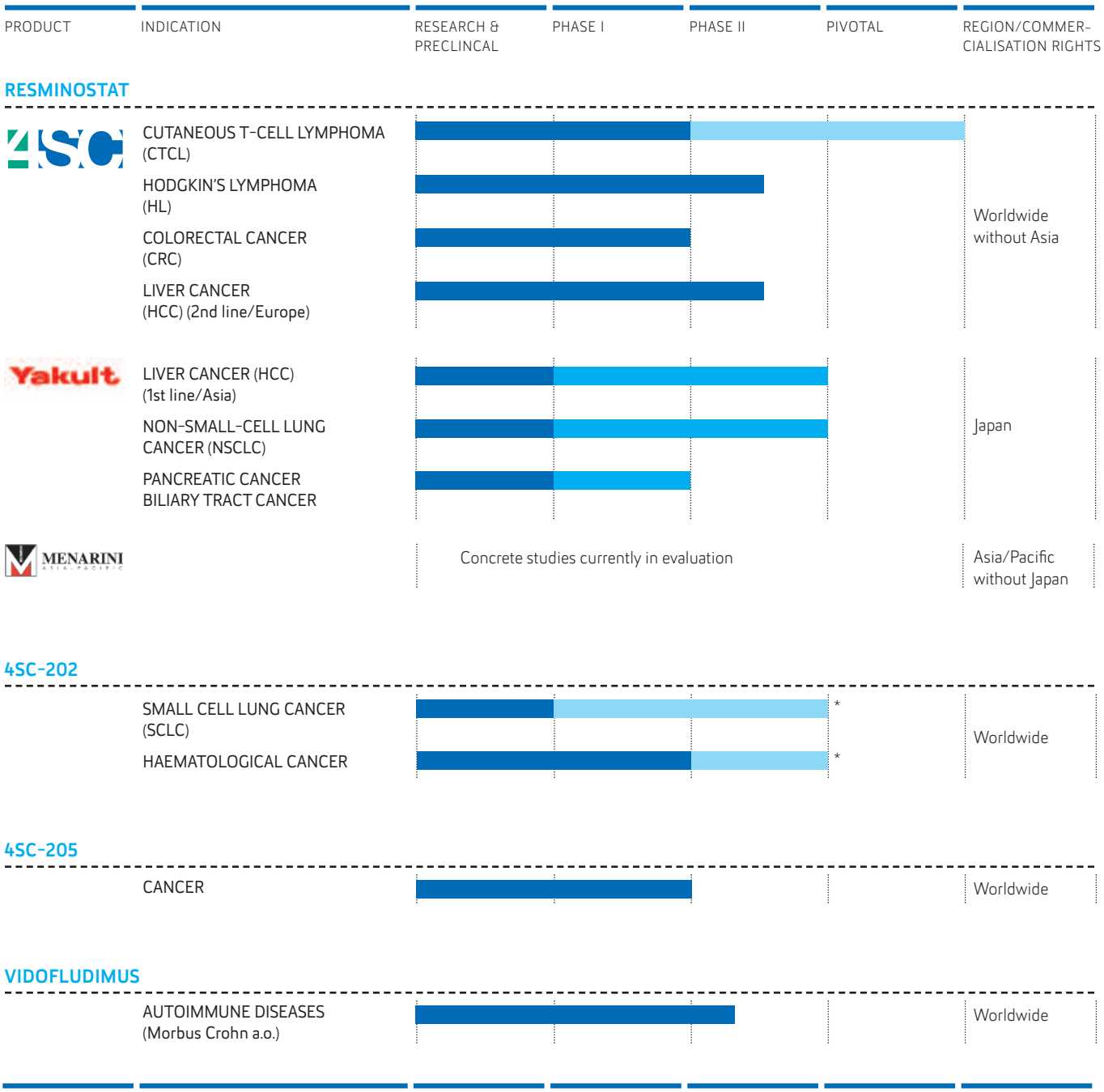
CONSOLIDATED 9-MONTH FINANCIAL REPORT

START-UP
PARTNERSHIPS
NEW DRUGS
GOING PUBLIC
INVESTORS
FOCUS ON
VALUE DRIVERS

2015 / 1997

4SC PRODUCT PIPELINE

As at 9 November 2015



* Study execution with 4SC-202 pending partnering and/or financing

4SC AT A GLANCE

Headquartered in Planegg-Martinsried near Munich, 4SC is a highly innovative biotech company with a focus on research and development.

We are a discovery and development company specialising in targeted small molecule drugs for the treatment of diseases with a high unmet medical need, particularly cancer. In so doing, we wish to offer affected patients treatment options that are more effective and better tolerated to provide a better quality of life and create value for our shareholders, partners and employees.

Our product pipeline comprises promising drug programmes at various stages of clinical development, as well as research projects.

We are focussing on attractive fields of research such as epigenetics, cancer stem cells, and other, important molecular signalling patterns that contribute to the development and proliferation of severe diseases.

Through development and marketing partnerships with pharmaceutical and biotech companies, we want to bring our programmes closer to market approval, thus ensuring commercial success.

We are also strengthening our business model by entering into service and research collaborations in the field of pharmaceutical research. 4SC was established in 1997. 4SC AG has been listed on the Prime Standard of the Frankfurt Stock Exchange since December 2005 (ISIN DE000A14KL72).

// 4SC-GROUP*

4SC AG

DEVELOPMENT SEGMENT

Management Board:

Enno Spillner (Chairman of the Management Board; Chief Executive Officer/CEO & Chief Financial Officer/CFO)

Dr Daniel Vitt (Member of the Management Board; Chief Scientific Officer/CSO & Chief Development Officer/CDO)

Strategy:

– Clinical development of attractive drugs for the treatment of cancer and autoimmune diseases on the path to market maturity

– Growth through development and marketing partnerships

– Broad-based medical and pharmacological expertise

4SC DISCOVERY GMBH

DISCOVERY & COLLABORATIVE BUSINESS SEGMENT

Management:

Dr Daniel Vitt | Dr Stefan Strobl

Strategy:

– Generating revenue from research services and collaborative ventures to strengthen 4SC's business model

– Marketing the Company's own drug programmes at an early stage of development through partnerships

– Replenishing the 4SC Group's clinical development pipeline

* As at 9 November 2015

4SC GROUP – KEY FIGURES AT A GLANCE

in € 000's unless stated otherwise

	Q3 2015	Q3 2014	Change in %	9M 2015 resp. 30.09.2015	9M 2014 resp. 30.09.2014	Change in %
Results of operations, financial position and net assets						
Revenue	387	2,202	-82	2,875	6,177	-53
Operating profit/loss	-2,343	-2,335	0	-6,046	-6,205	3
Net profit/loss for the period	-2,316	-2,334	1	-6,265	-6,308	1
Earnings per share (basic and diluted, in €)[1]	-0.13	-0.25	48	-0.49	-0.60	18
Equity (end of period)				29,397	5,413	443
Equity ratio (end of period) in %				80.6	31.9	153
Total assets (end of period)				36,482	16,964	115
Monthly cash inflow (+)/outflow (-) from operations (average)[2]				-689	-716	4
Capital and financing measures				33,611	437	7,591
Cash and cash equivalents (end of period)				25,777	3,366	666

	Q3 2015	Q3 2014	Change in %	9M 2015 resp. 30.09.2015	9M 2014 resp. 30.09.2014	Change in %
Staff						
Total number of employees (incl. Management Board) (end of period)				69	65	6
Number of full-time employees (incl. Management Board) (end of period)				60	55	9

[1] To facilitate comparability, the number of shares used for the calculation of the 2014 figure was adjusted to reflect the capital reduction and reverse stock split carried out in 2015.
[2] Calculation: (Change in cash funds at end of period compared with the end of the prior period + cash proceeds from the capital increase) / 9

KEY EVENTS IN THE THIRD QUARTER 2015

JULY:

Resminostat: Strengthening of patent protection in the US and Canada

The US Patent Office has granted the patent for the use of 4SC's epigenetic compound resminostat in cancer indications. In addition, the Canadian patent authority has granted the composition of matter patent for resminostat. The compound has composition of matter protection in all major markets including the US, Europe, Japan, China, South Korea, Russia, India, and now Canada.

4SC AG secures €29 million from capital increase for financing purposes

4SC AG successfully completed its capital increase for cash and in-kind contributions resolved at the end of June 2015 to finance its research and development programmes in the field of cancer therapies, in particular a planned Phase II clinical trial of its lead oncology compound resminostat in the tumour indication of cutaneous T-cell lymphoma (CTCL). Gross proceeds at the upper end of the targeted volume range of €29 million were achieved from the cash capital increase; by way of a capital increase in return for contributions in kind, debt amounting to €6 million was converted into equity. As a result, the Company's share capital was increased by €8,750,000.00, from €10,216,646.00 to a total of €18,966,646.00, while partially utilising authorised capital. The net proceeds for 4SC AG amounted to approximately €27.5 million.

AUGUST:

4SC-202: Patent protection in China expanded

4SC further strengthened the patent protection for its epigenetic anti-cancer compound 4SC-202 – a selective inhibitor of LSD1 and HDACs 1, 2, and 3 – in China. The Chinese Intellectual Property Office (SIPO) granted a patent relating to the tosylate salt of the compound which is used in the clinical trials with 4SC-202. The patent complements the composition of matter patents for 4SC-202, which so far have been granted in 61 countries, including patents in the major markets US, Europe, China, Japan, Russia, and India.

SEPTEMBER:

4SC AG receives funding of up to €450 thousand from the Eurostars programme for advanced epigenetic compound research

Under the programme, which is scheduled to run for just under three years, 4SC will conduct additional preclinical research into its two clinical epigenetic compounds resminostat and 4SC-202. This research will involve cell culture and animal models to investigate the properties of resminostat and 4SC-202 as immunomodulators, and their potential combination with immunotherapy agents.

4SC AG organises Scientific Symposium on "Epigenetic Regulation of Tumour Immunogenicity"

More than 50 distinguished participants from the international scientific, clinical research and industry community discussed recent advances in epigenetic drug discovery and the clinical impact of epigenetic and immune therapeutic approaches on personalised medicine. Epigenetic alterations as well as tumour immunity represent key mechanisms in the development of cancer and are therefore considered relevant therapeutic targets for the development of new epigenetic compounds. In preclinical research epigenetic compounds such as 4SC's HDAC inhibitor resminostat have already shown that they are able to activate the body's own immune system in the fight against cancer.

LETTER TO THE SHAREHOLDERS

Dear Shareholders,
dear Friends and Partners of 4SC,

As company owners and stakeholders, you place your trust in the competence and reliability of the management team. You rely on us to represent your interests and to make the right decisions that will secure an appropriate return on investment for your capital contributions. This is true more than ever in these times of capital market volatility, in which the 4SC share – as with all segment share prices – is under considerable pressure. I therefore wish to take this opportunity today to reaffirm the fact that we are putting heart and soul into a concentrated effort to ensure long-term success for your company. We greatly appreciate the confidence that you have shown in our work over many years. Our common goal is to advance the first 4SC-branded epigenetic cancer drug towards market maturity and a successful launch. Your faith in this milestone being achieved has been clearly underlined by your readiness to provide us with new funding in the form of a cash capital increase of €29 million in July 2015. In this context, we were also able to strengthen our financial position by converting a shareholder loan of €6 million into equity. This is testament to the high level of trust that our main shareholder Santo Holding, and our many newly acquired shareholders, place in the Company's management and in our common development and corporate goals for 4SC.

We have drawn up a strategy for ensuring the optimum deployment of these new funds. I am confident that this strategy can be successful.

We have been pursuing a focus strategy for some time now. Its target has been our epigenetic lead compound resminostat. We will continue to work with partners Yakult Honsha Co., Ltd. and Menarini AP to research and trial the deployment options for this compound in the fight against cancer within a series of economically attractive scenarios.

Over the next few months, our primary operational focus will be on the further development of resminostat in the haematological tumour indication of cutaneous T-cell lymphoma (CTCL). This is a niche indication with a high unmet medical need for which very few drugs have been approved in Europe. Compounds classified as HDAC inhibitors have already demonstrated their fundamental clinical efficacy in CTCL. However, none of these compounds has yet achieved regulatory approval in Europe. We therefore see this as a chance to achieve an

initial market approval for resminostat comparatively quickly and with a moderate use of funds. Our tasks in this context are clearly defined: Our team is making every effort to complete our preparations for a planned European Phase II trial. We are currently in the process of selecting a clinical research organisation (CRO) as a service partner for the operational implementation of this trial, and are also working to have the intended study design cleared by the regulatory agency. To this end, we submitted our questions concerning the planned study design to the European Medicines Agency (EMA) in early October as part of the scientific advice process. Our next steps will be to prepare the study protocol and documents required for the start of the study, and to work with the CRO on selecting the study centres. We estimate that the first CTCL study centre will open in the second quarter of 2016. Assuming all goes according to plan, the results of this study will be available in the second half of 2018 and will support an application for conditional market approval in the EU.

In the medium term, we continue to believe that 4SC has attractive options in the indication of liver cancer (HCC), which is the fifth most common cancer worldwide with a very high unmet medical need. Our Japanese partner Yakult Honsha is already active with resminostat in this indication. We are awaiting the results from the Japanese pharmaceutical company's current clinical Phase II HCC trial with great interest. These results will inform our decision to initiate further clinical development activities of our own in this indication in Europe and the US. Yakult Honsha is now also testing resminostat in the indications of lung cancer (NSCLC), pancreatic cancer and biliary tract cancer.

Lastly, we are also pursuing our activities in the innovative field of "immune priming". While this therapeutic approach is still in its infancy, the combination of epigenetic substances such as HDAC inhibitors and immunotherapies is already considered to be very promising, and a cancer therapy that holds a lot of potential for the future. Preclinical studies conducted this year have already shown that resminostat is able to have a positive influence on the immune system. We are now completing additional preclinical studies with the aim of confirming these results. In this context, we are therefore particularly pleased to report the receipt of an EU Eurostars grant of around €450 thousand in the reporting quarter to continue studying the immunomodulatory profiles of both resminostat and 4SC-202. Our goal here will be to test the combination of resminostat with immunotherapy agents such as checkpoint inhibitors (e.g. PD1, PDL1) in clinical trials.

Furthermore, we also see considerable potential for our second epigenetic compound, the highly innovative selective LSD1 and HDAC 1,2, 3 inhibitor 4SC-202. Here we are continuing to pursue our talks with potential financial, industrial and academic partners with the aim of transitioning the compound to clinical Phase II development.

Thanks to successful financing and the developments cited above, 4SC is solidly on course with its plans for resminostat. We believe we have a good chance of launching a 4SC-branded drug on the market for the treatment of CTCL patients. Over the coming weeks and months, we will be pursuing this goal with passion and perseverance. We will also continue to work on further development of the company's medium- and long-term asset items, and further strengthen our company's position to safeguard future revenue and profit for 4SC and for you, our valued shareholders.

Our employees and our partners have an especially important role to play in this process. I thank each and every one of you for your outstanding dedication and professionalism.

Yours sincerely,
Planegg-Martinsried, November 2015

Enno Spillner
Chairman of the Management Board

INTERIM GROUP MANAGEMENT REPORT

1. BUSINESS PERFORMANCE

1.1 ECONOMIC ENVIRONMENT

Macroeconomic development

In its most recent World Economic Outlook, published in October 2015, the International Monetary Fund (IMF) reported increasing risks arising from the continuing slowdown in the Chinese economy, the dramatic erosion in commodity prices and the growing uncertainty about the effects of the anticipated raise in key interest rates in the United States. The experts accordingly revised their forecast for global economic growth downwards from +3.3% in July 2015 to +3.1%. Whereas the developed economies can expect slightly higher momentum of +2.0% compared with 2014 (+1.8%), expansion in the emerging market and developing economies is slowing from +4.6% in 2014 to just +4.0%. The US economy is likely to see growth of 2.6%. The euro zone is continuing to benefit from the weakness of the euro and can expect economic growth of 1.5%. An increase of 1.5% is also estimated for Germany.

Developments in the biotech and pharmaceuticals sector

In the first nine months of 2015, the German DAXsubsector Biotechnology Index posted gains of 19% overall, though it moved sideways in the third quarter with losses of 1%. The NASDAQ Biotechnology Index showed significantly poorer performance, shedding its entire gain for the year (+30% by mid-July 2015) during the third quarter. At the end of September, the index was even slightly below the level observed at the beginning of the year (-1.0%), constituting its worst quarter in 13 years. The slump in the share prices of US biotech and pharmaceutical companies was partly attributable to comments made by presidential hopeful Hillary Clinton in the primaries about the possibility of introducing stricter price controls in the US drug market. This made drug prices a topic of public debate, generating widespread uncertainty among investors. Even through the companies' strong fundamentals have not changed, bankers and investors now expect a prolonged period of volatility. Markets around the world experienced turbulence as early as August when China announced a currency devaluation and a slowdown in economic growth.

There are encouraging developments to report in 4SC's direct market environment. Novartis announced at the beginning of September that the European Commission had approved Farydak® (panobinostat), in combination with bortezomib and dexamethasone, for the treatment of certain patients with multiple myeloma. The approval of Farydak marks the first time a histone deacetylase (HDAC) inhibitor with epigenetic activity is available in the European Union.

Mirati Therapeutics, manufacturer of the HDAC inhibitor mocetinostat, and MedImmune, a subsidiary of pharmaceutical group AstraZeneca, announced an exclusive clinical collaboration in August 2015. The Phase I/II study will evaluate MedImmune's anti-PDL1 immune checkpoint inhibitor, durvalumab, in combination with mocetinostat.

French pharmaceutical firm Innate announced at the end of September that it was initiating a Phase I trial to treat cutaneous T-cell lymphoma (CTCL) that will be conducted in the United States, France, the Netherlands and the United Kingdom. This trial will examine an antibody against a specific tumour marker that is mainly found in CTCL cells.

1.2 4SC ON THE STOCK MARKETS

In the third quarter of 2015, 4SC AG's shares posted losses of 41%, a development in line with the generally very negative sentiment regarding securities in the biotechnology sector. After starting the third quarter on a strong footing and reaching their high for the quarter of €4.90 on 2 July 2015, the Company's shares had slid back to €2.82 by the end of the reporting period, with market sentiment being impacted by the slump on Chinese exchanges in summer 2015, fears of a turnaround on interest rates in the United States and – particularly in relation to the biotech industry – comments emanating from the political arena in the United States that fuelled a discussion about price controls for the US drug market.

Over the first nine months of 2015, 4SC's shares lost 29% of their value, significantly underperforming the NASDAQ Biotechnology (-1%) and DAXsubsector Biotechnology (+19%) benchmark indices.

In July 2015, 4SC AG successfully completed a capital increase from authorised capital. In a cash capital increase, a total of 7,250,000 offer shares were placed at a subscription price of €4.00 per share. In a capital increase in return for contributions in kind that followed immediately, a further 1,500,000 consideration shares were issued at the same price. Together, this raised 4SC AG's share capital from €10,216,646.00, divided into 10,216,646 no-par value bearer shares, by €8,750,000.00 or 8,750,000

shares to €18,966,646.00, divided into 18,966,646 shares. The cash capital increase was entered in the commercial register on 9 July, while the capital increase in return for contributions in kind was entered in the commercial register on 17 July 2015.

The liquidity of 4SC's shares increased further by 50% in the first nine months of 2015 with an average daily trading volume of 27,952 shares (after adjusting for the reverse stock split) across all German exchanges, including Tradegate, compared with 18,609 (adjusted) in the first nine months of 2014. The free float increased marginally to 38.1%.

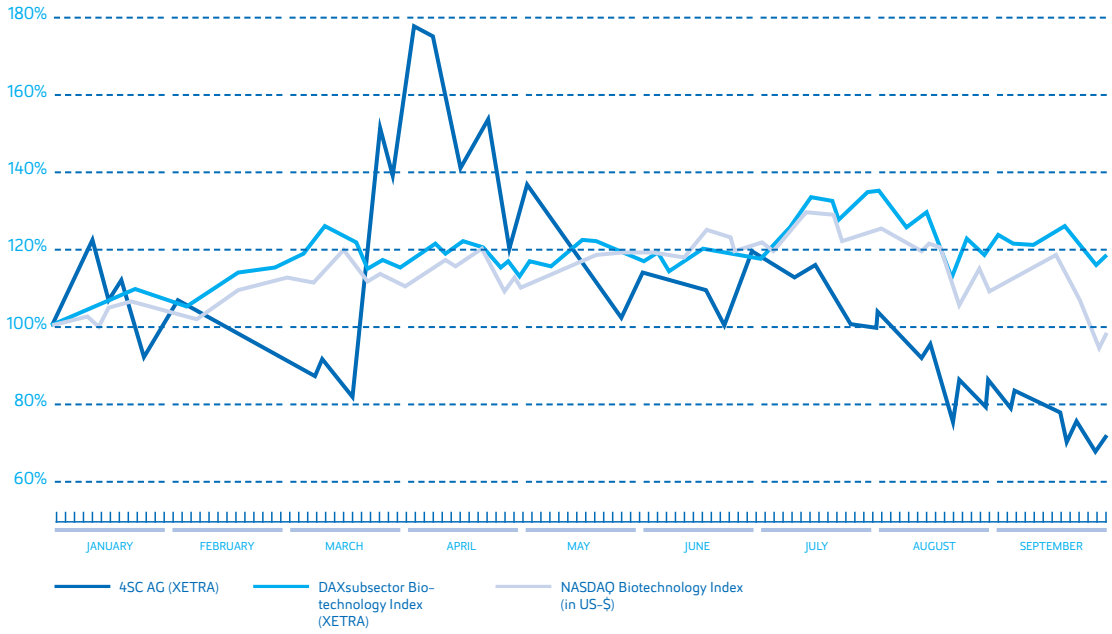
// KEY FIGURES OF THE 4SC SHARE

	Q3 2015	Q3 2014	9M 2015	9M 2014
Number of shares issued (average, in thousands)	18,056	10,160*	12,804	10,116*
Free float (%)	38.1	35.2	38.1	35.2
3- resp. 9-month high (Xetra) (€)	4.90	7.45*	7.18	8.95*
3- resp. 9-month low (Xetra) (€)	2.71	4.90*	2.71	4.65*
Price at beginning of the period (Xetra) (€)	4.80	4.90*	3.98	8.00*
Price at end of the period (Xetra) (€)	2.82	5.15*	2.82	5.15*
Market capitalisation at end of the period (€000's)	53,505	52,323	53,505	52,323
Average daily trading volume (all German stock exchanges incl. Tradegate, shares)	26,154	25,347*	27,952	18,609*

*) Adjusted to reflect the capital reduction entered in the commercial register in April 2015 and the 1-for-5 reverse stock split.

// SHARE PRICE

in %, indexed on 4SC AG in 01.01.2015 - 30.09.2015



1.3 BUSINESS REVIEW FOR THE REPORTING PERIOD

The 4SC Group continued its development in the third quarter of 2015. In the Group segments ("Development" and "Discovery & Collaborative Business"), the Company further pursued its research and development activities. There were important events at Group level too.

1.3.1 DEVELOPMENT SEGMENT

The Development segment comprises the clinical development work on 4SC's drug candidates as carried out within the Group's parent company 4SC AG. The candidate compounds at the end of the third quarter of 2015 were resminostat, 4SC-202, 4SC-205 and vidofludimus.

ONCOLOGY

Focus of 4SC on epigenetic cancer therapies

In the third quarter, 4SC further strengthened its position in the field of epigenetic cancer therapies. 4SC is convinced that epigenetics is now one of the most promising approaches in the fight against cancer. Epigenetics is a term used to describe functionally relevant changes to the genome caused by external or environmental factors, which, unlike mutations, do not involve a change in the nucleotide sequence. Examples of epigenetic mechanisms include DNA methylation or histone modification, each of which controls how genes are expressed and consequently being either activated or silenced without altering the underlying DNA sequence. Alongside genetic mutations, epigenetic 'programming errors' are very often the reason why previously healthy cells subsequently turn cancerous. Epigenetic compounds are expected to correct these errors in genetic regulation and thus interrupt or combat the mechanism that is responsible for the onset of cancer.

In September 2015, 4SC reported the receipt of up to €450 thousand from the German Federal Ministry of Education and Research (BMBF), in the form of a Eurostars grant to be used for further preclinical research into 4SC's clinical epigenetic compounds. The research project involving 4SC started in October 2015 and is scheduled to run for just under three years. 4SC's investigation will focus especially on the immunomodulatory properties of resminostat and 4SC-202, and on their potential combination with immunotherapy agents, while also continuing to evaluate deployment options in other indications. Eurostars is a European Union funding programme that provides targeted support to market-oriented R&D collaborations pursued by small and medium-sized enterprises.

On 30 September 2015, 4SC hosted its 10th Scientific Symposium on Epigenetic Regulation of Tumour Immunogenicity. Around 50 participants from the international scientific, clinical research and industry community discussed recent advances in epigenetic drug discovery and the clinical impact of epigenetic and immune therapeutic approaches on personalised medicine. Epigenetic alterations as well as tumour immunity represent key mechanisms in the development of cancer and are therefore considered relevant therapeutic targets for the development of new epigenetic compounds. In preclinical research epigenetic compounds such as 4SC's HDAC inhibitor resminostat have already shown that they are able to activate the body's own immune system in the fight against cancer.

RESMINOSTAT

Possessing a broad spectrum of possible deployment options both for solid tumours and malignant haematological disorders, the oral HDAC inhibitor resminostat is the most advanced compound in 4SC's product pipeline. Due to its epigenetic mechanism of action, resminostat is expected to show its therapeutic potential both in combination with conventional cancer drugs and as monotherapy. Resminostat has been and is being examined in clinical trials – by 4SC in Europe and its development partner Yakult Honsha Co., Ltd. in Asia – for the treatment of liver cancer (HCC), colorectal cancer (CRC), Hodgkin's lymphoma (HL), non-small-cell lung cancer (NSCLC) as well as for pancreatic and biliary tract cancer.

Yakult Honsha Co., Ltd. is currently trialling resminostat in Asian patient populations in two Phase II trials in the indications of HCC and NSCLC, and in a Phase I trial in patients with pancreatic cancer or biliary tract cancer. 4SC is following Yakult's Phase II trial in advanced liver cancer (HCC) with particular interest. The trial is testing the combination therapy of resminostat with sorafenib compared to monotherapy with sorafenib, the current standard treatment for HCC. The above study is also investigating the potential predictive biomarker ZFP64 under randomised conditions. Menarini AP, the Singapore-

based subsidiary of the Italian pharmaceutical company Menarini Group and 4SC's partner since April 2015 for the further development of resminostat in the Asia-Pacific region (excepting Japan), is now reviewing the clinical development options for resminostat.

Resminostat development strategy

4SC is pursuing a three-pillar development strategy with resminostat. 4SC has set itself the goal of achieving first-time regulatory approval for its resminostat candidate compound as quickly as possible. As a first step, 4SC is therefore looking to develop resminostat in the haematological niche indication of advanced cutaneous T-cell lymphoma (CTCL) to achieve market approval in Europe. Efficacy has already been demonstrated by HDAC inhibitors in this indication. Two compounds in CTCL have already achieved regulatory approval in the United States and other non-European countries. No HDAC inhibitor has been approved for this indication in Europe to date, however. 4SC's management therefore sees conditions as being essentially favourable for achieving conditional market approval for resminostat in this indication in Europe relatively quickly and with a comparatively moderate level of expense and risk on the sole basis of a Phase II trial – assuming appropriately positive clinical data can be generated. In the medium term, 4SC intends to continue clinical development in the indication of liver cancer (HCC) in Europe and the US. To ensure that 4SC's in-house study plans are as accurate and relevant as possible, however, the company intends to await a comprehensive analysis of the results on overall survival (OS) and the ZFP64 biomarker from the ongoing Phase II trial being conducted by our Japanese partner Yakult Honsha Co., Ltd. in Asian patients. As a last step, resminostat is also to be developed in the context of immune priming (i.e. the activation of the immune system) – ideally for subsequent clinical combination with immunotherapy agents such as checkpoint inhibitors. While this is a relatively new potential field of application, 4SC believes that immune priming offers enormous market potential.

Preparations for Phase II trial in CTCL

4SC is currently preparing a randomised, placebo-controlled Phase II clinical trial with resminostat in patients in Europe with advanced CTCL. In accordance with current planning, resminostat will be investigated as a maintenance therapy for patients with advanced CTCL who have previously received a systemic tumour debulking therapy.

In the third quarter of 2015, 4SC made significant progress in preparations for the planned study by refining the study design and development planning in talks with clinical professionals with expertise in CTCL. The first round of selection interviews was started with potential contract research organisations (CROs) responsible for organising and conducting the study. In October 2015, an application was submitted to the European Medicines Agency (EMA) as part of the "Scientific Advice" process. This involved discussing questions related to the completion of a planned drug development study and the planned study design with the EMA.

Preclinical trials on the activity of resminostat as an immunomodulator

In March 2015 and July 2015, 4SC presented initial preclinical data for resminostat at the ITOC-2 Conference (Second Immunotherapy of Cancer Conference) in Munich and the 6th Annual EpiCongress in Boston (USA), respectively, showing how resminostat can additionally activate the immune system in a specific fashion (immune priming). In future, resminostat could thus improve the response rates of patients to treatment with cancer immunotherapy treatments such as checkpoint inhibitors that have already been approved or are in clinical development. In the reporting quarter, 4SC proceeded with the preclinical trials evaluating resminostat's potential as an immunomodulator.

Patent protection strengthened for resminostat

4SC extended patent protection for resminostat in North America. The US Patent Office has granted the patent for the use of resminostat in cancer indications. The patent covers the medical application of resminostat in mono- and/or combination therapy for all cancer indications in the US. In addition, the Canadian patent authority has granted the composition of matter patent for resminostat. The compound thus has composition of matter protection in all major markets including the US, Europe, Japan, China, South Korea, Russia, India, and now Canada.

4SC-202

4SC-202 is the second epigenetic drug candidate in 4SC's clinical development portfolio. The compound is an orally available selective inhibitor of the epigenetic targets LSD 1 as well as HDAC 1, 2 and 3. 4SC-202 modulates the hedgehog and WNT pathways – two important signalling pathways that play a key role in the development, growth and proliferation of cancer cells, while being activated particularly in cancer stem cells. To the best of 4SC's knowledge, 4SC-202 is the only blocker of the SMO-independent, hedgehog pathway in clinical development and therefore could be a treatment option for those cancers for which hedgehog inhibitors to date have shown no efficacy or a quick build-up of resistance.

Building on highly positive results on safety and efficacy returned by a Phase I trial in patients with advanced haematological tumours, the Company continued talks with potential partners in the reporting quarter to secure the further development of 4SC-202 as part of a clinical Phase II programme.

In August 2015, 4SC was able to further strengthen patent protection for 4SC-202 in China. The Chinese Intellectual Property Office (SIPO) has granted a patent relating to the tosylate salt of the compound. Since this salt form has already been utilised in a successfully completed clinical Phase I trial with 4SC-202, the patent constitutes a key component within 4SC's global patent strategy for the compound. The patents for 4SC-202 tosylate salt will provide additional protection against potential competitors and thus complements the composition of matter patents for 4SC-202, which so far have been granted in 61 countries, including patents in the major markets US, Europe, China, Japan, Russia, and India.

4SC-205

4SC-205 is 4SC's third oncology compound in clinical development. 4SC-205 is an oral inhibitor of the human kinesin spindle protein Eg5. This protein plays a role in mitosis (cell division), among other things, and thus also for tumour growth. To the best of the Company's knowledge, 4SC-205 is the only oral Eg5 inhibitor currently investigated in clinical trials anywhere in the world.

Following the completion of the Phase I AEGIS trial on 59 patients with advanced solid tumours in the first quarter of 2015, 4SC released good clinical results on the safety, pharmacokinetics and efficacy of 4SC-205 at the Annual Meeting of the American Society of Clinical Oncology (ASCO) in June 2015.

Building on these encouraging Phase I results, the Company is currently exploring scenarios for a further clinical development of 4SC-205 with external experts and potential partners.

AUTOIMMUNE DISEASES

VIDOFLUDIMUS

Vidofludimus is a 4SC compound in the field of autoimmune diseases that has returned positive data from an open Phase IIa trial in inflammatory bowel disease. In line with its strategy of focusing on the field of oncology, 4SC currently will not be investing any appreciable resources of its own in the further development of this compound. The Company therefore aims to achieve further development of this compound in collaboration with external partners and investors.

1.3.2 DISCOVERY & COLLABORATIVE BUSINESS SEGMENT

The Discovery & Collaborative Business segment comprises the activities involved in the discovery, research and subsequent commercialisation of drug compounds by 4SC Discovery GmbH. This wholly-owned subsidiary of 4SC AG is concentrating, among other things, on the research disciplines of epigenetics, cancer stem cells and cellular signalling pathways involved in the genesis of cancer and/or chronic inflammatory diseases. Some of these research programmes have already been transferred to partnerships with other pharmaceutical/biotechnology companies.

In the reporting quarter, 4SC Discovery GmbH carried out projects for Mainz-based BioNTech AG, among others, and maintains a strategic technology and sales partnership with CRELUX GmbH. In addition, there are scientific collaborations with academic institutions such as Helmholtz Zentrum München, Heidelberg University Hospital and the Faculty of Medicine at the University of Munich.

1.3.3 SIGNIFICANT EVENTS AT GROUP LEVEL

From the end of June until the beginning of July 2015, 4SC implemented a capital increase from authorised capital, obtaining gross proceeds of €29 million, at the upper end of the targeted acquisition range. In the cash capital increase, 7,250,000 offer shares were issued at a subscription price of €4.00 per share to existing shareholders via pre-emptive rights as well as to new institutional shareholders in a rump placement. The new

shares were placed with prestigious life science investors from the United States and Europe. European venture capital company Wellington Partners was acquired as a new anchor investor. Furthermore, 1,500,000 consideration shares were issued at the same issue price of €4.00 in return for contributions in kind for the purpose of settling the material portion of €6 million of a shareholder loan from Santo Holding (Deutschland) GmbH.

4SC plans to use the proceeds from the capital increase for the further development of its anti-cancer compounds. This especially entails the preparation and completion of a planned Phase II clinical trial with the epigenetic oncology compound resminostat in the CTCL indication, preparation of Phase II clinical development with the compound 4SC-202 and the initiation of new development and marketing partnerships.

1.3.4 STAFF

As at 30 September 2015, the 4SC Group employed a total of 69 members of staff (including the Management Board of 4SC AG and the executive management of 4SC Discovery GmbH) (31 December 2014: 66). Of this total, 41 worked in the Development segment (4SC AG) at the end of the third quarter, with the remaining 28 working in the Discovery & Collaborative Business segment (4SC Discovery GmbH).

On average, the 4SC Group employed a workforce of 68 in the first nine months of 2015 (9M 2014: 65). The Company had a total of 60 full-time employees (full-time equivalents, FTEs) as at 30 September 2015 (31 December 2014: 57), taking part-time employees and employees on parental leave into account. As at the end of the first nine months of 2015, 75% of these FTEs (31 December 2014: 71%) worked in Research and Development, with the remaining 25% (31 December 2014: 29%) working in Sales 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, reports consolidated figures for both the first nine months of the 2015 financial year and the comparative period of the 2014 financial year.

The 4SC Group reports in the operating segments Development and Discovery & Collaborative Business. As at the end of the third quarter of 2015, the Development segment comprised the development programmes for resminostat, 4SC-202 and 4SC-205 as well as vidofludimus. The Discovery & Collaborative Business segment comprised the activities involved in drug discovery and early-stage research plus subsequent commercialisation and, in particular, service business and research collaborations related to drug discovery and optimisation.

2.1 RESULTS OF OPERATIONS

Revenue

Consolidated revenue decreased in the third quarter to €387 thousand (Q3 2014: €2,202 thousand). In the first nine months of the year, consolidated revenue thus fell by 53% year-on-year to €2,875 thousand (9M 2014: €6,177 thousand). This comprises revenue generated under the cooperation agreements with BioNTech AG and LEO Pharma A/S, Denmark. 4SC also generated revenue of €1,990 thousand in the reporting period with its partners Yakult Honsha Co., Ltd. and Menarini Asia-Pacific Holdings Pte. Ltd. (9M 2014: €3,552 thousand). This includes, in particular, the recognition of deferred income for upfront payments received from both partners and allocations to Yakult Honsha Co., Ltd. of the costs to produce the resminostat compound.

The Development segment saw its revenue slide 82% in the reporting quarter to €291 thousand (Q3 2014: €1,625 thousand). In a nine-month comparison, total revenue was down 44% to €1,990 thousand (9M 2014: €3,552 thousand). The year-on-year change is due in particular to the milestone reached in the previous year in the partnership with Yakult Honsha Co., Ltd. as well as to significantly lower allocations of costs in connection with the production drive for the resminostat compound implemented during large parts of 2014 on behalf of Yakult Honsha Co., Ltd.

Revenue in the Discovery & Collaborative Business segment also declined, falling by 89% in the third quarter to €96 thousand (Q3 2014: €840 thousand) and by 66% in the first nine months to €885 thousand (9M 2014: €2,625 thousand). The marked year-on-year decline has three main reasons: Firstly, the cost allocations for third-party services to the cooperation partners invoiced in the current reporting period were significantly lower than in the prior-year period. Secondly, deferred income from an upfront payment received in February 2013 in connection with a licence option agreement with LEO Pharma A/S was

recognised only up until August 2014, in line with planning. Thirdly, the research collaboration with LEO Pharma A/S was terminated according to plan at the end of March 2015.

Further information regarding segment results can be found in chapter 2 of the consolidated notes.

Operating expenses

Operating expenses, comprising the cost of sales, distribution costs, research and development costs and administration costs, stood at €2,753 thousand in the third quarter of 2015, a substantial decrease of 40% on the prior-year figure (Q3 2014: €4,558 thousand). At €9,077 thousand, the figure for the first nine months was down 27% year-on-year (9M 2014: €12,412 thousand).

The Development segment accounted for €7,046 thousand (9M 2014: €10,101 thousand) of operating expenses in the first nine months, while the Discovery & Collaborative Business segment incurred €2,948 thousand (9M 2014: €3,265 thousand) and the consolidation accounted for €-917 thousand (9M 2014: €-954 thousand).

Research and development costs incurred in connection with drug development continued to make up the majority of expenses. In the first nine months of the year, they fell 18% year-on-year to €4,893 thousand (9M 2014: €5,957 thousand). This decrease results from the lower level of activity in the area of clinical trials compared with the previous year.

The cost of sales decreased significantly to €109 thousand in the reporting quarter (Q3 2014: €1,613 thousand) and to €1,705 thousand in the first nine months of the year (9M 2014: €3,746 thousand). The cost of sales is attributable firstly to the research partnerships between 4SC Discovery GmbH on the one hand and BioNTech AG and LEO Pharma A/S, Denmark, on the other. However, this item also includes the cost incurred to produce the medication for clinical trials of resminostat in Japan, expenses which were charged on to Yakult Honsha Co., Ltd. The year-on-year decline is due especially to a significantly lower level of activity in the manufacturing of the resminostat compound on behalf of Yakult Honsha Co., Ltd. and to the research collaboration with LEO Pharma A/S, which was terminated as planned at the end of March 2015.

Distribution costs, which comprise business development and PR and marketing costs, fell by 43% to €101 thousand in the third quarter of the year (Q3 2014: €177 thousand) and by 39% to €343 thousand in the first nine months of the year (9M 2014: €566 thousand) due to a lower level of consulting services.

Administrative costs fell slightly to €666 thousand in the reporting quarter (Q3 2014: €673 thousand) and remained virtually unchanged at €2,136 thousand in the first nine months of the year as well (9M 2014: €2,143 thousand).

Operating profit/loss

Since the decreases in revenue and operating expenses in absolute terms more or less balanced out, the Company's loss from operating activities changed only slightly compared with the previous year. In the third quarter of 2015, the loss from operating activities increased marginally to €2,343 thousand (Q3 2014: €2,335 thousand), while the loss from operating activities on a nine-month basis edged down 3% to €6,046 thousand (9M 2014: €6,205 thousand).

Net finance income/loss

The net finance income from 4SC's associate quattro research GmbH improved by a total of €57 thousand or 197% to €86 thousand (Q3 2014: €29 thousand). The share in the profit/loss of the associate was €119 thousand in the first nine months of 2015, up from €46 thousand in the previous year. Interest income also developed encouragingly on the back of the increase in funds invested as a result of a successful corporate action (Q3 2015: €10 thousand compared with Q3 2014: €2 thousand; 9M 2015: €12 thousand compared with 9M 2014: €5 thousand). On a nine-month basis, interest expense surged to €310 thousand (9M 2014: €84 thousand). This mainly arose in connection with the loan from Santo Holding (Deutschland) GmbH. Overall, net finance income of €27 thousand was posted in the third quarter of 2015 (Q3 2014: €1 thousand). For the nine-month period, net finance income declined to €-179 thousand (9M 2014: €-33 thousand).

Taxes

In the first nine months of 2015, 4SC reported net tax expense of €40 thousand (9M 2014: €70 thousand), which is attributable to non-deductible withholding tax in connection with the upfront payment received from Menarini Asia-Pacific Holdings Pte. Ltd.

Consolidated net loss

Accordingly, the net loss for the period improved marginally year on year, by 1% to €2,316 thousand in the third quarter (Q3 2014: €2,334 thousand) and by 1% to €6,265 thousand in the first nine months (9M 2014: €6,308 thousand). Further information regarding segment results can be found in the consolidated notes.

Earnings per share

There was a marked change in the total number of shares in 2015. Due to the capital reduction entered in the commercial register in April 2015 and the 1-for-5 reverse stock split, the total number of shares was reduced from 50,849,206 (31 December 2014) to 10,169,841. Also in the second quarter of 2015, 4SC's financing partner Yorkville converted a total of 46,805 4SC shares. In the third quarter of 2015, 8,750,000 new shares were issued on the basis of the capital increases, raising the total number of shares to 18,966,646 on 30 September 2015.

Due to the higher loss for the period and the significantly smaller number of shares, the loss per share climbed to €0.13 in the third quarter of 2015 (Q3 2014: loss of €0.05 or, adjusted for the reverse stock split in 2015, €0.25) and to €0.49 in the first nine months of 2015 (9M 2014: loss of €0.12 or, adjusted for the reverse stock split in 2015, €0.60).

2.2 NET ASSETS

Non-current assets

Non-current assets amounted to €11,397 thousand as at 30 September 2015 (31 December 2014: €10,639 thousand). This increase compared with 31 December 2014 is mainly due to an increase in non-current assets as a result of investing funds in borrower's note loans to achieve higher interest income. Intangible assets remained the largest item of non-current assets in the statement of financial position, amounting to €9,231 thousand (31 December 2014: €9,836 thousand).

Current assets

Current financial assets totalled €25,085 thousand as at the reporting date, increasing considerably by €20,790 thousand as against the end of the previous year (31 December 2014: €4,295 thousand). Funds (comprising cash and cash equivalents as well as other financial assets) changed significantly on account of the completed corporate action. Trade accounts receivable decreased to €104 thousand (31 December 2014: €652 thousand). Other current assets amounted to €490 thousand as at 30 September 2015 (31 December 2014: €375 thousand).

Equity

The increase in equity from €2,050 thousand as at 31 December 2014 to €29,397 thousand as at 30 September 2015 is primarily attributable to the successful corporate actions completed in July 2015, i.e. a capital increase in return for cash and contributions in kind. Equity was reduced by the accumulated deficit, which rose from €128,956 thousand at the end of the 2014 financial year to €135,221 thousand as at 30 September 2015 due to the loss for the period of €6,265 thousand. Furthermore, there was a neutral reclassification within equity in connection with the capital reduction implemented in the second quarter through the 1-for-5 reverse stock split. The equity ratio rose significantly by 66.9 percentage points from 13.7% as at 31 December 2014 to 80.6% as at 30 September 2015 as a consequence of the corporate actions, i.e. the increase in equity and the reduction of debt in connection with the capital increase in return for contributions in kind.

Non-current liabilities

Non-current liabilities decreased by 53% to €3,774 thousand as at 30 September 2015 compared with the 2014 reporting date (31 December 2014: €8,042 thousand). This is due primarily to the decrease in liabilities to shareholders to €1,932 thousand (31 December 2014: €6,131 thousand). By way of the capital increase in return for contributions in kind that was implemented in July 2015, the material portion of the loan provided by 4SC's majority shareholder Santo Holding (Deutschland) GmbH was converted into equity, reducing the Company's debt by €6,000 thousand. Non-current liabilities also comprise deferred income in connection with the

partnerships with Yakult Honsha Co., Ltd., Japan, and Menarini Asia-Pacific Holdings Pte. Ltd. amounting to €1,724 thousand as at 30 September 2015 (31 December 2014: €1,788 thousand).

Total current liabilities

Current liabilities decreased by 32% to €3,311 thousand (31 December 2014: €4,842 thousand). They include trade accounts payable of €463 thousand (31 December 2014: €993 thousand). Deferred income rose to €1,164 thousand (31 December 2014: €894 thousand). There were also other current liabilities of €1,684 thousand (31 December 2014: €2,632 thousand).

Total assets/Total equity and liabilities

As a result of the effects described above, especially the completed cash capital increase, total assets/total equity and liabilities increased substantially by 144% to €36,482 thousand as at 30 September 2015 (31 December 2014: €14,934 thousand).

2.3 FINANCIAL POSITION

Cash flows from operating activities

Cash flows from operating activities for the first nine months of 2015 amounted to €-6,153 thousand and thus corresponded to the operating loss for this period of €6,225 thousand.

Cash flows from investing activities

The cash outflows from investing activities in the first nine months of 2015 amounted to €1,362 thousand, compared with cash inflows of €918 thousand in the same period of 2014. In the reporting period and in the previous year, only small investments were made in fixed assets (9M 2015: €48 thousand; 9M 2014: €82 thousand). Financial investments resulted in cash outflows of €1,314 thousand (9M 2014: €0 thousand).

Cash flows from financing activities

The cash flows of €28,776 thousand from financing activities in the first nine months of 2015 resulted from in some cases countervailing effects. The draw-down of further tranches of the shareholder loan from Santo Holding (Deutschland) GmbH totalling €1,500 thousand (9M 2014: €4,000 thousand) had a positive effect. In addition, Yorkville's conversion of the convertible note issued into shares of 4SC AG had a positive financing effect of €60 thousand (9M 2014: €437 thousand). The cash capital increase of €29,000 thousand (gross) that was completed in July 2015 also had a positive effect. In contrast, the transaction costs of €1,449 thousand to be deducted had a negative effect. The repayment of the remaining debt of Yorkville’s convertible note amounting to €200 thousand and the reduction of the convertible note by conversion into shares amounting to €135 thousand (9M 2014: €360 thousand) also had a negative effect.

Cash balance/funds

Cash and cash equivalents amounted to €24,463 thousand at the end of the reporting period (31 December 2014: €3,202 thousand). Additional funds in the amount of €1,314 thousand (9M 2014: €0 thousand) were invested in fixed-interest and variable-interest securities. This results in an average monthly outflow of cash from operations amounting to €689 thousand in the first nine months of 2015 (9M 2014: €716 thousand).

3. REPORT ON OPPORTUNITIES AND RISKS

Please see pages 62 to 75 of the annual report as at 31 December 2014 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. Since then no major changes have occurred with respect to our situation in terms of risks and opportunities and no major changes are expected to occur during the remainder of 2015. However, the successful completion of the capital increase in July 2015 has resulted in a sustainable and considerable improvement of the Company's current liquidity position, extending the Company's cash reach significantly and enabling 4SC to actively implement its own clinical measures.

4. REPORT ON POST-BALANCE SHEET DATE EVENTS

In early November 2015, 4SC Discovery GmbH's associate, Panoptes Pharma Ges.m.b.H., Vienna/Austria, announced the successful completion of a financing round. The funds are earmarked primarily for the further development of Panoptes's compound PP-001 in the field of eye diseases. 4SC Discovery GmbH will participate in the successful further development and commercialisation of PP-001 through potential future milestone payments and royalties.

5. REPORT ON EXPECTED DEVELOPMENTS

The following paragraphs contain forecasts and expectations regarding future developments. Actual results might differ substantially from these estimates of likely developments if uncertainties were to arise or if the assumptions underlying the forward-looking statements turn out to be incorrect.

Forecast for the sector

The industry information service BioCentury reported that in the third quarter of 2015 a total of 19 biotechnology companies announced plans to go public in the United States. This raises the number of envisaged IPOs to 28. In the third quarter, 15 companies from this industry generated $1.8 billion from their IPOs, bringing the aggregate proceeds from stock market flotations this year to $6.8 billion. By the end of the third quarter, the market capitalisation of these companies had risen by an average of 2%. Through follow-ons, 46 biotechnology companies realised a total of $5.4 billion in the third quarter of 2015. This raises total proceeds for the year to $24.5 billion, which is more than has ever before been achieved in a full year since BioCentury started recording these figures in 1994.

Analysts and investors believe that the prevailing uncertainty in the biotechnology sector, which alongside increased nervousness about further economic development was sparked by political debate in the United States, also presents an opportunity to invest in this sector and recommend monitoring the environment more closely.

Forecast for the Company

4SC is committed to pursuing its refocused research and development strategy. A key part of this strategy involves the Company concentrating on the clinical development of those programmes that offer the greatest potential to increase value for the Group.

The primary focus is on the planned clinical development of the oncology compound resminostat in the indication of advanced cutaneous T-cell lymphoma (CTCL) with the goal of achieving regulatory approval for resminostat in this indication in the EU as quickly as possible. 4SC is currently preparing a randomised, placebo-controlled Phase II clinical trial in the indication of advanced CTCL. The Company expects to receive feedback from the EMA on questions about the study design at the end of 2015/beginning of 2016 as part of the scientific advice process that has already begun. Furthermore, 4SC intends to swiftly choose the service provider, the clinical research organisation (CRO), for the operational implementation of the trial. As things stand today,

4SC assumes that the first trial centres for patient admission will be able to be opened in the second quarter of 2016. If patient recruitment proceeds as planned, 4SC estimates that results from the trial will be available in the second half of 2018. 4SC currently expects that in an ideal scenario it will be able to apply for conditional approval in the EU based on this data. 4SC will also further advance its ongoing preclinical trials for evaluating immune priming of resminostat.

Furthermore, 4SC expects its Japanese development partner Yakult Honsha Co., Ltd. to further proceed with the two ongoing Phase II trials in Asia investigating resminostat in the indications of advanced liver cancer (HCC) and non-small-cell lung cancer (NSCLC) as well as the Phase I trial started in the second quarter of 2015 in the indications of pancreatic and biliary tract cancer. The possible development of resminostat in Western patient populations in the liver cancer (HCC) indication in particular remains a medium-term focus for 4SC. Once the anticipated data from the randomised Phase II trial conducted by Yakult Honsha Co., Ltd. in HCC and NSCLC in Asia – which is also evaluating the potentially predictive biomarker ZFP64 – has been made available, 4SC will use this to examine in depth options for its own further development of resminostat in the western world and ideally implement these. In addition to positive data from the corresponding trial being conducted in Asia, 4SC's own clinical HCC activities would hinge on its ability to ensure adequate financing for the trial or to identify a partner that would advance the development of resminostat in HCC in the Western world in collaboration with 4SC.

Furthermore, 4SC assumes that in the future its new Asian license and development partner Menarini AP will firm up its plans with respect to the development of resminostat in countries in the Asia-Pacific region excluding Japan. 4SC believes that Menarini AP intends to focus its work on the development of resminostat in the indication of liver cancer (HCC).

For the second epigenetic anti-cancer compound 4SC-202, 4SC expects to be able to complete the official report on the completed Phase I TOPAS trial before the end of this year. Based on positive results from this Phase I trial on patients with advanced haematological tumours, the Company believes that there are attractive opportunities for the further development of 4SC-202. 4SC therefore intends to advance the options for clinical development in Phase II trials. Ideally, these will be implemented together with possible industry or financial partners or, if necessary, by 4SC on its own. Due to the mode of action of 4SC-202 and the clinical Phase I data, 4SC currently favours two study scenarios: one of a solid tumour indication such as small-cell lung cancer (SCLC) and one of a haematological indication.

On the basis of the positive results of a recent Phase I trial of the candidate compound 4SC-205 on patients with advanced solid tumours, 4SC is currently reviewing possible collaborations for the clinical development of 4SC-205. 4SC will continue its search for suitable partners for further development. Here, an academic partner that would conduct further clinical research on 4SC-205 for particularly suitable patient populations in investigator initiated trials would be interesting.

Overall, 4SC is seeking to secure further licensing deals with companies from the pharmaceutical and biotech sectors to push ahead the further clinical development of its products and generate additional value for the Company.

In the Discovery & Collaborative Business segment, the research subsidiary 4SC Discovery GmbH plans to enter into new research collaborations with companies in the pharmaceutical/biotech sectors or higher education partners. Furthermore, 4SC Discovery GmbH is pursuing the signing of licence deals and other collaboration agreements, to ensure the further development of its own research programmes currently in development and generate additional income and long-term potential value for 4SC from upfront payments, performance-related milestone payments and royalty payments.

Financial forecast

At the beginning of the third quarter of 2015, 4SC AG generated net issue proceeds of around €27.5 million from a capital increase. The Management Board currently estimates that the funds earmarked for the Company's financing will will last into 2018. Based on current financial planning and the operating activities announced, the Management Board is expecting an average monthly cash burn rate from operations for 2015 of €1 million. Compared with the current cash burn rate for 2015, this increase, which is in line with planning, is predominantly due to the costs of preparing the planned Phase II clinical trial of resminostat in the CTCL indication. Accordingly, it is expected that operating expenses in 2015 will be higher than in 2014 and that 4SC's consolidated net loss will remain virtually unchanged compared with the previous year. 4SC expects to post annual net losses in the short to medium term.

Planegg-Martinsried, Germany, 9 November 2015

Enno Spillner
Chairman of the
Management Board

Dr Daniel Vitt
Member of the
Management Board

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

for the period from 1 January to 30 September 2015 (unaudited)

// CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in € 000's

	Q3 2015	Q3 2014	9M 2015	9M 2014
Revenue	387	2,202	2,875	6,177
Cost of sales	-109	-1,613	-1,705	-3,746
Gross profit	**278**	**589**	**1,170**	**2,431**
Distribution costs	-101	-177	-343	-566
Research and development costs	-1,877	-2,095	-4,893	-5,957
Administrative costs	-666	-673	2,136	-2,143
Other income	23	21	156	30
Operating profit/loss	**-2,343**	**-2,335**	**-6,046**	**-6,205**
Net finance income/loss				
Share in the profit of equity-accounted investees	86	29	119	46
Finance income	10	2	12	5
Finance costs	-69	-30	-310	-84
Net finance income/loss	**27**	**1**	**-179**	**-33**
Earnings before taxes	**-2,316**	**-2,334**	**-6,225**	**-6,238**
Income tax	0	0	-40	-70
Net profit/loss for the period = Consolidated comprehensive income/loss	**-2,316**	**-2,334**	**-6,265**	**-6,308**
Earnings per share (basic and diluted, in €)*	-0.13	-0.05	-0.49	-0.12

*) Adjusted for the capital reduction and reverse stock split carried out in 2015, the figures for Q3 2014 and 9M 2014 are €-0.25 and €-0.60, respectively.

// CONSOLIDATED STATEMENT OF FINANCIAL POSITION – ASSETS

in € 000's

	30.09.2015	31.12.2014
Non-current assets		
Intangible assets	9,231	9,836
Property, plant and equipment	346	425
Investments accounted for using the equity method	339	220
Other assets	167	158
Other financial assets	1,314	0
Total non-current assets	**11,397**	**10,639**
Current assets		
Inventories	24	25
Trade accounts receivable	104	652
Receivables from investees	0	23
Cash and cash equivalents	24,463	3,202
Current income tax assets	4	18
Other assets	490	375
Total current assets	**25,085**	**4,295**
Total assets	**36,482**	**14,934**

// CONSOLIDATED STATEMENT OF FINANCIAL POSITION – EQUITY AND LIABILITIES

in € 000's

	30.09.2015	31.12.2014
Equity		
Subscribed capital	18,967	50,849
Share premium	143,832	78,339
Reserves	1,819	1,818
Accumulated deficit	-135,221	-128,956
Total equity	**29,397**	**2,050**
Non-current liabilities		
Liabilities to shareholders	1,932	6,131
Deferred income	1,724	1,788
Other liabilities	118	123
Total non-current liabilities	**3,774**	**8,042**
Current liabilities		
Trade accounts payable	463	993
Accounts payable to associates	0	6
Convertible bond issued	0	317
Deferred income	1,164	894
Other liabilities	1,684	2,632
Total current liabilities	**3,311**	**4,842**
Total equity and liabilities	**36,482**	**14,934**

// CONSOLIDATED STATEMENT OF CASH FLOWS

in € 000's

	9M 2015	9M 2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Earnings before taxes	-6,225	-6,238
Adjustment for statement of comprehensive income items		
Depreciation and amortisation	731	825
Net finance income/loss	179	33
Stock options	1	2
Other non-cash items	25	-33
Changes in statement of financial position items		
Inventories	1	-2
Trade accounts receivable	571	-1,412
Current income tax assets	14	56
Other assets	-124	-131
Trade accounts payable	-530	1,550
Accounts payable to associates	-6	-28
Deferred income	206	-1,100
Other liabilities	-953	301
Interest received	5	3
Interest paid	-8	-4
Income taxes paid	-40	-70
CASH FLOWS FROM OPERATING ACTIVITIES	**-6,153**	**-6,248**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of intangible assets	0	-3
Purchase of property, plant and equipment	-48	-79
Sale of financial investments	0	1,000
Purchase of financial investments	-1,314	0
CASH FLOWS FROM INVESTING ACTIVITIES	**-1,362**	**918**
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments to subscribed capital	7,297	427
Payments to share premium	20,314	10
Cash received (paid) from the issuance of convertible bonds	-335	360
Payment of shareholder loans	1,500	4,000
CASH FLOWS FROM FINANCING ACTIVITIES	**28,776**	**4,797**
NET CHANGE IN CASH AND CASH EQUIVALENTS	**21,261**	**-533**
+ Cash and cash equivalents at the beginning of the period	3,202	3,899
= CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**24,463**	**3,366**

// CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in € 000's

			Reserves			
	Subscribed capital	Share premium	Reserves stock options	Retained earnings	Accumulated deficit	Total
Balance on 01.01.2014	**50,372**	**78,355**	**1,748**	**67**	**-119,260**	**11,282**
Options issued (ESOP 2009/2010)			1			1
Options issued (ESOP 2009/2011)			1			1
Capital increase from the conversion of convertible bonds	427	10				437
Comprehensive income/loss 01.01.–30.09.2014					-6,308	-6,308
Net profit/loss for the period 01.01.–30.09.2014					*-6,308*	*-6,308*
Balance on 30.09.2014	**50,799**	**78,365**	**1,750**	**67**	**-125,568**	**5,413**
Balance on 01.01.2015	**50,849**	**78,339**	**1,751**	**67**	**-128,956**	**2,050**
Options issued (ESOP 2009/2010)			0			0
Options issued (ESOP 2009/2011)			1			1
Capital increase from the conversion						
of convertible bonds	47	13				60
5:1 capital reduction	-40,679	40,679				0
Capital increase 08.07.2015	7,250	20,354				27,604
Non-cash capital increase 17.07.2015	1,500	4,447				5,947
Comprehensive income/loss 01.01.–30.09.2015					-6,265	-6,265
Net profit/loss for the period 01.01.–30.09.2015					*-6,265*	*-6,265*
Balance on 30.09.2015	**18,967**	**143,832**	**1,752**	**67**	**-135,221**	**29,397**

SELECTED CONSOLIDATED NOTES

to the consolidated interim report as at 30 September 2015 (unaudited)

1. SUMMARY OF SIGNIFICANT ACCOUNTING

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 September 2015 comprise 4SC AG, based in Planegg-Martinsried, and its wholly-owned subsidiary 4SC Discovery GmbH, Planegg-Martinsried, which is fully consolidated (together referred to as the "Group" or "4SC"). The following companies were also taken into account in these financial statements:

Company / Domicile	Measured as	Measured acc. to
Panoptes Pharma Ges.m.b.H., Wien, Österreich	Associate	IAS 28
quattro research GmbH, Planegg-Martinsried	Associate	IAS 28
Quiescence Technologies LLC., Melbourne, Florida, USA	Equity investment	IAS 39

1.3 RELEASE OF THE FINANCIAL STATEMENTS

The consolidated interim report was approved for publication by the Management Board on 9 November 2015. The discussion of the interim report by the Supervisory Board and the Management Board in line with the German Corporate Governance Code (as amended on 5 May 2015) was held via teleconference on 27 October 2015.

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 2014.

2. SEGMENT REPORTING

4SC uses two operating segments – "Development" and "Discovery & Collaborative Business" – as its segment reporting format in line with its internal control (management approach). Each individual operating segment, along with its core business and core projects, is set out below.

Development

The Development segment comprises the clinical and preclinical development work for drug candidates from the Group's product pipeline and is conducted by the Group's parent company 4SC AG. As at 30 September 2015, it comprises the development programmes for resminostat, 4SC-202 and 4SC-205 as well as vidofludimus.

Discovery & Collaborative Business

The Discovery & Collaborative Business segment comprises the activities collectively handled by 4SC Discovery GmbH as at the end of the quarter (30 September 2015), namely drug discovery and research plus subsequent commercialisation, in particular through service business and research collaborations related to drug discovery and optimisation.

There was no intersegment revenue. The segment results were as follows:

// STATEMENT OF COMPREHENSIVE INCOME

in € 000's

	Development		Discovery & Collaborative Business		Not allocated		Consolidation		Group	
	9M 2015	9M 2014	9M 2015	9M 2014	9M 2015	9M 2014	9M 2015	9M 2014	9M 2015	9M 2014
Statement of comprehensive income										
Revenue (total)	**1,990**	**3,552**	**885**	**2,625**	**0**	**0**	**0**	**0**	**2,875**	**6,177**
External revenue	1,990	3,552	885	2,625	0	0	0	0	2,875	6,177
Intersegment revenue	0	0	0	0	0	0	0	0	0	0
Other income	**933**	**847**	**140**	**137**	**0**	**0**	**–917**	**–954**	**156**	**30**
Operating expenses	**–7,046**	**–10,101**	**–2,948**	**–3,265**	**0**	**0**	**917**	**954**	**–9,077**	**–12,412**
of which research and development costs	–3,483	–5,169	–2,018	–1,423	0	0	609	635	–4,892	–5,957
of which cost of sales, distribution costs and administrative costs	–3,563	–4,932	–930	–1,842	0	0	308	319	–4,185	–6,455
Segment result	**–4,123**	**–5,702**	**–1,923**	**–503**	**0**	**0**	**0**	**0**	**–6,046**	**–6,205**
Net finance income/loss	**–2**	**–2**	**–3**	**–2**	**–174**	**–29**	**0**	**0**	**–179**	**–33**
Earnings before taxes	**–4,125**	**–5,704**	**–1,926**	**–505**	**–174**	**–29**	**0**	**0**	**–6,225**	**–6,238**
Income tax expense	–40	–70	0	0	0	0	0	0	–40	–70
Net profit/loss for the year	**–4,165**	**–5,774**	**–1,926**	**–505**	**–174**	**–29**	**0**	**0**	**–6,265**	**–6,308**
Item of the statement of financial position & fixed assets										
Non-current assets	9,309	10,139	268	371	1,820	384	0	0	11,397	10,894
Current assets	288	1,636	283	618	24,514	3,816	0	0	25,085	6,070
Total segment assets	**9,597**	**11,775**	**551**	**989**	**26,334**	**4,200**	**0**	**0**	**36,482**	**16,964**
Equity	0	0	0	0	29,397	5,413	0	0	29,397	5,413
Non-current liabilities	1,724	2,415	0	0	2,050	4,045	0	0	3,774	6,460
Current liabilities	2,676	4,285	343	440	292	366	0	0	3,311	5,091
Total segment liabilities	**4,400**	**6,700**	**343**	**440**	**31,739**	**9,824**	**0**	**0**	**36,482**	**16,964**
Capital expenditure	31	28	17	54	0	0	0	0	48	82
Depreciation and amortisation	647	674	84	151	0	0	0	0	731	825

The following overview shows the regional distribution of the Group's revenue, based on the customers' geographic location:

in € 000's

	9M 2015	9M 2014
Germany	535	1,302
Europe (excluding Germany)	350	1,323
Asia	1,990	3,552
Revenue	**2,875**	**6,177**

3. 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).

	Q3 2015	Q3 2014	9M 2015	9M 2014
Based on net profit/loss for the period	-2,316	-2,334	-6,265	-6,308
(in €000's)				
Based on average number of shares	18,056	50,799	12,804	50,579
(in thsd.)				
Earnings per share	**-0.13**	**-0.05**	**-0.49**	**-0.12**
(basic and diluted, in €)*				

*) Adjusted for the capital reduction and reverse stock split carried out in 2015, the figures for Q3 2014 and 9M 2014 are €-0.25 and €-0.60, respectively.

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

4. CASH BALANCE/FUNDS

4.1 NOTES TO THE CASH BALANCE

In addition to cash and cash equivalents, 4SC has further financial assets that can be converted into cash at short notice. Taken together, these items comprise the cash balance/funds:

4.2 NOTES TO THE FINANCIAL ASSETS

4SC has further financial assets that are invested in borrower's note loans to achieve higher interest income and are classified as held-to-maturity financial assets in accordance with IAS 39, which means that they are subsequently measured at amortised cost by applying the effective interest method.

Since amortised cost and the carrying amounts shown are suitable approximations of the fair values, the Company refrains from reporting fair values in accordance with IFRS 7.29 (a).

in € 000's	30.09.2015	31.12.2014	30.09.2014
Cash and cash equivalents at the	24,463	3,202	3,366
end of the period			
Other financial assets	1,314	0	0
Cash balance/funds	**25,777**	**3,202**	**3,366**

5. SHAREHOLDINGS AND DIRECTORS' DEALINGS

In the third quarter of 2015 no reportable transactions pursuant to Section 15a of the German Securities Trading Act (Wertpapierhandelsgesetz - WpHG) were made with shares or options by members of the Management Board or Supervisory Board.

The following overviews show the shares and stock options held by members of the Management Board and Supervisory Board as at the 30 September 2015 reporting date.

Number of shares

	Shares* 01.01.2015	Purchase	Sale	Shares 30.09.2015
Management Board				
Dr Daniel Vitt	83,361	0	0	83,361
Enno Spillner	14,760	0	0	14,760
Shares held by the Management Board	**98,121**	**0**	**0**	**98,121**
Supervisory Board				
Dr Clemens Doppler	3,719	0	0	3,719
Dr Manfred Rüdiger	1,500	0	0	1,500
Shares held by the Supervisory Board	**5,219**	**0**	**0**	**5,219**

* The figures as at 01 January 2015 were adjusted for the capital reduction and reverse stock split carried out in April 2015.

Number of stock options

	Options* 01.01.2015	Additions	Expired	Exercised	Options = maximum number of shares 30.09.2015
Management Board					
Dr Daniel Vitt	28,520	0	0	0	28,520
Enno Spillner	44,640	0	0	0	44,640
Options held by the Management Board	**73,160**	0	0	0	**73,160**

* The figures as at 01 January 2015 were adjusted for the capital reduction and reverse stock split carried out in April 2015.

6. RELATED PARTY TRANSACTIONS

In the third quarter of 2015, material portions of the existing shareholder loan of Santo Holding (Deutschland) GmbH were converted into 1,500,000 consideration shares at an issue price of €4.00 in connection with the capital increase in return for contributions in kind described in item 7. There were no other significant changes regarding related party transactions compared to the disclosures made in the annual report as at 31 December 2014 and the consolidated interim report as at 30 June 2015.

7. FINANCING MEASURES

4SC AG successfully completed a cash capital increase on 7 July 2015. After the new shares were recorded in the commercial register on 8 July 2015, the Company received gross proceeds totalling €29,000 thousand from issuing 7,250,000 shares at a price of €4.00 per share. Furthermore, on 17 July 2015 material portions of the existing shareholder loan from Santo Holding (Deutschland) GmbH were converted into equity by issuing 1,500,000 consideration shares at a price of €4.00 per share as part of a capital increase in return for contributions in kind. The effects of these corporate actions on 4SC AG's financial position and net assets are explained in the interim Group management report under items 2.2. and 2.3.

8. EVENTS AFTER THE REPORTING PERIOD

For more information regarding events after the reporting period, please see section 4 of the interim group management report, “Report on post-balance sheet events”. In this section, the direct, effects on the Group’s results of operations, financial position and net assets are explained.

FINANCIAL CALENDAR

// FINANCIAL CALENDAR 2015

Analyst conference – German Equity Forum, Frankfurt	23 November 2015

PUBLISHING INFORMATION

EDITOR
4SC AG, Am Klopferspitz 19a, 82152 Planegg-Martinsried, Germany

CORPORATE COMMUNICATIONS & INVESTOR RELATIONS
Jochen Orlowski
Mail: public@4sc.com
Phone: +49-89-7007-630

CONCEPT, DESIGN
Hardy Lahn (Lahn Consultants, Landsberg am Lech, Germany)
www.lahnconsultants.com

CONCEPT, TEXT
Anke Banaschewski (GFD – Gesellschaft für Finanzkommunikation mbH, Frankfurt am Main and Munich, Germany)
www.gfd-finanzkommunikation.de

4SC AG
Am Klopferspitz 19a
82152 Planegg-Martinsried
Germany
Phone: +49-89-7007-630
Fax: +49-89-7007-63-29
www.4sc.com