Q1 Announcement 2018

ABOUT THIS ANNOUNCEMENT

This Q1 Announcement as of 31 March 2018 should be read in conjunction with 4SC's Annual Report for the 2017 financial year.

This document 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 in the "Opportunities and risks" section below. 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 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, 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 47 employees as of 31 March 2018 and is listed on the Prime Standard of the Frankfurt Stock Exchange (FSE Prime Standard: VSC; ISIN: DE000A14KL72).

BUSINESS REVIEW IN Q1 2018 / YTD AND OUTLOOK

Key events in Q1 2018 and beyond were each made public via a press release. Details can be found in the relevant releases available at www.4sc.com.

RESMINOSTAT

Resminostat is an orally administered broad spectrum histone deacetylase (HDAC) inhibitor that potentially offers a novel approach to treating cancer, both as monotherapy and in combination with other anti-cancer drugs. 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. Lymph nodes, blood or visceral organ can also be involved. 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, joined the RESMAIN study – triggering a milestone payment to 4SC – and enrolled the first patients in Japan in early April 2018. RESMAIN is now being conducted in more than 50 study centers across 11 European countries and in Japan.

4SC expects top-line results to be available around the middle of 2019 and 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.

4SC-202

4SC-202 is an orally administered small molecule Class I selective HDAC inhibitor with a unique mode of action that strengthens the body's own anti-tumor immune response. 4SC-202 also influences the tumor microenvironment facilitating infiltration of immune cells into the tumor and making it more visible to the immune system.

4SC-202 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).

4SC-202 in combination with checkpoint inhibitors

4SC initiated the Phase Ib/II SENSITIZE study of 4SC-202 in combination with the anti-PD-1 checkpoint inhibitor pembrolizumab in patients with advanced-stage melanoma. In September 2017 the first study center opened and in November 2017 the first patient was enrolled. 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, 4SC-202 will also be tested in combination with another checkpoint inhibitor, the anti-PD-L1 antibody avelumab, for treating gastrointestinal tumors. 4SC expects safety data in H2 2018 and top-line results in H2 2019.

Taking the data from these two studies, 4SC aims to initiate a pivotal clinical trial with 4SC-202 as soon as possible thereafter in the rare skin cancer Merkel-cell carcinoma (MCC).

In April 2018, 4SC presented a poster on preclinical data supporting not only double but also triple combinations of 4SC-202 and checkpoint inhibitors in cancer therapy at the American Association for Cancer Research (AACR) Annual Meeting. Based on these promising preclinical results, 4SC is evaluating further clinical trials in which 4SC-202 would be combined with checkpoint inhibitors and other immunotherapeutic agents.

Evaluation of further combination partners

4SC-202 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 2018.

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.

DEVELOPMENT OF CASH FUNDS IN Q1 2018 AND FINANCIAL FORECAST

As of 31 March 2018, 4SC holds cash balance/funds of €35,891 thousand as compared to €41,327 thousand as of 31 December 2017. The monthly use of cash from operations was within the range forecasted for 2018 amounting to €1,812 thousand on average in the first quarter of 2018 (Q1 2017: €1,293 thousand). The increase of the monthly use of cash and the decrease in cash balance/funds in Q1 2018 was mainly driven by costs for the ongoing clinical studies RESMAIN and SENSITIZE. The Management Board of 4SC confirms that the funds should be sufficient to finance 4SC into 2020.

OPPORTUNITIES AND RISKS

As 4SC's opportunities and risks have remained virtually unchanged, please see pages 22 to 29 of the Annual Report 2017 for a detailed description of the opportunities and risks arising from the Company's business activities as well as its IT-based risk management and controlling system.

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.

PUBLISHING INFORMATION

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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:

- 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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