read in conjunction with 4SC's Annual Report for the 2016 financial year and Interim Communication as of 31 March 2017.

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 2016 and also in the Consolidated Half-Year Report as of 30 June 2017. 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.

ABOUT 4SC

4SC is a clinical-stage biopharmaceutical company developing small-molecule drugs that target key indications in cancer with high unmet medical needs. Such drugs are intended to provide patients with innovative treatment options that are more tolerable and efficacious than existing therapies and provide a better quality of life. 4SC's pipeline is protected by a comprehensive portfolio of patents and comprises promising products that are in various stages of preclinical and clinical development. The Company's core assets include resminostat, 4SC-202 and 4SC-208.

4SC's aim is 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. Founded in 1997, 4SC had 45 employees as of 30 June 2017. 4SC has been listed on the Prime Standard of the Frankfurt Stock Exchange since December 2005.

A detailed description of 4SC and its development activities can be found in the combined management report section of the Annual Report 2016, starting on page 25. The half-year report at hand summarizes the key events and developments for the first six months of 2017 and beyond. As for ad hoc and press releases published in this period, please refer to "Media Center" in the "Investors & Media" section of 4SC's website at www.4SC.com.

INTERIM GROUP MANAGEMENT REPORT

1. COURSE OF BUSINESS

1.1 SECTOR ENVIRONMENT

In H1 2017, the sector indexes NASDAQ Biotechnology and DAXsubsector Biotechnology recorded respectable gains of +17% and +19%, respectively, driven predominantly by a string of positive clinical catalysts. Industry information service BioCentury reports that 36 companies went public in H1 2017 globally, a number nearly unchanged from the 35 initial public offerings (IPOs) seen in the first half of the previous year. Issue proceeds totaled US-$2.3 billion, up around a quarter from US-$1.8 billion in H1 2016. An additional US-$8.8 billion was obtained from capital increases, more than twice the US-$3.9 billion seen in H1 2016.

According to German-based investment bank FCF, there were 6 European biotechnology IPOs in H1 2017, with issue proceeds totaling US-$309 million, significantly less than half the 23 European biotechnology IPOs seen in FY 2016. In addition, European biopharmaceutical companies managed to raise US-$871 million in new capital, based on data analysis from GlobalData - also less than half the US-$2.1 billion obtained in FY 2016. While H1 2017 has not seen any IPOs by German biotechnology companies, there were several successful German follow-on capital raises in H1 2017, including Medigene (US-$22.6 million), MagForce (US-$5.6 million) and CytoTools (US-$ 1.5 million), according to data provider GlobalData.

1.2 BUSINESS REVIEW

1.2.1 DRUG DEVELOPMENT

In H1 2017, 4SC continued to focus its development efforts on its innovative drug candidates in the field of cancer therapies: the clinical candidates resminostat and 4SC-202, and the preclinical compound 4SC-208

Resminostat

Resminostat is orally administered and inhibits tumor growth and proliferation, causes tumor regression, and strengthens the body's own immune response to cancer. Resminostat has been investigated in patients in a range of advanced cancers, and has shown to be well-tolerated. Initial positive efficacy results for resminostat in monotherapy were observed in patients with Hodgkin's lymphoma and in combination with sorafenib in selected patients with advanced liver cancer (hepatocellular cancer, HCC). At present, resminostat is being investigated in the RESMAIN Phase II pivotal study in cutaneous T-cell lymphoma (CTCL), as well as in pancreatic/biliary tract cancers in a Phase II study conducted by 4SC's cooperation partner Yakult Honsha Co, Ltd. (Yakult Honsha).

The pivotal RESMAIN CTCL study was started by 4SC in 2016. RESMAIN is a randomized, double-blind, placebo-controlled clinical Phase II study, which is conducted in Europe to examine the potential of resminostat as maintenance therapy intended to delay or prevent the progression of disease in patients with advanced CTCL who have benefitted from prior systemic therapy. 4SC finalized the study design in early 2016, following scientific advice provided by the European Medicines Agency (EMA), and enrolled the first patient in December 2016. The goal is to conduct the study with a total of 150 patients from around 50 study centers located in eleven European countries and potentially Japan. The opening of study centers and patient enrollment is well on track.

In January 2017, the results of a Phase II study that had been conducted by Yakult Honsha with resminostat in combination with sorafenib in first-line therapy in HCC were released in full. On the basis of these results, 4SC is currently evaluating further development of resminostat in HCC with a small number of potential partners with a focus on China and potentially select other Asian countries, where incidence of the disease is among the highest in the world.
In June 2017, 4SC presented current research results at the Cancer Immunotherapy and Combinations Symposium at the World Preclinical Congress in Boston, USA, showing data in a preclinical model that resminostat enhances the interaction of "natural killer" immune cells and cancer cells and thereby further elucidating the drug's mechanism of action.

4SC-202

4SC-202 is an orally administered small molecule for the treatment of cancer with a unique mode of action that inhibits both class I histone deacetylase proteins and the lysine-specific demethylase protein, which play significant roles in the regulation of signaling pathways in cancer cells.

4SC-202 has been investigated in a Phase I study with 24 mostly heavily pretreated patients with several types of highly advanced hematologic cancers, and has proven to be well-tolerated. Positive signs of anti-tumor efficacy were observed with one complete remission for 28 months and one partial responder for 8 months.

Preclinical data strongly suggests that 4SC-202 strengthens the anti-tumor immune response and that the combination of 4SC-202 with checkpoint inhibitors results in better anti-tumor activity than treatment with checkpoint inhibitors alone. On this basis, in H1 2017 4SC initiated preparation for two Phase II studies, SENSITIZE and EMERGE. The SENSITIZE study will investigate 4SC-202 in combination with an anti-PD-1 antibody for treating PD-1 refractory melanoma, while in the investigator-initiated EMERGE study 4SC-202 will also be tested in combination with an immuno-oncological compound, an anti-PD-L1 antibody, for treating gastrointestinal tumors. Both studies are expected to start in H2 2017.

4SC-208

Data from preclinical *in vivo* models has established the efficacy of 4SC-208 in inhibiting the Hedgehog/GLI signaling. Inhibition of this signaling pathway has emerged as a highly effective strategy in obstructing the tumorigenic capacity of cancer stem cells, as well as tumor development, proliferation and survival. Available inhibitors of Hedgehog signaling target the pathway upstream of the transcription factor GLI, whereas 4SC-208 inhibits at the level of GLI and is thus potentially able to avoid the tumor recurrence and relapse observed in response to currently available inhibitors.

4SC believes that 4SC-208 is a promising drug candidate, and advanced basal cell carcinoma (BCC) was identified as a probable first target indication. In BCC, dysregulation of the Hedgehog/GLI signaling pathway is the oncogenic driver of disease in about 95% of cases. Further, tumor accessibility would facilitate sequential biopsies for clinical confirmation of the mode of action of 4SC-208. Formal preclinical testing for 4SC-208 started in H1 2017 and is expected to be completed in 2018, followed by a Phase I clinical study immediately thereafter.

1.2.2 SIGNIFICANT EVENTS AT GROUP LEVEL

From the end of June until the beginning of July 2017, 4SC implemented a cash capital increase from authorized capital, obtaining gross proceeds of ca. €41 million. 11,681,867 offer shares were issued at a subscription price of €3.50 per share to existing shareholders, who made a significant contribution, as well as to a number of new institutional investors in a subsequent placement of rump shares. As a result of the transaction, share capital increased to €30,648,513 or 30,648,513 shares, up from €18,966,646 or 18,966,646 shares before.

1.2.3 STAFF

As of 30 June 2017, the headcount of the 4SC Group totaled 45 employees, including 4SC's Management Board (31 December 2016: 49). The percentage of female employees was at 64% on 30 June 2017, with no significant changes since the end of 2016.

On average, 47 employees (headcount) worked for the 4SC Group in H1 2017 (H1 2016: 64). The Company had a total of 39 full-time equivalents (FTEs) as of 30 June 2017 (31 December 2016: 44), taking account of part-time employees and employees on parental leave. As of the end of H1 2017, 71% of these FTEs (31 December 2016: 70%) worked in Research and Development, with the remaining 29% (31 December 2016: 30%) working in Business Development and Administration.

2. RESULTS OF OPERATIONS, FINANCIAL POSITION AND NET ASSETS

The 4SC Group, comprising 4SC AG and its wholly-owned subsidiary 4SC Discovery GmbH (4SC Discovery), reports consolidated figures for both the first six months of the 2017 financial year and the comparative period of the 2016 financial year. In contrast to previous years, 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

Revenue

In Q2 2017, consolidated revenue increased by 39% to €614 thousand (Q2 2016: €442 thousand), and in H1 2017 revenue rose by 10% to €936 thousand (H1 2016: €854 thousand). In both Q2 2017 and H1 2017 revenue is mainly driven by recognition of deferred income for the upfront payments received from cooperation partners Yakult Honsha and Guangzhou LingSheng Pharma Tech Co., Ltd. (Link Health). In addition, 4SC received a milestone payment from Link Health in Q2 2017.

Operating expenses

Operating expenses, comprising cost of sales, distribution costs, research and development costs and administrative costs, were €2,891 thousand in Q2 2017 (Q2 2016: €4,976 thousand) and €6,599 thousand in H1 2017 (H1 2016: €8,556 thousand). Operating expenses were 42% (Q2) and 23% (H1) below the levels seen in the previous year as a result of 4SC's increased focus on its main products and the divestment of the operating business of 4SC Discovery GmbH (4SC Discovery) in April 2016.

Research and development costs amounted to €2,172 thousand in Q2 2017 (€4,006 thousand in Q2 2016) and to €5,037 thousand in H1 2017 (€6,386 thousand in H1 2016). Research and development costs continue to make up the majority of expenses.

Cost of sales, distribution and administrative costs decreased to €719 thousand in Q2 2017 (Q2 2016: €970 thousand) and to €1,562 thousand in H1 2017 (H1 2016: €2,170 thousand).

Other operating income fell substantially to €76 thousand in H1 2017 (H1 2016: €1,001 thousand), due to the sale of the key operating assets of 4SC Discovery to BioNTech Small Molecules GmbH.

Consolidated net loss

The net loss for the period decreased by 35% in Q2 2017 to €2,295 thousand (Q2 2016: net loss of €3,534 thousand) and by 15% in H1 2017 to €5,613 thousand (H1 2016: €6,639 thousand).

2.2. NET ASSETS

Assets

Non-current assets amounted to €6,685 thousand as of 30 June 2017 (31 December 2016: €7,096 thousand) and consist primarily of intangible assets totaling €6,094 thousand (31 December 2016: €6,499 thousand).

Current assets decreased to €5,485 thousand on 30 June 2017 (31 December 2016: €11,959 thousand), due to the lower cash and cash equivalents of €4,638 thousand (€10,048 thousand on 31 December 2016).

Equity

The decline in equity from €15,273 thousand on 31 December 2016 to €9,373 thousand on 30 June 2017 was primarily driven by the loss for the period of €5,613 thousand, increasing the accumulated deficit from €149,350 thousand at the end of 2016 to €154,963 thousand as of 30 June 2017. Furthermore, the transaction costs related to the successful capital increase implemented in Q3 2017 reduced the share premium. As a result, the equity ratio fell from 80.2% at the end of the 2016 to 77.0% at the end of H1 2017.

Liabilities

Non-current liabilities decreased by 8% to €482 thousand on 30 June 2017 (31 December 2016: €525 thousand).

Current liabilities decreased by 29% to €2,315 thousand (31 December 2016: €3,257 thousand), as expected. This item includes trade accounts payable of €735 thousand (31 December 2016: €834 thousand), deferred income of €545 thousand (31 December 2016: €992 thousand) and other liabilities of €1,035 thousand (31 December 2016: €1,431 thousand).

2.3 FINANCIAL POSITION

Cash flows from operating activities

Cash flows from operating activities amounted to €-5,426 thousand in H1 2017 (H1 2016: €-8,037 thousand), reflecting the net loss for the period of €5,613 thousand (H1 2016: net loss of €6,639 thousand).

Cash flows from financing activities

The cash flows from financing activities in H1 2017 amounted to € nil (H1 2016: €-1,500 thousand). The negative cash flows in the previous year resulted from the repayment of the remaining debt associated with the loan from Santo Holding (Deutschland) GmbH.

Cash balance/funds

Cash and cash equivalents amounted to €4,638 thousand as of 30 June 2017 (31 December 2016: €11,333 thousand). The average monthly use of cash from operating activities was €902 thousand in H1 2017 (H1 2016: €1,243 thousand).

3. REPORT ON OPPORTUNITIES AND RISKS

Please see pages 46 to 58 of the Annual Report 2016 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. With a successful capital increase generating gross proceeds of ca. €41 million completed in July 2017, 4SC's capital sufficiency risks have decreased significantly compared to when the Annual Report 2016 was released in late March this year. Based on current funding and planning, 4SC can now finance its drug development strategy for resminostat, 4SC-202 and 4SC-208 into 2020. The Company's risks and opportunities have otherwise 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 OF EXPECTED DEVELOPMENT

4.1 SECTOR DEVELOPMENT

With regards to the biotechnology sector, industry information service BioCentury is relatively upbeat as investors see a reduced risk of draconian price-cutting measures in the US, reasonable valuations and a broad range of expected key news events which may foster a wider range of investors to allocate money to the sector.

4.2 COMPANY OUTLOOK

4.2.1 FURTHER OPERATING AND STRATEGIC DEVELOPMENT

4SC is continuing to focus on the development strategy of its core drug candidates resminostat, 4SC-202 and 4SC-208. Please see section 1.2.1 ("Drug development") for more information on these candidates.

On resminostat, 4SC will continue to recruit patients for the ongoing pivotal RESMAIN study for which patient enrollment is currently on track. Headline data are still expected to be available in H1 2019, and if these results are positive, 4SC intends to submit applications for approval of the drug in Europe, the US and potentially Japan.

4SC will initiate two Phase II studies for 4SC-202 in H2 2017, SENSITIZE and EMERGE. The Phase II study SENSITIZE will investigate 4SC-202 in combination with a PD-1 antibody for treating PD-1 refractory melanoma, and in particular, patients who do not respond to the therapy with checkpoint inhibitors. 4SC expects to announce headline results from this study in H2 2018. In the Phase II EMERGE study, 4SC-202 will also be tested in combination with a PD-L1 inhibitor for treating microsatellite stable gastrointestinal tumors. These tumors account for around 80% of intestinal cancers, and 4SC expects headline results to be available in 2019.

Finally, 4SC-208 will continue in formal preclinical development until 2018. These studies aim to facilitate the preparation of a Phase I/II clinical study which 4SC plans to enter into immediately thereafter.

In addition, 4SC intends to pursue further licensing deals with biopharmaceutical companies to ensure further development and commercialization of its non-core products and to add to the cash position.

4.2.2 FINANCIAL FORECAST

The 4SC Group held cash balance/funds amounting to €4,638 thousand at the end of H1 2017. Taking into account the proceeds from the July 2017 cash capital increase in the gross amount of ca. €41 million as well as current financial planning and the intended operating activities, the Management Board of 4SC narrows its existing financial forecast for the full year 2017 of an average monthly use of cash from operations of between €600 thousand and €1,400 thousand to between €1,000 and €1,400 thousand. The Management Board further estimates that available cash/funds should be sufficient to finance the Company into 2020.

Planegg-Martinsried, 7 August 2017

Jason Loveridge, Ph.D.
Sole Managing Director

INTERIM IFRS CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2017

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in € 000's, unless stated otherwise	Q2 2017	Q2 2016	6M 2017	6M 2016
Revenue	614	442	936	854
Cost of sales	-23	-59	-90	-152
Gross profit	**591**	**383**	**846**	**702**
Distribution costs	-83	-125	-158	-212
Research and development costs	-2,172	-4,006	-5,037	-6,386
Administrative costs	-613	-786	-1,314	-1,806
Other income	11	969	76	1,001
Operating profit/loss	**-2,266**	**-3,565**	**-5,587**	**-6,701**
Net finance income/loss				
Share in the profit of equity-accounted investees	0	93	0	135
Finance income	4	10	16	28
Finance costs	0	-11	-9	-40
Net finance income/loss	**4**	**92**	**7**	**123**
Earnings before taxes	**-2,262**	**-3,473**	**-5,580**	**-6,578**
Income tax expense	-33	-61	-33	-61
Profit/loss for the period = Consolidated comprehensive income/loss	**-2,295**	**-3,534**	**-5,613**	**-6,639**
Earnings per share (basic and diluted; in €)	**-0.12**	**-0.19**	**-0.30**	**-0.35**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION – ASSETS

in € 000's	30 June 2017	31 Dec. 2016
Non-current assets		
Intangible assets	6,094	6,499
Property, plant and equipment	211	222
Payments on account for property, plant and equipment	279	275
Other assets	101	100
Total non-current assets	**6,685**	**7,096**
Current assets		
Trade accounts receivable	355	95
Other investments	0	1,285
Cash and cash equivalents	4,638	10,048
Current income tax assets	23	13
Other assets	469	518
Total current assets	**5,485**	**11,959**
Total assets	**12,170**	**19,055**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION – EQUITY AND LIABILITIES

in € 000's	30 June 2017	31 Dec. 2016
Equity		
Subscribed capital	18,967	18,967
Share premium	143,335	143,829
Reserves	2,034	1,827
Accumulated deficit	-154,963	-149,350
Total equity	**9,373**	**15,273**
Total non-current liabilities		
Deferred income	443	493
Other liabilities	39	32
Total non-current liabilities	**482**	**525**
Current liabilities		
Trade accounts payable	735	834
Deferred income	545	992
Other liabilities	1,035	1,431
Total current liabilities	**2,315**	**3,257**
Total equity and liabilities	**12,170**	**19,055**

CONSOLIDATED STATEMENT OF CASH FLOWS

in € 000's	6M 2017	6M 2016
Cash flows from operating activities		
Earnings before taxes	-5,580	-6,639
Adjustment for statement of comprehensive income items		
Depreciation and amortization	430	480
Net finance income/loss	-6	-108
Stock options	207	0
Other non-cash items	-60	-496
Changes in statement of financial position items		
Inventories	0	15
Trade accounts receivable	-260	-612
Receivables from associates	0	3
Current income tax assets	-10	-12
Other assets	1,334	-145
Trade accounts payable	-99	59
Deferred income	-496	59
Other liabilities	-884	-91
Interest received	1	7
Interest paid	-3	-557
Income taxes paid	0*	0*
Total cash flows from operating activities	**-5,426**	**-8,037**

in € 000's	6M 2017	6M 2016
Cash flows from investing activities		
Purchase of intangible assets	0	-60
Purchase of property, plant and equipment	-23	-13
Proceeds from sales of intangible assets	0	382
Proceeds from sales of property, plant and equipment	39	269
Total cash flows from investing activities	**16**	**578**
Cash flows from financing activities		
Repayment of shareholder loans	0	-1,500
Total cash flows from financing activities	**0**	**-1,500**
Net change in cash and cash equivalents Cash and cash equivalents	**-5,410**	**-8,959**
+ Cash and cash equivalents at the beginning of the period	10,048	21,476
= Cash and cash equivalents at the end of the period	**4,638**	**12,517**

* The withholding tax regarding milestone payments from Guangzhou LingSheng Pharma Tech Co., Ltd. (Link Health) received in H1 2017 and H1 2016, respectively, were not paid until they had become due at the start of Q3 2017 an Q3 2016, respectively.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

			Reserves			
in € 000's	Subscribed capital	Share premium	Stock options	Retained earnings	Accumula-ted deficit	Total
Balance on 1 January 2016	**18,967**	**143,829**	**1,749**	**67**	**-138,184**	**26,428**
Consolidated comprehensive income/ loss 6M 2016					-6,639	-6,639
Consolidated profit/loss for 6M 2016					*-6,639*	*-6,639*
Balance on 30 June 2016	**18,967**	**143,829**	**1,749**	**67**	**-144,823**	**19,789**
Balance on 1 January 2017	**18,967**	**143,829**	**1,760**	**67**	**-149,350**	**15,273**
Options issued (ESOP 2016/2016)*			207			207
Expenditures related to the implementa-tion of the resolved capital increase		-494				-494
Consolidated comprehensive income/ loss 6M 2017					-5,613	-5,613
Consolidated profit/loss for 6M 2017					*-5,613*	*-5,613*
Balance on 30 June 2017	**18,967**	**143,335**	**1,967**	**67**	**-154,963**	**9,373**

* ESOP: Employee Share Option Program.

SELECTED NOTES

TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION

These interim consolidated 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 CONSOLIDATED FINANCIAL STATEMENTS

These interim consolidated financial statements as at 30 June 2017 comprise 4SC AG, based in Planegg-Martinsried, Germany, and its wholly-owned subsidiary 4SC Discovery GmbH, Planegg-Martinsried, Germany, which is fully consolidated (together referred to as the "4SC Group" or "4SC"). The following companies were 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 consolidated interim report was approved for publication by the Management Board on 7 August 2017. The discussion of the interim report by the Supervisory Board or Audit Committee and the Management Board in line with the German Corporate Governance Code (as amended on 2 February 2017) was held via teleconference on 26 July 2017.

1.4 GENERAL DISCLOSURES

The accounting policies applied and estimates made essentially correspond to those used for the consolidated financial statements for the year ending 31 December 2016.

2. EARNINGS PER SHARE

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

	Q2 2017	Q2 2016	6M 2017	6M 2016
Based on net profit/loss for the period (in € 000's)	-2,295	-3,534	-5,613	-6,639
Based on average number of shares (in thousand)	18,967	18,967	18,967	18,967
Earnings per share (basic and diluted, in €)	**-0.12**	**-0.19**	**-0.30**	**-0.35**

Given 4SC's loss, the options issued are not dilutive. As a result, the diluted and basic earnings per share are identical.

3. NOTES TO THE CASH BALANCE/FUNDS

4SC holds cash and cash equivalents. Other financial assets in the form of borrower's note loans, which were reported on 31 December 2016, were dissolved in Q2 2017. Taken together, these items comprise the cash balance/funds:

in € 000's	30 June 2017	31 Dec. 2016	30 June 2016
Cash and cash equivalents at the end of the period	4,638	10,048	12,517
Other financial assets	0	1,285	1,281
Cash balance/funds	**4,638***	**11,333**	**13,798**

* The Company's liquidity position improved considerably as a result of the successful completion of a capital increase in July 2017, generating gross issue proceeds of ca. €41 million.

4. SHAREHOLDINGS AND DIRECTORS' DEALINGS

In H1 2017 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 2017 reporting date as well as changes in these holdings compared to the start of the year.

Number of shares	Shares 1 Jan. 2017	Purchase	Sale	Shares 30 June 2017
Supervisory Board				
Clemens Doppler, Ph.D.	3,719	0	0	3,719
Prof. Helga Rübsamen-Schaeff, Ph.D.	2,000	0	0	2,000
Manfred Rüdiger, Ph.D.	1,500	0	0	1,500
Shares held by the Supervisory Board	**7,219**	**0**	**0**	**7,219**

Number of stock options	Options 1 Jan. 2017	Additions	Expired	Exercised	Options = maximum number of shares 30 June 2017
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**

5. RELATED PARTY TRANSACTIONS

4SC engaged in the following significant business transactions with related parties in the period from 1 January to 30 June 2017:

BioNTech AG, BioNTech RNA Pharmaceuticals GmbH, and BioNTech Small Molecules GmbH, Mainz, Germany (other related parties)

4SC Discovery GmbH maintains legal relations with BioNTech AG, Mainz, Germany, and its subsidiary BioNTech RNA Pharmaceuticals GmbH (formerly: Ribological GmbH), and to BioNTech Small Molecules GmbH, which was established in Q2 2016. All of these entities belong to the Santo Holding (Deutschland) GmbH Group, Holzkirchen, the main shareholder of 4SC AG.

As of 30 June 2017, there were receivables from BioNTech Small Molecules GmbH amounting to €4 thousand (31 December 2016: €50 thousand). Liabilities to BioNTech Small Molecules GmbH as of 30 June 2017 amounted to €6 thousand (31 December 2016: €4 thousand). There were no receivables or payables from or to BioNTech AG and BioNTech RNA Pharmaceuticals GmbH as of 30 June 2017 (31 December 2016: €0 thousand).

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 2017.

6. REVIEW REPORT

These interim consolidated financial statements and the interim Group management report as of 30 June 2017 have been subjected to a review by Baker Tilly GmbH Wirtschaftsprüfungsgesellschaft, Munich, Germany.

7. SUBSEQUENT EVENTS

On 6 July 2017, 4SC closed a capital increase, resolved on 12 June 2017, with gross proceeds of ca. €41 million. The 11,681,867 new shares were registered with the Commercial Register on 11 July 2017, and trading of the new shares on the Frankfurt Stock Exchange commenced on 13 July 2017. See section 1.2.2 of the interim group management report (“Significant events on Group level”) for more information on the transaction.

In line with 4SC’s stated strategy to monetize non-core assets, 4SC announced on 18 July 2017 that it had signed an exclusive worldwide licensing agreement with Maruho Co., Ltd. (Maruho) for preclinical compounds inhibiting the ion channel Kv1.3. Under the agreement, 4SC is eligible to receive upfront and milestone payments totaling up to €103 million, plus commercial milestones totaling up to an additional €105 million and single-digit royalties on commercial sales.

Finally, on 1 August 2017, 4SC announced that it obtained a US composition-of-matter patent for a group of molecules including 4SC-208, the Company’s promising Hedgehog/GLI signaling pathway inhibitor in preclinical development at current. The patent provides 4SC with US market exclusivity until 2033.

REVIEW REPORT

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

We have reviewed the condensed consolidated interim financial statements - comprising the condensed consolidated statement of comprehensive income, the condensed consolidated statement of financial position, the condensed consolidated statement of cash flows, the condensed consolidated statement of changes in equity as well as selected explanatory consolidated notes - together with the interim Group management report of 4SC AG, Planegg-Martinsried, District of Munich, Germany, for the period from 1 January to 30 June 2017 that are part of the consolidated half-year financial report according to Section 37w WpHG ("Wertpapierhandelsgesetz": "German Securities Trading Act"). The preparation of the condensed consolidated interim financial statements in accordance with the IFRS as adopted by the EU and of the interim Group management report in accordance with the provisions of the German Securities Trading Act applicable to interim Group management reports is the responsibility of the Company's legal representatives. Our responsibility is to issue a review report on the condensed interim consolidated financial statements and the interim management report of the Group based on our review.

We performed our review of the condensed interim consolidated financial statements and the interim management report of the Group 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 condensed interim consolidated 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 of the Group has not been prepared, in material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group 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 condensed consolidated 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 of the Group has not been prepared, in all material respects, in accordance with the requirements of the German Securities Trading Act applicable to interim group management reports.

Munich, 7 August 2017

Baker Tilly GmbH
Wirtschaftsprüfungsgesellschaft

Stahl	Hund
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

RESPONSIBILITY STATEMENT

"To the best of my knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements for the first six months 2017 give a true and fair view of the assets, liabilities, financial position and profit or loss of the 4SC Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the 4SC Group, together with a description of the material opportunities and risks associated with the expected development of the 4SC Group."

Planegg-Martinsried, 7 August 2017

Jason Loveridge, Ph.D.
Sole Managing Director

PUBLISHING INFORMATION

PUBLICATION DATE

10 August 2017

EDITOR

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4SC ON THE INTERNET

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

- Details on the gross EUR 41 million cash capital increase completed on 6 July 2017
- 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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