Annual Report 2024

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4SC IN 2024

About 4SC

4SC is a biotech company focused on trying to improve the lives of patients suffering with advanced-stage cutaneous T-cell lymphoma (CTCL), a high unmet medical need.

4SC's goal is to increase the value of the Company by advancing its own drug development programs through to market and entering into partnerships with pharmaceutical and biotech companies for the further development or commercialization of its drug candidates.

4SC is focused primarily on the development of resminostat (Kinselby) and in particular, in pursuing EU approval for the drug based on the RESMAIN study data.

4SC is headquartered in Planegg-Martinsried near Munich, Germany. The Company had 15 employees as of 31 December 2024 and is listed on the Prime Standard of the Frankfurt Stock Exchange (FSE Prime Standard: VSC; ISIN: DE000A3E5C40).

Highlights in 2024

4SC had a very busy year in 2024, with key achievements summarized below. Further detail is provided in the respective press releases and in the “Course of business and outlook” section of this report.

- In February 2024, at an Extraordinary General Meeting the Management and Supervisory Boards fulfilled their duty to inform the shareholders of a loss amounting to half of the share capital in accordance with the rules pursuant to Section 92 (1) German Stock Corporation Act (AktG).
- Also in February 2024, 4SC AG submitted its Marketing Authorisation Application (MAA) for resminostat in advanced CTCL to the European Medicines Agency (EMA) and this was accepted - by the EMA - as sufficient for examination by the beginning of March 2024.
- In March 2024, 4SC entered into a second loan agreement with Santo Holding (Deutschland) GmbH (Santo Holding) giving the Company access to a further €3.5 million in available funding.
- In April 2024, the company announced that the renowned dermato-oncology expert and principal investigator of the RESMAIN study, Professor Dr. Rudolf Stadler (University Hospital Johannes Wesling, Minden, Germany) presented landmark data from the pivotal RESMAN study of resminostat (Kinselby) at the 5th World Congress of Cutaneous Lymphomas (5WCCL), in Pasadena, California, USA.
- Also in April 2024 4SC received a Pediatric Investigation Plan (PIP) product-specific waiver from the UK Medicines & Healthcare Products Regulatory Agency (MHRA) for resminostat (Kinselby).
- In May 2024 4SC entered into a partnership with Vuja De Sciences, Inc., New Jersey, USA (Vuja De) - a US based biotech company focused on evaluating domatinostat in combination with Rapamycin in cancers such as recurrent metastatic osteosarcoma and refractory sarcomas.

- In July 2024, 4SC announced that it had been granted Orphan Drug Status for resminostat (Kinselby) in CTCL in Switzerland.
- In September 2024, 4SC completed a capital increase from authorized capital by issuing a total of 792,080 of new no-par value bearer shares, each with a notional par value of €1.00. At a subscription price of €5.05 per offered share, 4SC secured gross proceeds of circa €4.0 million. As a result of the transaction, 4SC's share capital increased from €10,114,009 to €10,906,089. The new shares were subscribed for by the Company's main shareholder, Santo Holding (Deutschland) GmbH. Statutory subscription rights were excluded pursuant to Section 186 Para. 3 sentence 4 of the German Stock Corporation Act (Aktiengesetz).

REPORT OF THE SUPERVISORY BOARD

In the 2025 financial year, the Management and Supervisory Boards of 4SC AG once again focused on the Company's status, development and future. The Supervisory Board duly performed its duties in accordance with the law, the Company's Articles of Association and its rules of procedure. In particular, the Supervisory Board continuously monitored the work of the Management Board and advised it on the management and strategic development of the Company and on significant decisions. In the report that follows, the Supervisory Board expands on the focal points of its activities.

CLOSE COOPERATION WITH THE MANAGEMENT BOARD

The Supervisory Board and Management Board had a close working relationship and frequently exchanged information and opinions. The Management Board regularly submitted written and oral reports to the Supervisory Board on the Company's business performance. Accordingly, the Supervisory Board always was informed well in advance about all significant and company-relevant decisions and developments, particularly regarding the status of the Marketing Authorisation Application (MAA) filing for resminostat (Kinselby) in Europe. In each Supervisory Board meeting, the Management Board reported on the Company's current performance as well as on existing risks and opportunities. The Management Board also provided information about any deviations from plans and targets. Where individual items of business or actions proposed by the Management Board required consent, the Supervisory Board adopted the necessary resolutions. The Management Board used written financial reports, phone calls and emails on a regular basis to keep the Supervisory Board informed outside of meetings. The Chairman of the Supervisory Board regularly exchanged information with the Management Board. When necessary, resolutions were adopted by phone or written procedure via e-mail.

MEETINGS OF THE SUPERVISORY BOARD IN 2024

A total of five ordinary meetings and two extraordinary meetings were held in the 2024 financial year. The ordinary meetings were held in March, June, July, October and December, and the extraordinary meetings in April and September. Four of the seven meetings were held in hybrid form, with some of the Supervisory Board members participating by videoconference and others participating in person, while the remaining meetings were held in person. In its meetings the Supervisory Board thoroughly addressed the Company's strategy and positioning, especially in connection with the MAA preparation and procedure with the European Medicines Agency (EMA). The future financing of the Company as well as the commercialization of resminostat (Kinselby) were other key points of discussion in the meetings. In addition, three Supervisory Board resolutions were adopted outside of meetings by written procedure via email.

OTHER TOPICS OF THE SUPERVISORY BOARD MEETINGS

The Supervisory Board meeting on 13 March 2024 focused on auditing and approving the 4SC AG annual financial statements for the business year ending on 31 December 2023 in accordance with German accounting standards (HGB). The Management Board also reported on the RESMAIN study and the ongoing progress of the MAA submission filing, the status of business development and partnering activities. Another subject matter of this meeting were the remuneration of the management board and the remuneration report. Furthermore, the Supervisory Board discussed the efficiency review (Effizienzprüfung) which was performed on the basis of a prepared and structured questionnaire.

Subject matter of the Supervisory Board meeting on 18 April 2024 was a strategic discussion about the partnering activities with regard to resminostat (Kinselby) including timelines, potential partners and deal structure as well as associated risks and opportunities.

At the meeting on 20 June 2024 after the Annual General Meeting, the Management Board informed the Supervisory Board in detail about the current regulatory status of resminostat (Kinselby) in the EU, in the US and Japan, the strategic approach and timelines as well as financial implications. In addition, the Management Board informed about business activities concerning other assets that are no longer a strategic focus for development.

The subject of the Supervisory Board Meeting on 19 July 2024 was the feedback from the EMA regarding the MAA submission and additional requirements as well as the implications on the financial forecast and planning for 2024. In addition, the Supervisory Board and Management Board discussed post-study treatment of resminostat as well as the current status of the commercialization of resminostat (Kinselby).

The focus of the Supervisory Board meeting on 9 October 2024 was an update on MAA procedure with the EMA as well as an update on timelines and budget. The Supervisory Board also discussed, the status of the commercialization efforts for resminostat (Kinselby) as well as the successful completed capital increase of the Company. In their non-executive session, the Supervisory Board reviewed and discussed the proposed prolongation of the management board contracts and positively resolved on the re-appointment of the current management board.

The last Supervisory Board meeting in the reporting year on 11 December 2024 focused on the Management Board's review of the year 2024, particularly concerning the MAA submission to the EMA for the EU, as well as the operational outlook, market access activities and the status of the commercialization project for resminostat (Kinselby). Other focal points of the meeting were the actual forecast and budget planning, including the prolongation of a loan agreement with the main shareholder as well as corporate governance topics, including in particular the annual statement of compliance. Finally, the Management Board updated the Supervisory Board on the current partnership for domatinostat with Vuja De Sciences, Inc. New Jersey, USA (Vuja De) and on business activities concerning other assets that are no longer a core focus for the Company.

MEETINGS OF THE COMMITTEES IN 2024 – FOCAL TOPICS OF COMMITTEE WORK

To further increase the efficiency of its work, and as in previous years, the Supervisory Board of 4SC AG maintained three committees:

The Audit Committee met in total five times in the reporting year, in January, February, March, July and December; hereof three times via videoconference call, and once each as a hybrid meeting and a meeting in person in Martinsried; on some occasions the auditor was also present.

In sessions held by the Audit Committee, its members primarily discussed accounting issues, the annual financial statements, the quarterly reports and the budgeting. In each case, the current figures and developments were discussed with the Management Board prior to publication. Other key agenda items for meetings were liquidity planning and financing.

The Research and Development Committee did not meet in a dedicated R & D meeting in 2024. However, the members of the committee exchanged views on several occasions during the year by telephone, email and in intensive bilateral discussions and interacted in the course of supervisory board meetings.

The Human Resources Committee did not meet in a dedicated HR meeting in the 2024 financial year in person. However, the members of the committee exchanged views on a number of occasions during the year, especially in the second half of 2024 by telephone, email and in intensive bilateral discussions and interacted in the course of supervisory meetings on topics relating to Management Board contracts.

The work of the committees was supplemented with numerous telephone calls among committee members and bilateral discussions between the Management Board, the respective committee Chairperson and the Chairman of the Supervisory Board. The Chairpersons of the committees regularly reported to the Supervisory Board at its meetings on matters that had only been discussed in the committees.

In the 2024 financial year, all Supervisory Board members attended more than half of the sessions of the Supervisory Board and the committees of which they were a member. Supervisory Board members who were unable to attend a Supervisory Board or committee meeting were subsequently informed comprehensively of the matters discussed in the respective meeting. The attendance record of the individual members is shown in the table below.

COMPOSITION OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD

There were no changes in the composition of the Management Board or the Supervisory Board in the reporting year. Dr. Jason Loveridge has been CEO of 4SC AG since September 2016. Kathleen Masch-Wiest was appointed as an additional Management Board member (and COO) in November 2023. The contract of Dr. Jason Loveridge runs until 31 December 2025 and the contract of Kathleen Masch-Wiest until 31 December 2026.

All members of the Supervisory Board were elected at the Annual General Meeting held on 19 May 2023 for a term lasting until the close of the Annual General Meeting that resolves on formally approving the actions for financial year 2024.

APPROVED ANNUAL FINANCIAL STATEMENTS FOR 2024

The Annual General Meeting of 4SC AG on 20 June 2024 elected MSW GmbH Wirtschaftsprüfungsgesell-schaft Steuerberatungsgesellschaft, Berlin, Germany, (MSW) as auditor of the annual financial statements for the 2024 financial year. MSW audited the annual financial statements of 4SC AG prepared in accordance with requirements of the German Commercial Code (Handelsgesetzbuch, HGB) and the management and remuneration reports, issuing an unqualified Auditors' Report. The responsible auditor at MSW is Dr. Mathias Thiere. The annual financial statements, the management and audit reports were all made available to all members of the Supervisory Board in good time ahead of the meeting held on 13 March 2025. The Audit Committee discussed details of the annual financial statements and the management reports with the auditor and Management Board in advance during three meetings (on 29 January 2025 and on 26 February 2025 via videoconference call and on 13 March 2025 in a meeting held in person immediately prior to the Supervisory Board meeting) and briefed the entire Supervisory Board during its meeting held on 13 March 2025. During this meeting, the Supervisory Board also discussed and examined the financial statements and the management report. The assessments made by the Management Board, as contained in the management report, were consistent with those previously communicated in its reports to the Supervisory Board and with the Supervisory Board's own assessments. The auditor reported to the Audit Committee and the members of the Supervisory Board on the key findings of the audit including the key audit matters and was also available to answer further questions. After this thorough examination, the Supervisory Board accepted the recommendation of the Audit Committee and raised no objections to the financial statements and the management and remuneration reports, which in the view of the Supervisory Board complies with all legal requirements. Therefore, the Supervisory Board agreed with the auditor's findings on the audit of the annual financial statements, and on 13 March 2025 approved the annual financial statements as prepared by the Management Board. The annual financial statements of 4SC AG are thereby adopted.

In accordance with Section 312 AktG, a report on the company's relationships with affiliated companies (dependent company report) was prepared for the financial year from 1 January 2024 to 31 December 2024. The company's auditor for the financial year ending 31 December 2024, MSW GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, audited the dependent company report and issued an unqualified opinion. The dependent company report and the corresponding audit report were forwarded to the Supervisory Board by the auditor. The Supervisory Board examined both reports and concurred with the result of the audit by the auditor. Following the final outcome of the Supervisory Board's review of the dependent company report, which did not give rise to any objections, there were no objections raised against the declaration by the Management Board at the end of the dependent company report.

CORPORATE GOVERNANCE AT 4SC

During the 2024 financial year, the Supervisory Board again addressed the current priorities of the German Corporate Governance Code (Code). On 11 December 2024, the Supervisory Board and the Management Board jointly issued their annual Declaration of Compliance pursuant to Section 161 of the German Stock Corporation Act (AktG). The Management Board and the Supervisory Board take the recommendations of the Code very seriously, and the Company is compliant, barring a few exceptions. In early 2024, the Supervisory Board carried out an efficiency review by means of a structured questionnaire, which concluded that the Supervisory Board works efficiently. Since the Supervisory Board has decided to routinely review its efficiency every two years, a repeat efficiency review will therefore be performed in 2026.

For more information and the details of the Declaration of Compliance, please refer to "Corporate Governance" in the "Investors & Media" section of the Company's website at www.4SC.com. This section also contains the current Declaration of Compliance.

CONFLICTS OF INTEREST AND THEIR HANDLING

The question for potential conflicts of interest for the members of the Supervisory Board was reviewed in every Supervisory Board meeting. No conflicts of interest arose in the financial year 2024.

Planegg-Martinsried, March 2025

Clemens Doppler, Ph.D.
Chairperson of the Supervisory Board

- THE SUPERVISORY BOARD OF 4SC, ITS COMMITTEES AND MEETING ATTENDANCE

	Supervisory Board		**Audit Committee**		**Human Resources Committee**		**R&D Committee**	
	Function	Attendance	Function	Attendance	Function	Attendance	Function	Attendance
Clemens Doppler, Ph.D.	C	7/7	M	4/5	C	/		
Manfred Rüdiger, Ph.D.	VC	7/7	M	5/5			M	/
Irina Antonijevic, M.D., Ph.D.	M	6/7					C	/
Helmut Jeggle	M	5/7	C	5/5				
Prof. Helga Rübsamen-Schaeff, Ph.D.	M	6/7			M	/	M	/

C = Chairperson; VC = Vice Chairperson; M = Member

MANAGEMENT REPORT

1. Course of business and outlook

The following paragraphs contain forecasts and expectations regarding future developments. Actual results might differ substantially from these estimates if uncertainties were to arise or if the assumptions underlying these forecasts are incorrect.

1.1 BUSINESS ACTIVITIES AND STRATEGY

The main activity of the Company in the 2024 fiscal year was the development and preparation for commercialization of resminostat in advanced cutaneous T cell lymphoma (CTCL) in the EU. Material developments were published in the form of press releases and can be found at www.4sc.de.

1.2 SIGNIFICANT EVENTS RELATED TO 4SC'S RESEARCH AND DEVELOPMENT ACTIVITIES

1.2.1 RESMINOSTAT

Resminostat is an orally administered class I, IIb and IV histone deacetylase (HDAC) inhibitor that is in development as maintenance therapy in advanced CTCL.

PIVOTAL RESMAIN STUDY IN CTCL

The pivotal RESMAIN study was focused on patients with advanced CTCL. These patients suffer from painful and itchy skin lesions resulting in disfigurement and impaired quality of life. There are currently no therapeutic options available which offer sustainable clinical benefit, with most patient's disease progressing rapidly. Resminostat has demonstrated benefit as maintenance therapy in the RESMAIN pivotal study – in particular prolonging the period patients remain stable and without disease progression. Enrollment in the RESMAIN study - one of the largest randomized, double-blind, placebo controlled clinical trials in advanced CTCL - was completed in the second quarter of 2022 with a total of 201 patients and top-line study results published in May and September 2023. The study finally completed (including the open-label phase) in Q4 2024.

Given the RESMAIN study met its primary endpoint, 4SC subsequently filed with the European Medicines Agency (EMA) for marketing approval of resminostat (Kinselby) for the treatment of advanced CTCL in the European Union (EU) in February 2024. 4SC received first feedback from the EMA with respect to its MAA in late May 2024 and following a Clarification Meeting with the EMA in August 2024, 4SC filed its responses to EMA's questions and requests for further information as required in December 2024. In March 2025 4SC received the 180 Day Assessment Report from the European Medicines Agency (EMA), which stated that based on its review of the final data and the Company's responses to questions, the application for resminostat (Kinselby) an orphan medicinal product for the treatment of patients with CTCL was currently not approvable since "major objections" precluded a recommendation for marketing authorisation at this stage. As of the 13 March 2025, the company is reviewing the EMA's feedback and with the assistance of outside experts trying to ascertain if the major objections of the 180 Day Assessment Report can be adequately addressed and in the allowable time.

Furthermore, and in line with a potential market introduction in 2025, 4SC initiated market entry activities in the 2nd half of 2024 in parallel with continued evaluation of the commercialisation options for resminostat (Kinselby).

In July 2024, 4SC received notification from the Swiss Agency for Therapeutic Products (SwissMedic) that it had granted Orphan Drug Status to resminostat for the treatment of CTCL. Orphan drug designation (status) had also been previously granted for resminostat (Kinselby) in the EU and US, and a Paediatric Investigation Plan waiver was received for the UK from the Medicines and Healthcare products Regulatory Agency (MHRA) earlier in 2024.

Filings for marketing of resminostat (Kinselby) in the UK and Switzerland will only be prepared and submitted to the relevant authorities only if and when the EMA has issued a positive opinion for our Marketing Authorization Application (MAA). Based on the feedback of the US Food and Drug Administration (FDA), 4SC has decided not to pursue the registration of resminostat (Kinselby) for advanced CTCL in the US. In Japan, Yakult Honsha Co., Ltd. (Yakult Honsha) is responsible for the preparation and filing of the marketing authorization application for resminostat.

1.2.2 LICENSING ACTIVITIES

In late 2023, 4SC engaged a global investment bank serving companies in the life sciences industry to assist 4SC in evaluating the Company's options for the commercialization of resminostat (Kinselby).

In May 2024 4SC entered into a partnership with Vuja De Sciences, Inc., New Jersey, USA (Vuja De) which is focused on evaluating domatinostat in combination with Rapamycin in cancers such as recurrent metastatic osteosarcoma and refractory sarcomas. Vuja De expects to begin the first clinical studies of the combination in 2025. In line with the partnership agreement, Vuja De paid a fee to 4SC for extension of the exercise period of €100 thousand in December 2024.

In November 2024, 4SC and Tuari Therapeutics GmbH, Wolfratshausen, Germany (Tuari) signed an asset sale agreement for 4SC's RAL inhibitor program and paid an initial fee of €50 thousand to 4SC.

1.3 SIGNIFICANT CORPORATE EVENTS

A loan of €3.5 million, entered into with 4SC's largest shareholder in the first quarter of 2024, was fully drawn down by July 2024. The loan agreement bears interest at a fixed rate and has a fixed term until 31 December 2025. 4SC's first loan of €3 million with Santo Holding (Deutschland) GmbH (Santo Holding), which was due for repayment at the end of 2024, was extended till the end of 2025.

In September 2024, 4SC completed a capital increase from authorized capital by issuing a total of 792,080 of new no-par value bearer shares, each with a notional par value of €1.00. With a subscription price of €5.05 per offered share, 4SC secured gross proceeds of circa €4.0 million. As a result of the transaction, 4SC's share capital increased from €10,114,009 to €10,906,089. The new shares were subscribed for by the existing main shareholder of the Company, Santo Holding (Deutschland) GmbH. Statutory subscription rights were excluded pursuant to Section 186 Para. 3 sentence 4 of the German Stock Corporation Act (Aktiengesetz). The 792,080 new shares were registered with the Commercial Register on 17th September 2024, and trading of the new shares on the Frankfurt Stock Exchange commenced on 24th September 2024.

1.4 DEVELOPMENTS IN THE PHARMA AND BIOTECHNOLOGY INDUSTRY

After 2023 produced just 37 new drug approvals – the fewest by the FDA since 2016 – the United States regulator (CDER) signed off on a bumper crop of 50 new drugs in 2024. The list was the second longest in FDA history, coming up just shy of a record year in 2018 of 59 approvals, summarised in the FDA *New Drug Therapy Approvals 2024* report. Not to be outdone, the EMA also issued positive opinions for 46 new active substances, 13 of which were for various cancers, and 15 which had orphan designations in the EU, as published in the EMA *Human Medicines in 2024* report.

With more new drug approvals, US and European biotechnology companies are facing an imminent recovery in their operating environments as summarised in the 34th edition of the Ernst & Young LLP (EY US) *Beyond Borders* report. IPOs for also significantly increased as compared to last year. Many companies are expecting fiscal policy to shift toward lower interest rates within the next six to twelve months, potentially triggering a recovery in biotech investment whilst biotech's underlying innovation engine remains robust as new modalities and exciting scientific innovations continue to drive the sector forward. While many emerging biotechs still continue to struggle, there are positive signs for a thaw in the financing and dealmaking environment for such companies in 2025.

1.5 4SC SHARES

In 2024, 4SC´s shares underperformed the two most relevant sector indices, the NASDAQ Biotechnology and DAXsubsector Biotechnology. 4SC´s share price deceased from €8.50 at the beginning of the year, to €4.30 at the end of the reporting period, which is an decrease of 49.4 percent year-on-year.

The average daily trading volume of 4SC shares across all German stock exchanges, including Tradegate and Quotrix, was 6,168 shares, compared to 17,814 in 2023. The share of stock in the free float – as defined by Deutsche Börse AG – reduced to 27.5%.

KEY FIGURES FOR 4SC SHARES

As of 31 December 2024

Securities identification number (SIN)	**A3E 5C4**
International securities identification number (ISIN)	DE000A3E5C40
Stock exchange symbol	VSC
Type of shares	Bearer shares
Number of shares	10,906,089
Market segment	Prime Standard
Marketplace	All German stock exchanges without XETRA
Designated sponsor	None
First day of trading	15 December 2005
Earnings per share (basic and diluted; in €)	-0.76
Free float as defined by Deutsche Börse AG	27.5%
Annual high (in €)	10.70
Annual low (in €)	4.11
Closing price on reporting date (in €)	4.30
Daily trading volume (all trading venues, annual average)	6,168

2 Course of business of 4SC AG

4SC AG is headquartered in Planegg-Martinsried, Germany, where its operations are focused on the development and commercialization of resminostat (Kinselby). Management of the company is the responsibility of 4SC AG's Management Board, which among other things, defines the strategy, allocates resources, such as investment funds, and is responsible for managing the senior management team and finances of 4SC AG. The Management Board of 4SC AG also makes decisions about communication with the capital markets as well as with the company's main stakeholders, particularly shareholders and business partners.

4SC AG's economic environment is described in the management report. The annual financial statements of 4SC AG have been prepared in accordance with the provisions of the HGB and the German Stock Corporation Act (Aktiengesetz, AktG).

2.1 RESULTS OF OPERATIONS

2.1.1 REVENUE

4SC AG's revenues in 2024 increased to €336 thousand (2023: €304 thousand). Revenues in 2024 included an initial fee of €50 thousand paid by Tuari for a sale of the 4SC's former RAL inhibitor program and a fee for extension of an exercise period of €100 thousand from Vuja De available as part of the partnership agreement concluded in May 2024. In addition, the sale of domatinostat drug substance batches to Vuja De generated revenue of €102 thousand. Furthermore, revenues included recharges of €84 thousand (2023: €95 thousand) mainly to Yakult Honsha and Vuja De for services and patent costs.

2.1.2 OTHER OPERATING INCOME

Other operating income of 4SC AG amounted to €11 thousand compared to €91 thousand in the previous financial year and mainly included one-time income from the reversal of a liability.

2.1.3 COST OF MATERIALS

The cost of materials, entirely consisting of expenses for purchased services and being associated with cost allocations to business partners, reduced year-on-year at €84 thousand (2023: €95 thousand).

2.1.4 STAFF COSTS

4SC AG's staff costs were 13% below the previous year's level at €2,089 thousand (2023: €2,389 thousand), mainly due to a one-time bonus's paid in 2023. Of the 13 employees (excluding the Executive Board), 8 (2023: 8) work in clinical development and 5 in administration (2023: 5).

2.1.5 AMORTIZATION AND WRITE-DOWNS OF INTANGIBLE FIXED ASSETS AND DEPRECIATION AND WRITE-DOWNS OF TANGIBLE FIXED ASSETS

Amortization and write-downs of intangible fixed assets and depreciation and write-downs of tangible fixed assets decreased year-on-year with €514 thousand in 2024 and €531 thousand in 2023.

2.1.6 OTHER OPERATING EXPENSES

Other operating expenses at 4SC AG increased by 2% to €5,894 thousand (2023: €5,757 thousand). The main items were services provided by external companies in connection with the clinical development program for resminostat and the production of API. The increase resulted from the higher level of external services purchased in the reporting year due to the production of drug batches.

2.1.7 FINANCIAL RESULT

The financial result was negative compared to the previous year at €-91 thousand (2023: €159 thousand). The main reason for this was the reduced cash investments and a fall in available interest rates, which led to reduced financial income of €214 thousand (2023: €262 thousand). This was offset by an increase in interest expenses of €305 thousand (2023: €103 thousand), which were incurred primarily in connection with the two loans from Santo Holding.

2.1.8 NET PROFIT/LOSS FOR THE YEAR

As a result of the developments described above, 4SC AG posted a net loss for the year of €8,334 thousand in 2024 (2023: net loss of €8,237 thousand). Together with the loss carried forward from the previous year of €244,608 thousand, the accumulated losses amount to €252,942 thousand.

4SC's net loss, divided by the number of shares in the financial year, results in €-0.76 per share. The comparable earnings per share in the previous year were €-0.81.

2.2 NET ASSETS

2.2.1 FIXED ASSETS

The fixed assets of 4SC AG decreased to €137 thousand as of the balance sheet date compared to the previous year (31 December 2023: €649 thousand). This reduction resulted mainly from the pro rata depreciation of fixed assets, the disposal of fixed assets, and minor new investment.

2.2.2 CURRENT ASSETS

The decrease in current assets to €8,513 thousand at the end of the financial year (31 December 2023: €8,730 thousand) was mainly due to the decline in trade receivables. At €8,311 thousand (31 December 2023: €8,320 thousand), cash and cash equivalents, which includes cash on hand and bank balances, remain the key item.

2.2.3 EQUITY

Equity decreased to €718 thousand as of 31 December 2024 (31 December 2023: €5,052 thousand) with an operating loss of €8,334 thousand in the reporting year. This was partly reduced by the capital increase in September 2024, which added €792 thousand to the share capital and €3,208 thousand to the share premium.

The equity ratio decreased by 45.6 percentage points, from 53.7% as of 31 December 2023 to 8.1% as of 31 December 2024.

2.2.4 OTHER PROVISIONS

Other provisions remained almost unchanged at €651 thousand (31 December 2023: €661 thousand).

2.2.5 LIABILITIES

Liabilities increased by 101% to €7,493 thousand as of 31 December 2024 (31 December 2023: €3,690 thousand) and mainly comprised liabilities to associated companies in the amount of €6,907 thousand (31 December 2023: €3,102). This amount reflects the full loan amount granted in accordance with the two shareholder loans agreed with Santo Holding and its interest rate. The trade accounts payable of €438 thousand at the end of the reporting period (31 December 2023: €383 thousand) increased by 14%.

2.2.6 TOTAL ASSETS/TOTAL EQUITY AND LIABILITIES

Total assets/total equity and liabilities amounted to €8,862 thousand as of 31 December 2024 (31 December 2023: €9,403 thousand), 6% below the previous year's amount.

2.3 FINANCIAL POSITIONS

2.3.1 CASH FLOWS FROM OPERATING ACTIVITIES

Cash outflows from operating activities decreased to €7,507 thousand in fiscal year 2024 (2023: outflows of €9,548 thousand). The small increase in the net loss for the year from €8,334 thousand (2023: net loss of €8,237 thousand) was offset by an improvement in working capital.

2.3.2 CASH FLOWS FROM INVESTING ACTIVITIES

The cash outflow from investing activities amounted to €2 thousand in the financial year 2024 (2023: cash inflow of €47 thousand). Investments in IT equipment €2 thousand (2023: €2 thousand) were in the previous year more than offset by the sale of property, plant and equipment (2023: €49 thousand).

2.3.3 CASH FLOWS FROM FINANCING ACTIVITIES

Cash inflows from financing activities amounted to €7,500 thousand (2023: €3,000 thousand). The capital increase in September 2024 added €792 thousand (2023: € nil) to the company's share capital and €3,208 thousand (2023: € nil) to the share premium. The cash inflows from financing activities also include the utilization of the second loan from Santo Holding in July 2024 in the amount of €3,500 thousand (2023: €3,000 thousand).

2.3.4 CASH AND CASH EQUIVALENTS

Cash and cash equivalents amounted to €8,311 thousand as of 31 December 2024 (31 December 2023: €8,320 thousand). This included balances in bank accounts with daily availability totaling €811 thousand (31 December 2023: €1,320 thousand) and investments in longer term deposits with maturities of up to three months totaling a nominal €7,500 thousand (31 December 2023: €7,000 thousand).

The shares in Kiora, which were transferred to 4SC in 2021 and allocated to current assets, were valued at €0 thousand at the end of the year (31 December 2023: €1 thousand). The total cash and cash equivalents of the company therefore amounted to €8,311 thousand (31 December 2023: €8,321 thousand).

2.4 SUMMARY OF SUBSCRIBED CAPITAL AND SHARE RIGHTS

The Company’s share capital as of 31 December 2024 comprised 10,906,089 no-par value bearer shares which do not entail other rights or have preferred status.

There are no restrictions on voting rights or on the transfer of shares and there are no shares with special rights conveying powers of control.

Employees holding equity in the company via direct purchase of shares or employee stock option plans are not subject to binding voting rights.

2.5 EQUITY INTERESTS EXCEEDING 10% OF VOTING RIGHTS

According to information currently available to the Company, Santo Holding (Deutschland) GmbH, Holzkirchen, Germany, with an equity stake of 52.09% and ATS Beteiligungsverwaltung GmbH, Munich, with an equity stake of 20.35% are the only significant shareholders holding an equity stake in excess of 10%.

2.6 APPOINTMENT AND DISMISSAL OF THE MANAGEMENT BOARD, AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The appointment and dismissal of Management Board members is governed by Sections 84 and 85 AktG.

Pursuant to article 7 (2) of 4SC AG's Articles of Association, the Management Board of 4SC AG shall consist of at least one person, whereby the Supervisory Board shall stipulate the precise number of members according to legal requirements and may appoint one Management Board member to be Chairman. Pursuant to article 7 (1) of the Articles of Association, the Supervisory Board shall appoint the members of the Management Board for a maximum of five years. The appointment of members of the Management Board may be renewed, or the term of office extended, provided that the term of each such renewal or extension does not exceed five years. This shall require a further resolution by the Supervisory Board, which may be adopted at the earliest one year before a member's current term of office expires. A member's term of office may only be extended without a new resolution by the Supervisory Board if the member has been appointed for less than five years, provided that, as a result of the extension, the total term of office does not exceed five years. Pursuant to article 7 (3) of the Articles of Association, the Supervisory Board is responsible for concluding, amending or terminating the employment agreement of the Management Board member in question as well as withdrawing his or her appointment.

As a rule, any change in the Articles of Association requires a corresponding resolution on the part of the Annual General Meeting, pursuant to Section 179 AktG. Unless otherwise required by law, resolutions of the Annual General Meeting pursuant to Section 17 (2) of the Articles of Association are adopted by a simple majority of the votes cast and, where applicable, by a simple majority of the share capital represented. Pursuant to Section 179 (2) AktG, a majority of 75% of the share capital represented is required for a change to the purpose of the Company as defined in its Articles of Association. Pursuant to article 13 of the Articles of Association, the Supervisory Board of 4SC AG is authorized, however, to amend the Articles of Association in ways which only affect their wording.

2.7 AUTHORITY OF THE MANAGEMENT BOARD TO ISSUE AND BUY BACK SHARES

New share issues and buy-backs by the Management Board require resolutions approved by the Annual General Meeting. The Annual General Meeting did not issue any new shares nor authorizations to issue new shares. There are no authorizations to purchase treasury shares and the Company does not have any treasury shares.

2.8 COMPENSATION AGREEMENTS IN THE EVENT OF A TAKEOVER BID

There are no compensation agreements between the Company and members of the Mangement Board or employees concluded in the event of a takeover bid.

2.9 GENERAL STATEMENT REGARDING THE COMPANY'S POSITION

In 2024, and as detailed above, 4SC continued to make progress with the development of resminostat (Kinselby). The marketing application with the EMA was filed in February 2024. 4SC received first feedback from the EMA with respect to its MAA in late May 2024 and following a Clarification Meeting with the EMA in August 2024, 4SC filed its responses to EMA’s questions and requests for further information as required in December 2024. In March 2025 4SC received the 180 Day Assessment Report from the European Medicines Agency (EMA), which stated that based on its review of the final data and the Company’s responses to questions, the application for resminostat (Kinselby) an orphan medicinal product for the treatment of patients with CTCL was currently not approvable since "major objections" precluded a recommendation for marketing authorisation at this stage. As of 13 March 2025, the company is reviewing the EMA’s feedback and with the assistance of outside experts trying to ascertain if the major objections of the

180 Day Assessment Report can be adequately addressed and in the allowable time.

Furthermore, and in line with a potential market introduction in 2025, 4SC initiated market entry activities in the 2nd half of 2024 in parrallel with continued evaluation of the commercialisation options for resminostat (Kinselby).

The UK Medicines and Healthcare products Regulatory Agency (MHRA) confirmed the availability of a waiver from the need for a pediatric investigation plan (PIP), and a positive orphan drug status was granted in Switzerland.

Furthermore, an additional loan of €3.5 million was agreed with Santo Holding in the first quarter of 2024, and a capital increase of €4 million was successfully completed in the third quarter of 2024. And, 4SC's first loan of €3 million with Santo Holding, which was due for repayment at the end of 2024, was extended on the same terms till the end of 2025.

The Company had sufficient liquidity at all times during the 2024 financial year and the financing of its ongoing development program was not in jeopardy at any time.

2.10 EVENTS AFTER THE REPORTING PERIOD

The events after the reporting period are described in section 6.7 of the notes.

2.11 REPORT ON EXPECTED DEVELOPMENTS (OUTLOOK)

Expectations for 4SC AG's continued performance is described in more detail in the report on the Course of business and outlook and expected development of 4SC in section 4.

On the current operating plan 4SC AG has access to sufficient cash to finance the Company for at least the next 12 months and in particular, the final decision from the EMA with resepct to the company's EU MAA for resminostat (Kinselby). The Management Board of 4SC AG is however careful to point out that this assessment is based on current forecasts and that its accuracy is subject to uncertainties and actual results may differ materially.

3 Financial and non-financial key performance indicators

3.1 INTERNAL MANAGEMENT SYSTEM AND FINANCIAL KEY PERFORMANCE INDICATORS

4SC uses a uniform reporting and planning system from which it derives financial and non-financial key performance indicators that are regularly monitored. 4SC's principal financial control variables are its liquidity status and operating expenses. The valuation is based on the accounting principles applied in the annual financial statements, as follows.

As liquidity, milestone payments and working capital all materially influence the course of 4SC's business, systematic cash management is pivotal for 4SC. One key financial indicator is the average monthly cash burn. The ratio of cash funds to the planned average cash burn on a monthly basis facilitates an estimation of the period current cash balance/funds are expected to suffice.

4SC's management system also includes performance indicators for development activities and measures the efficiency and success of these processes using, for example, such parameters as "observance of schedules and budgets" and "success of clinical studies". Key performance indicators are used for optimising planning, management and business development.

3.2 NON-FINANCIAL KEY PERFORMANCE INDICATORS

3.2.1 INTELLECTUAL PROPERTY RIGHTS

A strong intellectual property portfolio is crucial for value creation in a company focused on drug development. As of the close of 2024, 4SC's portfolio comprised: 162 issued patents (31 December 2023: 184), all of which relate to resminostat (31 December 2023: 159).

Besides its patents, 4SC also owns rights to strategically important trademarks, including word marks and word/picture marks.

3.2.2 CORPORATE RESPONSIBILITY AND SUSTAINABILITY

EMPLOYEE SAFETY AND ENVIRONMENTAL PROTECTION

4SC places high value on ensuring the safety of its employees and on protecting the environment. The regular risk assessments required by the German Occupational Health and Safety Act are conducted by the responsible person aided by the Company's own occupational safety professional. Furthermore, all employees of 4SC receive annual general training on occupational safety.

Due to the systematic implementation and observance of occupational safety measures, no notifiable incidents occurred in the reporting year.

ETHICAL RESPONSIBILITY

Although 4SC relies on data derived from animal testing the Company is committed to reducing tests involving animals to the minimum and replace them to the extent possible with alternatives, such as cell culture testing.

3.2.3 PROCUREMENT

Procurement, logistics processes and warehousing at 4SC are organized and handled by the accounting department. The Company aims to maintain a broad supplier base in order to ensure, where possible, that it is not dependent on any one supplier.

3.2.4 QUALITY ASSURANCE

The preclinical and clinical development of new drugs requires the observance of the very highest standards of safety and quality. This practice aims to reduce the risks to the safety of humans, animals and the environment while also minimizing threats to 4SC's economic position. The head of 4SC's Quality Unit reports to the CEO and works closely with him to coordinate any actions to be taken.

4SC has also installed a quality management system according to "GxP" guidelines. The abbreviation GxP is an umbrella term referring to guidelines that codify quality standards used in an industry. Such guidelines include Good Laboratory Practice (GLP), Good Clinical Practice (GCP) and Good Manufacturing Practice (GMP). This quality management system ensures that internal processes, workflows and Company policies can be formulated and monitored in accordance with national and international law, resolutions, directives and statutory orders.

4SC's quality assurance work also includes devising an annual audit program. This involves taking a risk-based approach to determining which of the external companies and service providers with whom 4SC contracts work are generally audited for compliance with the required quality standards.

4 Report of expected development

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 forecasts turn out to be incorrect.

4.1 COMPANY OUTLOOK

4SC's future development plans are described in section 1.1 Business review.

4.2 FINANCIAL FORECAST

4SC's cash balance/funds were at €8,311 thousand on 31 December 2024. The average monthly operating cash burn in 2024 was €626 thousand, which was between the forecast range of between €600 thousand and €900 thousand forecast for 2024.

Taking into account the current financial planning and the intended operating activities, the Management Board estimates that currently available funds should be sufficient to finance 4SC for at least the next 12 months of operations and in particular, the final decision from the EMA with resepct to the company's MAA for resminostat (Kinselby).

Whilst 4SC's funds of €8,311 thousand (at the end of 2024) represent a solid cash position, management remains cautious as to 4SC's ability to raise additional funds through further capital measurements and or to generate income from business partners.

For 2025, 4SC is expecting an average monthly use of cash from operations of between €400 thousand and €700 thousand. 4SC estimates that the net loss will decrease significantly in 2025 as compared to 2024, due mainly to the completion of the open label component of the RESMAIN study and the filling of responses to the EMA in relation to 4SC's MAA in late 2024.

Depending on the outcome of the Company's MAA for resminostat (Kinselby), and its decision with respect to the company's different options, it is likely that the Company will continue to report annual net losses in the short to medium term future.

5 Report on opportunities and risks

5.1 RISK MANAGEMENT SYSTEM

5.1.1 4SC'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

4SC pursues active, systematic risk management to eliminate risks where possible and to minimize any remaining risks. The business risks of 4SC mainly relate to the development of drugs, specifically resminostat, the protection of intellectual property, cooperation with partners and the provision of sufficient medium- and long-term capital. These risks must be continually reviewed and, if appropriate, addressed to preserve the Company's economic potential.

4SC has implemented a comprehensive computer-aided risk management system in compliance with the German Control and Transparency in Business Act (Gesetz zur Kontrolle und Transparenz im Unternehmensbereich, KonTraG). This system is an important part of its corporate management and monitoring.

Following a defined process, the responsible person of each different business unit identifies, analyzes and assesses individual risks regarding the following criteria: probability of occurrence, potential loss, time period to which the risks relate, and the existing and planned countermeasures. At regular intervals, these responsible persons inform 4SC's risk management officer, who in turn informs the Management Board of the status of these risks. Risks with the potential to endanger the Company's existence as a going concern are required to be reported immediately. Based on this, the Management Board and the Supervisory Board decide how the Company should handle the identified risks.

4SC's internal control system was set up to supplement the risk management system. It ensures monitoring of the Company's activities by employing various rules such as signatory powers, controlled specification and verification documents, policies, standard operating procedures (SOPs), work instructions, the two-person integrity principle, spot checks, self-inspections, employee training and emergency planning.

The application of these rules is obligatory for all operating units. 4SC's quality management activities are based on specifications containing the requirements for the product on offer or instructions for tasks to be carried out. Verification documents are used to record the achieved results or provide objective proof of activities carried out.

Signatory powers define which employees are authorized to sign orders and invoices, and the principle of dual control applies. These are assigned depending on the amount of the order or invoice, whether it was budgeted and whether the signatory is a project employee, project manager or a Management Board member. In 4SC's view, this approach ensures that payment instructions are only executed if compliant with the provisions mentioned above.

Development programs are discussed in detail at regular meetings under the direction of the Chief Executive Officer (CEO). These meetings ensure close coordination between the development team and senior management. At these meetings, advances and or setbacks in the Company's key development program are presented and discussed in detail.

5.1.2 RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM IN THE FINANCIAL REPORTING PROCESS

In terms of 4SC's financial reporting process, the internal control and risk management system ensures that accounting is consistent and conducted in accordance with statutory rules (HGB) and generally accepted accounting principles. It includes work instructions, compliance with the two-person integrity principle, spot checks and emergency planning. Continual training for the financial team contributes substantially to ensuring that all statutory requirements relating to 4SC are implemented securely and competently. The controls for ensuring the regularity and reliability of 4SC's financial reporting process primarily constitute automated checks, as well as manual checks. In addition, the key financial indicators are discussed and analyzed regularly with the operating units.

4SC's controlling system rests on four pillars: planning, prevention, monitoring and reporting. 4SC prepares three-year budget plans for internal steering and controlling purposes, taking the overall strategic plan into account. The necessary data required for steering and controlling are presented to the Management Board every month based on both these plans and the current actual figures. There are also quarterly reports on the development of business, progress in development programs, activities in human resources, corporate communications and investor relations, business development as well as on intellectual property and non-financial key performance indicators. These management tools allow the Management Board to identify, assess and address opportunities and risks adequately. These reports are also made available to the Supervisory Board.

The HGB financial statements are prepared in accordance with the rules and regulations. The manageable size of the bookkeeping team helps ensure consistent presentation. Specific access rules are defined in the ERP system. Any changes in these rights are subject to approval by the Management Board. This ensures the security of all postings and the respective separation of functions in the system as a whole.

5.2 4SC'S EXPOSURE TO RISK

4SC is exposed to different individual and interactive risks which could potentially compromise 4SC's business activities, achievement of key corporate goals and/or its ability to refinance itself, as well as adversely affecting the Company's financial position and share price. In a worst-case scenario, this could lead to a situation where the Company is forced into liquidation or to file for insolvency due to illiquidity.

5.2.1 INDUSTRY AND SPECIFIC RISKS

In common with the broader biotech industry as a whole, 4SC is exposed to technology redundancy, long development times, regulatory scrutiny, pricing pressure, supplier failures & delays, and substantial at-risk investment in development in order to achieve marketable products.

In particular, given the Company's very heavy focus on resminostat (Kinselby), 4SC's future success or failure as a company is very closely linked to the outcome of the company's marketing authorization application (MAA) for resminostat (Kinselby) in CTCL, and 4SC cannot rule out the possibility that the EMA (or other regulatory agencies), given their major objections to the company's MAA - as stated in their 180 Day Assessment Report - may not grant the application or will require significant additional development prior to approval or as a condition of granting the marketing authorisation. Such outcomes would theaten the commercial viability of the product, and likely result in a termination of the further development of resminostat (Kinselby), and given the focus on resminostat (Kinselby), the liquidation or insolvency of the Company.

4SC often relies on commercilisation partnerships to generate early revenues, accelerate or facilitate development, market access and or sales. Such partnerships can be terminated or fail to yield the expected benefits whilst some programs may also fail to find a suitable partner.

5.2.2 FINANCING AND CONTROL

4SC could require further capital in order for it to realize its corporate and development goals and, in this regard, there is no guarantee that 4SC will be able to raise such funds; on time, in the amount required, at economically viable conditions or interest rate, or at all.

As defined by Section 31 of the German Securities Trading Act (Wertpapierhandelsgesetz, WpHG) in conjunction with Section 33 of the WpHG, 4SC has two principal shareholders which have exceeded notification thresholds at the time this management report has been prepared. Together, these shareholders hold approximately 72,5% of the share capital and voting rights. Certain principal shareholders taken together could control resolutions passed by Annual General Meetings when other shareholders are present in fewer numbers and thus, regardless of the voting behavior of the remaining shareholders, decisively influence material decisions taken by 4SC.

5.2.3 EQUITY

4SC is a company which has yet to achieve profitability and has posted operating losses in all of the previous financial years. Given the scope of its research and development expenses, over time these losses have accumulated into large loss carryforwards. The loss carryforwards are offset against equity and could result in a loss amounting to more than half of the Company's share capital (according to German commercial law) in the future.

5.2.4 PERSONNEL

The success of 4SC depends on its senior management and qualified personnel. Given the relatively small team at 4SC AG, if the Company were to lose key personnel such individuals may be difficult to replace or it may take a considerable time to find a suitable replacement, both of which could be seriously detrimental to the Company's competitiveness and/or survival.

5.2.5 OVERALL ASSESSMENT OF THE COMPANY'S EXPOSURE TO RISK

4SC's future success, or failure, as a company is closely linked to the outcome of the company's marketing authorization application for resminostat (Kinselby) in CTCL and 4SC cannot rule out that the EMA, given their major objections to the company's MAA - as stated in their 180 Day Assessment Report - may not grant the application or require significant additional development prior to approval or as a condition of granting the marketing authorisation. Such outcomes would likely result in a termination of the program and the further commercialisation of resminostat (Kinselby) and could ultimately result in the liquidation or insolvency of the Company.

The Management Board believes that the Company has at least 12 months of funds available to finance the Company's currently projected expense and revenue planning projections and in particular to receive a final decision from the EMA with resepct to the company's MAA for resminostat (Kinselby). If the assumptions underlying the Company's current planning do not materialize to a sufficient degree, there is a risk that the

Company's financing could be insufficient in view of the Company's current cash reach which would mean that the Company's continued existence would be at risk if additional equity or debt cannot be secured.

5.3 OPPORTUNITIES FOR 4SC

5.3.1 RESMINOSTAT

4SC is fully focused on the registration of resminostat (Kinselby) in the key geographies of the European Union, UK and Switzerland. Subject to a final decision from the EMA , the opportunity for value creation through the commercialization of resminostat (Kinselby) in the EU remains possible, but subject to very significant risk given EMA's 180 Day Assessment Report issued in March 2025.

In the meantime, it is likely that the Company will continue to report annual net losses in the short to medium term future.

4SC continued to hold discussions with potential partners in the pharmaceutical industry regarding resminostat (Kinselby) in 2024 and early 2025, but these are currently on hold until its is clear the MAA is approvable.

For Japan, 4SC has an ongoing Collaboration Agreement with Yakult Honsha for the commercialization of resminostat (Kinselby).

5.3.2 OTHER BUSINESS RELATIONSHIPS

4SC has also partnered some earlier stage development programs (which it does not consider core to its business and as such no longer choses to invest resources in) including, Panoptes (for PP-001), BioNTech AG (for TLR drug candidates), Tuari Therapeutics GmbH (for the development of RAL inhibitor drug candidates), and Vuja De Inc. (for domatinostat). Such partnered programs could, if data is positive, generate future returns to the Company in the form of non-dilutive cash from licensing revenue, upfront and milestone payments, as well as royalties.

5.3.3 TAKEOVER

In addition to the in-licensing of compounds, pharmaceutical and biotech companies can also be interested in acquiring assets or even entire companies to obtain unencumbered access to promising compounds and technologies and to control their development. A positive outcome to the company's EU MAA for resminostat (Kinselby) could reasonably facilitate such a potential outcome for 4SC given that the Company is currently only developing a single asset, resminostat, for a single indication, CTCL.

5.3.4 LICENSING REVENUE FROM PATENTS

4SC's broad and well-positioned patent portfolio can generate additional licensing revenue if other developers are forced to use such patent rights in order to advance their own projects. Granting the use of its patent rights to third-parties could potentially enable 4SC to generate licensing revenues and improve its net assets, financial position and operational results.

6 Statement on corporate governance

In addition to the annual Declaration of Compliance with the German Corporate Governance Code pursuant to Section 161 German Stock Corporation Act (Aktiengesetz – AktG), as issued by the Management Board and the Supervisory Board, the Statement on Corporate Governance pursuant to Section 289f of the German Commercial Code (Handelsgesetzbuch – HGB) contains relevant disclosures on corporate government practices and other aspects of company management as well as information on the composition and the working practices of the Management Board and the Supervisory Board.

6.1 DECLARATION OF COMPLIANCE

The "Management Board & Supervisory Board Declaration of Compliance in accordance with Section 161 German Stock Corporation Act (AktG)" signed in December 2024, has been published on the Company's website www.4sc.com under "Corporate Governance" in the "Investor & Media" section and contains the following wording:

In accordance with Section 161 AktG, the Management Board and Supervisory Board state that since the last Declaration of Compliance was issued in November 2023, 4SC AG has complied with the recommendations of the Goverment Commission on the German Corporate Governance Code ("Code") and will continue to do so in the future with the following exceptions:

1. Independence of more than half of the Supervisory Board members (C.7 of the Code):

According to recommendation C.7 of the Code, more than half of the shareholder representatives on the Supervisory Board should be independent of the Company and the Executive Board. The Code cites, amongst other things, membership of the Supervisory Board for more than 12 years as a significant indicaton that independence is in question. Four of the five current Supervisory Board members have been members of the Supervisory Board for more than 12 years, which is why a deviation from C.7 of the Code is declared as a precautionary measure. The Management Board and Supervisory Board are convinced that a long membership of the Supervisory Board does not necessarily lead to a "substantial – and not merely temporary – conflict of interest", which is precisely what matters for the assessment of independence. On the contrary, we consider it desirable that Supervisory Board members work with the Company over a long period of time, as this promotes the required deep understanding of the Company, its business and the specific opportunities and risks

2. Independence of the Chair of the Supervisory Board, the Chair of the Audit Committee and the Human Resources Committee (C.10 of the Code)

The Chair of the Supervisory Board, the Chair of the committee dealing with Management Board remuneration - at 4SC this is the Human Resources Committee - and the Chair of the Audit Committee shall be independent of the Company and the Management Board according to recommendations C.10 of the Code. Mr. Doppler, Ph.D., the Chair of the Supervisory Board who is also the Chair of the Human Resources Committee, and Mr. Jeggle, the Chair of the Audit Committee, each have been members of the Supervisory Board for more than 12 years. The criteria of length of membership does not constitute a reason for assuming a lack of independence, as explained above; however, as a precautionary measure, a deviation from these recommendations is declared.

C.10 of the Code also recommends that the Chair of the Audit Committee be independent from the controlling shareholder. Mr. Jeggle (last re-elected by the 2022 Annual General Meeting until the 2025 Annual General Meeting) held management positions within the Santo Group until April 2021. As managing director of Salvia GmbH, which he founded in 2014, he acts as an entrepreneurial venture capital investor and managed in the past investments of the (indirect) owners of Athos KG, which currently indirectly holds 72.44% of the voting rights in 4SC AG. In the opinion of the Supervisory Board, these circumstances, which are disclosed here for the interests of maximum transparency, do not contradict Mr. Jeggle's independence from the controlling shareholder.

3. Nomination Committee on the Supervisory Board (D. 4 of the Code)

The Supervisory Board has decided against the establishment of a nomination committee. In the opinion of the Supervisory Board of 4SC AG, the establishment of such a nomination committee does not offer any additional increase in the efficiency of the Supervisory Board's work. The Supervisory Board therefore leaves this function within the Supervisory Board as a whole.

4. Remuneration of the Management Board (G.I of the Code)

Since February 2022, the Company is focusing most of its resources on its only remaining biopharmaceutical product, Resminostat (Kinselby) and on the timely commercialization of this asset. Due to this special situation the contracts of Management Board members deviate in some points from the recommendations on Management Board remuneration in section G.I of the Code:

- According to recommendation G.3, the Supervisory Board shall use an appropriate peer group of other third-party entities and shall disclose the composition of such group when determining the specific total remuneration of the members of the Management Board. The Supervisory Board is of the opinion that an "appropriate peer group of other third-party entities" does not exist (deviation from recommendation G.3 of the Code).

- According to recommendation G.6, the share of variable remuneration achieved as a result of reaching long-term targets shall exceed the share from short-term targets. The contracts of Management Board members do not provide for any long-term variable remuneration components, since the Company's sole focus is on achieving the aforementioned short-term targets and there are currently no further "long-term targets" as presupposed in the recommendation (deviation from recommendation G.6 of the Code).

- In view of the Company's special situation, the contracts of Management Board members do not provide for an obligation to invest granted variable renumeration amounts predominantly in shares of the Company or for such amounts to be granted predominantly as share-based renumeration, nor does it provide for the Management Board member to granted long-term renumeration amounts only after a period of four years (deviation from recommendation G.10 of the Code).

The contracts of Management Board members specify caps both for the overall Management Board remuneration stipulated in the contracts and for individual bonus provisions (severance cap) in case the contracts are terminated early. Under the Company's Employee Stock Option Program (ESOP), for which all employees and the Management Board are eligible, stock options were issued to both Management Boards members most recently in 2018. These stock options can only be exercised in the event of clearly defined, significant share price increases. If the options can be exercised, the beneficiaries of the stock option plan would, however, profit from the shares' appreciation potential, which theoretically is unlimited (deviation from recommendation G.13 sentence 1 of the Code).

6.2 REMUNERATION REPORT / REMUNERATION SYSTEM

The remuneration report for the last financial year and the auditor's report pursuant to Section 162 AktG, the applicable remuneration system for the members of the Management Board pursuant to Section 87a (1) and (2) sentence 1 AktG and the remuneration resolution adopted by the Annual General Meeting on 19 May 2021 pursuant to Section 113 (3) AktG on the remuneration of the members of the Supervisory Board are available on the Company's website www.4sc.com under "Corporate Governance" in the "Investor & Media" section.

6.3 DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES

Good and responsible corporate management and supervision (corporate governance) is a high priority for 4SC AG. The prerequisites for this are close and efficient cooperation between the Management and Supervisory Boards that takes the interests of shareholders into account, proper accounting and auditing of financial statements, compliance with legal requirements and internal company guidelines, as well as responsible handling of risk.

The corporate culture of 4SC AG is determined in part by the size of the Company and single location, which facilitates personal interaction with employees and partners and flat hierarchies.

The German Corporate Governance Code ensures transparency regarding the statutory framework for corporate management and supervision and contains recognized standards of good, responsible and sustainable corporate governance. The Management and Supervisory Boards take the recommendations of this Code seriously and the Company is compliant barring a few exceptions.

When filling executive positions in the Company, the Management Board considers diversity as a factor, particularly the adequate representation of women. At the same time, it is both a core value and an aim of the Company to find the best qualified employees, whether male or female. In this context, the Company adhered in the past and continues to follow a balanced personnel policy.

In November 2022 the Management Board last set a target of at least 30% for the proportion of women at the top management level below the Management Board and a deadline of 30 June 2027. As of 31 December 2024, the share of women at the top management level below the Management Board was above 50%. The Company does not currently have in place a second management level below the Management Board.

Compliance with laws and internal regulations is an essential for 4SC AG, as only by following rules and standards can we avert damage to the Company, its employees and business partners. To ensure compliance and prevent legal infringements, internal policies and processes have been issued on topics such as data protection and capital market legislation. Employees and managers are regularly made aware of compliance issues through regular training and are encouraged to report any grievances or legal infringements to the COO irrespective of their nature and severity. If desired, the whistleblower can be assured that all information is treated confidentially. Our compliance management system is tied to our risk management and internal control system. Further information can be found in the opportunities and risks report in section 5.1.1 of this management report.

6.4 WORKING PRACTICES OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

As stipulated by the German Stock Corporation Act, 4SC AG has a dual management system that tasks the Management Board with the management of the Company and the Supervisory Board with advising and monitoring the Management Board. Both corporate bodies collaborate closely and constructively to enhance the value of the Company in a sustainable manner.

The Management Board of 4SC AG manages the Company's business on its own authority and in the interest of the Company. The prime objective of the Management Board’s work is to ensure a stable development of business and to sustainably increase the Company's value.

The Supervisory Board of 4SC AG appoints and discharges the members of the Management Board; it supervises and advises the Management Board in the management of the enterprise and is involved in decisions of fundamental importance to the enterprise.

The Management Board coordinates the Company's strategic alignment with the Supervisory Board and discusses its implementation with the Supervisory Board. For this purpose, the Management Board informs the Supervisory Board on a regular, timely and comprehensive manner on all issues relevant to the Company's planning, strategy, performance, finances, risk and risk management as well as its internal control systems. As required, the Management Board informs the Supervisory Board about significant events between meetings. Urgent decisions may be discussed by way of conference calls and resolutions may be adopted by circular memorandum if required.

The Management Board's rules of procedure define the veto rights that the Supervisory Board may exercise with respect to significant business transactions. The Supervisory Board may also subject business transactions to a veto right in individual cases. Transactions with related parties may require prior approval of the Supervisory Board due to legal regulations.

The Supervisory Board of 4SC AG appoints the Chairperson of the Supervisory Board from among its members. The Chairperson coordinates the work of the Supervisory Board and represents the concerns of the Supervisory Board externally. The principles of its working practices are set out in the Rules of Procedure for the Supervisory Board of 4SC AG. These rules of procedure can be viewed on the Company's website.

The Supervisory Board reviews the efficiency of the work of the Supervisory Board and its committees every two years. In early 2024, the Supervisory Board carried out its most recent efficiency review by means of a structured questionnaire, which showed that the Supervisory Board works efficiently. The next regular efficiency review is scheduled for 2026.

6.5 COMPOSITION OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

6.5.1 COMPOSITION OF THE MANAGEMENT BOARD

The Company's Management Board consists of two members: Jason Loveridge, Ph.D., Chief Executive Officer and Kathleen Masch-Wiest, Chief Operating Officer. The terms of Management Board members expire on 31 December 2025 and 2026 respectively.

Mr. Loveridge’s responsibilities include Strategy & Business Development, Clinical Affairs, API Manufacturing, Regulatory Affairs, Finance & IT, Quality Assurance, Investor Relations & Public Relations as well as representing the Management Board to the Supervisory Board. Kathleen Masch-Wiest is responsible for Legal & IP, Human Resources, Data Protection and Administration. The members of the Management Board coordinate their activities with each other, for example at Management Board meetings, which are usually held weekly.

6.5.2 OBJECTIVES OF THE SUPERVISORY BOARD WITH REGARD TO THE COMPOSITION OF THE MANAGEMENT BOARD

The composition of the Management Board is determined by the Supervisory Board.

In filling seats on the Management Board, the Supervisory Board considers diversity and generally aims for the adequate representation of women. In December 2022, in accordance with Section 111 (5) AktG, the Supervisory Board set a target of at least 30% for the proportion of women on the Management Board and a deadline of 30 June 2027. As of 31 December 2024, the proportion of women on the Board of Management was 50%; and the target is therefore currently met. An age limit of 65 for all Management Board members had already been resolved in 2007.

6.5.3 COMPOSITION OF THE SUPERVISORY BOARD

The Supervisory Board of 4SC AG consists of five members who were appointed by the Annual General Meeting on 19 May 2022 in individual votes without being bound by election proposals.

As of 31 December 2024, the Supervisory Board comprised of the following five members:

Clemens Doppler, Ph.D. (Chairperson)
- Member since 2005,

Manfred Rüdiger, Ph.D. (Deputy Chairperson)
- Member since 2005,

Irina Antonijevic, M.D., Ph.D.
- Member since 2012,

Helmut Jeggle
- Member since 2008,

Prof. Helga Rübsamen-Schaeff, Ph.D.
- Member since 2014.

The term of office of all Supervisory Board members will end at the close of the Annual General Meeting that resolves on formally approving the actions for financial year 2024.

In order to make the Supervisory Board more efficient in its work, three specialist committees existed in the reporting period: an Audit Committee, a Human Resources Committee, and an R&D Committee. All committees regularly reported to the full Supervisory Board on their work. The Supervisory Board has decided against establishing a Nomination Committee.

Currently, the members of the Supervisory Board are represented in the committees as follows:

	Audit Committee	Human Resources Committee	R&D Committee
Clemens Doppler, Ph.D.	Member	Chair	
Manfred Rüdiger, Ph.D.	Member		Member
Irina Antonijevic, M.D., Ph.D.			Chair
Helmut Jeggle	Chair		
Prof. Helga Rübsamen-Schaeff, Ph.D.		Member	Member

6.5.4 OBJECTIVES OF THE SUPERVISORY BOARD WITH REGARD TO ITS COMPOSITION

The Supervisory Board last reviewed the objectives for its future composition and the profile of skills in April 2022 in connection with the upcoming elections for the Supervisory Board.

When proposing candidates, care must be taken to ensure as broad a range as possible of professional skills and relevant experience on the Supervisory Board of 4SC AG. Experience in the international biotechnology and pharmaceutical business is considered essential. Moreover, the focus on experience in managing companies, associations and networks should also be maintained. Furthermore, the Supervisory Board of 4SC AG continues to regard a mix of different qualifications in the entire Supervisory

Board as important. Thus, at least two members with professional expertise in scientific and therapeutic research and development, at least two members with experience in preclinical and clinical development, at least two members with experience in international business, partnership and licensing, as well as at least one member with experience in market access and at least one member with experience in corporate finance should be represented. In addition, knowledge in the areas of finance, accounting, financial reporting, law and compliance is considered essential to meet the requirements of Section 100 (5) AktG.

All members of the Supervisory Board must also be reliable and have the necessary knowledge and experience required to diligently and independently perform the work of a supervisory board member. Each member should ensure that they can invest the time needed to properly perform their role as a member of the Supervisory Board. When Supervisory Board members assume additional offices and posts, the legally prescribed restrictions on appointment to management bodies and the recommendations of the Corporate Governance Code must be complied with and the requirements of the capital markets must be taken into account appropriately.

The current members of the Supervisory Board work or have worked at some stage in management positions in the biotech and pharmaceutical sector at an international level, have the relevant contacts and are familiar with the needs of the sector and corporate financing. The expertise of the members of the Supervisory Board covers scientific and drug development, experience in international business development and licensing of compounds, as well as expertise in the preparation of market authorization applications. The Supervisory Board currently has two members, Irina Antonijevic, M.D., Ph.D. (IA) and Prof. Helga Rübsamen-Schaeff, Ph.D., (HRS) who are experienced scientists in the fields of scientific and therapeutic research and development, and preclinical and clinical development. Prof. Helga Rübsamen-Schaeff, Ph.D. also has experience obtaining market approval for drugs. Mr. Jeggle (HJ) is and has been an audit committee member of listed companies for several years and thus has knowledge in the field of auditing. Mr. Doppler (CD) is a founder and partner of a private equity funds group and has extensive experience in the field of finance and accounting. Accordingly, at least two members of the Supervisory Board have expertise in the field of accounting and in the field of auditing within the meaning of Section 100 (5) of the German Stock Corporation Act (AktG). Clemens Doppler, Ph.D., Helmut Jeggle and Manfred Rüdiger, Ph.D., (MR) also have extensive experience in corporate finance.

In general, it is the Supervisory Board’s aim that the proportion of female members should be maintained in the next elections. In filling empty seats, the Supervisory Board should, however, ensure that members are qualified to serve on the Board in their respective functions. In accordance with Section 111 (5) AktG, the Supervisory Board in December 2022 set a target of “at least 20%” for the proportion of women on the Supervisory Board and a compliance deadline of 30 June 2027. This target was met in financial year 2024 and is currently being met given that the Supervisory Board has two female members (representing a share of 40%).

The requirements of the German Corporate Governance Code concerning independent Supervisory Board members and the avoidance of conflicts of interest must be taken into account. The Supervisory Board has set itself the objective that at least three of its members should be independent as defined by the German Corporate Governance Code. Pursuant to the recommendations regarding the independence of Supervisory Board members in the German Corporate Governance, the Supervisory Board should include what it considers to be an appropriate number of independent members – while also taking the ownership structure into account. In this context, a member is considered independent if they are independent from the Company and its Management Board and from any controlling shareholder. The Code also recommends that more than half of the shareholder representatives should be independent from the Company and its Management Board, and that this should always include the chairs of the Supervisory Board, Audit Committee and the committee that addresses Management Board remuneration. A Supervisory Board member is considered independent in this context if they do not have a personal or business relationship with the Company or its Management Board that constitutes a substantial – and not merely temporary – conflict of interest. Although the Supervisory Board is responsible for assessing the independence of its own members, the new Code lists four indicators that may suggest a lack of independence (membership of the Management Board in the two years prior to their appointment to the Supervisory Board; material business relationships with the Company or one of the entities dependent upon it, e.g. as a customer, supplier, lender or advisor; close family ties with a Management Board member; membership of the Supervisory Board for more than 12 years, either in relation to the Supervisory Board member themselves or close family members of the Supervisory Board member).

The Supervisory Board has concluded that it fulfills both its own objective of having at least three independent members as well as the recommendations of the Code regarding the independence of Supervisory Board members.

In the view of the Supervisory Board, all five current Supervisory Board members are independent from 4SC AG and its Management Board, including the chairperson of the Supervisory Board, who is also chairperson of the Human Resources Committee (which addresses Management Board remuneration issues), and the chairperson of the Audit Committee. The Chairperson of the Supervisory Board and Human Resources Committee, Clemens Doppler, Ph.D., and Supervisory Board members Manfred Rüdiger, Ph.D. and Helmut Jeggle have been members of the Supervisory Board for more than 12 years. However, these three Supervisory Board members also keep a critical distance from the Company and Management Board and maintain vigilence as required to supervise the Management Board. This is demonstrated by the exemplary manner in which they perform their duties and exercise their mandate in various functions on the Supervisory Board committees to which they belong. The Supervisory Board believes that their many years of experience and expertise are essential in enabling the Supervisory Board to appropriately fulfill its role as a critical supervisor of – and trusted and experienced advisor to – the Management Board. In addition, according to the Supervisory Board's assessment, no member of the Supervisory Board has a personal or business relationship with 4SC AG, the executive bodies of 4SC AG or a shareholder with a significant stake in the Company, Helmut Jeggle has not held any management positions within the Santo Group since April 2021. However, as Managing Director of Salvia GmbH, which he founded in 2014 and through which he acts as a venture capital investor, he continues to manage investments held by the (indirect) owners of Athos KG, which currently indirectly holds 69.98% of the share capital and voting rights in 4SC AG. As a result, all Supervisory Board members are considered independent from the Management Board and the Company, namely Clemens Doppler, Ph.D., Manfred Rüdiger, Ph.D., Irina Antonijevic, M.D., Ph.D., Helga Rübsamen-Schaeff, Ph.D. and Helmut Jeggle.

Qualifications matrix for members of the Supervisory Board

	CD	MR	AI	HJ	HRS
Member since	2005	2008	2012	2005	2015
Independence	✓	✓	✓	✓	✓
Year of birth	1959	1964	1965	1970	1949
Gender	male	male	female	male	female
Experience in managing companies, associations and networks	✓	✓	✓	✓	✓
Knowledge of the international biotechnology and pharmaceutical business	✓	✓	✓	✓	✓
Professional expertise in scientific and therapeutic research and development		✓	✓		✓
Experience in preclinical and clinical development		✓	✓		✓
Experience in international business, partnership and licensing	✓	✓	✓	✓	
Experience in market access					✓
Experience in corporate finance	✓	✓		✓	
Knowledge of accounting	✓	✓		✓	
Knowledge of auditing	✓	✓		✓	

The Supervisory Board considers that its defined objectives are implemented at the present time. The age limit of 75 years laid down in the rules of procedure has been and will be observed. The proposals made by the Supervisory Board on the election of Supervisory Board members will continue to be focused on the interests of the Company.

6.6 FURTHER INFORMATION

6.6.1 TRANSPARENCY AND EXTERNAL REPORTING

In order to inform its shareholders in good time, simultaneously and comprehensively, 4SC AG publishes all relevant information on its website at www.4sc.com. All reports are published in German and English within the period recommended by the German Corporate Governance Code and the stock exchange regulations. Pursuant to Article 17 of the European Market Abuse Directive, the Company also publishes all press releases and ad hoc announcements as well as an up-to-date financial calendar, information on the Annual General Meeting, and other required announcements on its website in the Investors & Media section. 4SC is in full compliance with the statutory regulations of Article 17 of the European Market Abuse Directive and guarantees that inside information is handled in accordance with the law. An insider list is kept in order to record employees who require access to inside information for purposes of performing their jobs.

6.6.2 ACCOUNTING AND AUDIT OF FINANCIAL STATEMENTS

The annual financial statements of 4SC in accordance with the German Commercial Code (HGB) as well as the management report are prepared by the Management Board. The annual financial statements are then audited by the appointed auditor, approved by the Supervisory Board and made accessible to the public within a period of 90 days after the end of the respective financial year.

MSW GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Berlin, Germany, audits the Company in the financial year 2024. The responsible auditor is Mathias Thiere Ph.D..

6.6.3 SHAREHOLDER AND ANNUAL GENERAL MEETING

The Annual General Meeting is one of the central bodies of the Company. It adopts resolutions on key issues. It is responsible for decisions such as selecting the financial auditor, formally approving the Management and Supervisory Boards' actions, electing Supervisory Board members, approving the remuneration systems for the Management and Supervisory Boards and (for the first time in the 2021 financial year) approving the annual remuneration report, and passing resolutions concerning amendments to the Articles of Association or corporate actions. Moreover, the Management Board presents the annual financial statements to the Annual General Meeting. The Annual General Meeting provides all shareholders of 4SC with the opportunity to discuss the latest developments and decisions with the Management Board, to exercise their voting right, and to inform themselves about the Company by asking questions as provided by law and the Articles of Association. 4SC naturally wants to make it as easy as possible for all shareholders to exercise their rights. At Annual General Meetings, the Company provides authorized representatives to vote by proxy in accordance with the shareholder's instructions. The representatives can be contacted during the Annual General Meeting as well.

As was the case at last year's Annual General Meeting, the 2025 Annual General Meeting will also be held by attendance.

6.7 PUBLICATION

The annual financial statements of 4SC AG were prepared in accordance with the provisions of the German Commercial Code and the German Stock Corporation Act, and the management report, are together published in the electronic Company Register.

DECLARATION ON THE DEPENDENCE REPORT ACCORDING TO SECTION 312(3) 1 AKTG

"With regard to the legal transactions and measures listed in the report on relations with affiliated companies, according to the circumstances known to us at the time when the legal transactions were carried to us or the measures were taken or omitted, our company received appropriate consideration for each legal transaction and has not been disadvantaged by the fact that the measures were taken or omitted."

Planegg-Martinsried, 13 March 2025

Jason Loveridge, Ph.D.
CEO

Kathleen Masch-Wiest
COO

FINANCIAL REPORT

Annual Financial Statement for the Financial Year from 1 January to 31 December 2024

- BALANCE SHEET - ASSETS

(in € 000's)	Notes	31 Dec 2024	31 Dec 2023
A. Fixed Assets			
I. Intangible assets Concessions, industrial property rights and similar rights and assets acquired against payment, as well as licenses to such rights and assets		127	633
II. Tangible fixed assets Other equipment, furniture and fixtures		10	16
III. Long-term financial assets Investments		0	0
Total fixed assets	3.1 (Page 36)	**137**	**649**
B. Current assets			
I. Receivables and other assets 1. Trade accounts receivable 2. Other assets		1 201	161 248
Total Receivables and other assets	3.2 (Page 36)	**202**	**409**
II. Securities Other Securities		0	1
III. Cash on hand and bank balances	3.3 (Page 36)	8,311	8,320
Total current assets		**8,513**	**8,730**
C. Prepaid expenses	3.4 (Page 36)	**212**	**24**
Balance sheet total		**8,862**	**9,403**

See the attached notes to the financial statements.

- BALANCE SHEET – EQUITY AND LIABILITIES

(in € ooo's)	Notes	31 Dec 2024	31 Dec 2023
A. Equity			
I. Share capital		10,906	10,114
II. Capital reserve		242,754	239,546
III. Accumulated deficit		-252,942	-244,608
Total Equity	3.5 (Page **Fehler! Textmarke nicht definiert.**)	**718**	**5,052**
B. Provisions			
Other provisions		651	661
Total provisions	3.6 (Page 37)	**651**	**661**
C. Liabilities			
1. Trade accounts payable		438	383
2. Liabilities due to associated companies		6,907	3,102
3. Other liabilities thereof from taxes: €35 thousand (previous year: €91 thousand)		148	205
Other liabilities	3.7 (Page 38)	**7,493**	**3,690**
Balance sheet total		**8,862**	**9,403**

See the attached notes to the financial statements.

- INCOME STATEMENT

(in € 000's)		Notes	2024	2023
1.	Revenue	4.1 (Page 39)	336	304
2.	Other operating income	4.2 (Page 39)	11	91
			347	**395**
3.	Cost of materias			
	Cost of purchased services	4.3 (Page 40)	-84	-95
			-84	**-95**
4.	Personnel expenses			
	a) Wages and salaries		-1,892	-2,153
	b) Social security contributions and expenses for pensions and other benefits thereof for pensions: €23 thousand (previous year: €24 thousand)		-197	-236
			-2,089	**-2,389**
5.	Depreciation and amortization of intangible assets and property, plant and equipment	4.4 (Page 40)	-514	-531
6.	Other operating expenses	4.5 (Page 40)	-5,894	-5,757
7.	Other interest and similar income		214	262
8.	Write-downs on marketable securities	4.6 (Page 40)	-1	-4
9.	Interest and similar expenses thereof from associated companies: €305 thousand (previous year: €102 thousand)		-305	-103
10.	Taxes on income		-8	-15
11.	**Net loss after taxes**		**-8,334**	**-8,237**
12.	**Net loss for the year**		**-8,334**	**-8,237**
13.	Loss carried forward		-244,608	-236,371
14.	**Accumulated deficit**		**-252,942**	**-244,608**

See the attached notes to the financial statements.

Notes for the annual financial year from 1 January to 31 December 2024

4SC AG has its registered office in 82152 Planegg-Martinsried, Fraunhoferstraße 22 and is entered in the Commercial Register of the Munich Local Court under HRB No. 132917.

The biopharmaceutical company 4SC AG develops small-molecule drugs that address cancer diseases with high unmet medical need. 4SC aims to develop its own drugs in order to increase the value of the Company as a whole. With the same goal in mind, 4SC also enters into partnerships for the further development or commercialization of its drug candidates with pharmaceutical and biotechnology companies where this could potentially offer better returns or less risk.

4SC AG is entitled to engage in all transactions that are useful for and promote the achievement of the company's purpose. For this purpose, it may also establish, acquire or participate in other companies in Germany and abroad and take over their management, lease companies or operations, conclude inter-company agreements, in particular profit transfer and control agreements, and establish branches and subsidiaries in Germany and abroad.

1 General Information

These financial statements have been prepared in accordance with §§ 242 et seq. and §§ 264 et seq. HGB and in accordance with the relevant provisions of the German Stock Corporation Act (AktG). The shares of 4SC AG have been traded on the Regulated Market of the German Stock Exchange (Prime Standard of the Frankfurt Stock Exchange) since 15 December 2005. In accordance with Section 267 (3) S. 2 of the German Commercial Code (HGB), the regulations for large corporations apply.

The structure of the balance sheet and the income statement complies with Sections 266 and 275 HGB, with the income statement being prepared using the nature of expense method. The financial statements have been prepared on the assumption that the company will continue as a going concern, taking into account the factors explained in section 5.2.5 of the management report.

As described in 4SC's forecast report in chapter 4 of the management report, the financing of 4SC AG operations is expected to be secure for at least the next 12 months of operations. The Management Board of 4SC expressly points out that this assessment is based on current forecasts and that the success of the measures is subject to uncertainties, so that actual results may differ materially from these assumptions.

The financial year is the calendar year. The financial statements are prepared in euros. The presentation is in thousands of euros (€ 000's). The commercial rounding applied may result in differences from the exact figures.

2 Accounting and valuation policies

The following accounting and valuation policies were applied in the preparation of the annual financial statements:

Purchased intangible assets are carried at cost and amortized on a straight-line basis over their useful lives and, where applicable, less impairment losses.

Property, plant and equipment are stated at cost and reduced by scheduled straight-line depreciation in accordance with their expected useful lives.

Fixed assets with an acquisition value of up to €800.00 in the year of addition are written off in full, and their immediate disposal is assumed.

Depreciation on additions to intangible assets and property, plant and equipment is generally charged on a pro rata temporis basis. The development of fixed assets is shown in the statement of changes in fixed assets in section 3.1 of these notes.

Financial assets are initially measured at cost. In the event of temporary impairment, the impairment option is not exercised, i.e. 4SC AG does not recognize any impairment losses in these cases. In the event of an impairment that is expected to be permanent, unscheduled write-downs are made in accordance with section 253 (3) HGB.

Receivables and other assets are carried at the lower of nominal value or fair value at the balance sheet date. The strict lower of cost or market principle pursuant to Section 253 (4) HGB is applied. Appropriate allowances are made for receivables whose collectability is subject to identifiable risks; uncollectible receivables are written off.

In accordance with Section 253 (1) HGB, marketable instruments are stated at the lower of cost or market value. The strict lower-of-cost-or-market principle pursuant to Section 253 (4) HGB has been observed.

Cash on hand and bank balances are stated at their nominal value.

Prepaid expenses include advance payments for service providers.

Other accruals take into account all uncertain liabilities and anticipated losses from pending transactions. They are recognized at the settlement amount deemed necessary in accordance with prudent business judgment. Non-current provisions are discounted using an interest rate with matching maturities.

Liabilities are stated at their settlement amount. Liabilities denominated in foreign currencies with a remaining term of one year or less are translated at the average spot exchange rate on the reporting date in accordance with section 256a HGB.

As part of the preparation of the financial statements for this report, 4SC has assessed the potential impact of higher inflation on its net assets and financial position. In general, persistent high inflation can lead to changes in business decisions and corporate outlook, but also to a reassessment of estimates, resulting in effects on the valuation of assets ("impairment triggers") and/or the recognition of provisions.

In the opinion of 4SC's Management Board, there is currently no sufficient reason to adjust or reassess the financial figures.

3 Notes to the balance sheet

3.1 FIXED ASSETS

The statement of changes in fixed assets shows the depreciation and amortization expense for the financial year:

(in €000's)	Acquisition and production costs				Accumulated depreciation				Book values	
	Balance as of 01 Jan 2024	Additions 2024	Disposals 2024	Balance at 31 Dec 2024	Balance as of 01 Jan 2024	Additions 2024	Disposals 2024	Balance at 31 Dec 2024	Balance at 31 Dec 2024	Balance at 31 Dec 2023
I. Intangible assets										
Concessions, industrial property rights and similar rights and assets acquired against payment, as well as licenses to such rights and assetc	13,252	0	0	13,252	12,619	506	0	13,125	127	633
II. Tangible fixed assets										
Other equipment, furniture and fixture	646	1	0	647	630	7	0	637	10	16
Low-value assets	0	1	1	0	0	1	1	0	0	0
	646	2	1	647	630	8	1	637	10	16
A. Fixed assets	**13,898**	**2**	**1**	**13,899**	**13,249**	**514**	**1**	**13,762**	**137**	**649**

Intangible assets mainly consist of the acquisition of rights to classes of active pharmaceutical ingredients from Nycomed in 2009. The useful lives applied corresponded to the patent terms at the acquisition date and the remaining term corresponds to 0.3 years.

3.2 RECEIVABLES AND OTHER ASSETS

(in €000's)	31 Dec 2024	31 Dec 2023
Trade accounts receivable	1	161
thereof due in more than one year	*0*	*0*
Other assets	201	248
thereof due in more than one year	*0*	*0*
Receivables and other assets	**202**	**409**
Thereof due in more than one year	***0***	***0***

3.3 CASH IN HANDS AND BALANCES WITH BANKS

This balance sheet item includes cash on hand and bank balances available on demand amounting to €811 thousand. In addition, the item includes time deposits with maturities of up to three months.

(in €000's)	31 Dec 2024	31 Dec 2023
Cash on hands	0	0
Bank balances available on a daily basis	811	1,320
Fixed-term deposits	7,500	7,000
Cash in hands and balances with banks	**8,311**	**8,320**

3.4 PREPAID EXPENSES

Prepaid expenses (2024: €212 thousand; 2023: €24 thousand) primarily comprise an advance payment for the procurement of API, which was made in accordance with the contract prior to the corresponding service provision.

3.5 EQUITY

SUBSCRIBED CAPITAL

The share capital is divided into 10,906,089 no-par value ordinary bearer shares. Each share represents a pro rata amount of the share capital of 4SC AG of € 1.00 and grants one vote at the Annual General Meeting. The current share capital is fully paid up. The shares of 4SC AG are securitized in global certificates without dividend coupons, which have been deposited with Clearstream Banking AG, Frankfurt am Main, as central securities depository.

The shareholder's right to securitization of his share or to individual securitization of shares is excluded pursuant to section 6 (3) of the Articles of Association.

CONDITIONAL CAPITAL

The Annual General Meetings (AGM) of the Company have resolved to conditionally increase the capital stock of the Company as follows.

Conditional Capital	Subscription rights	Amount (€000's)	Resolution of the AGM on	Purpose
VIII	225,000	225	17 Jun 2016	Granting of option rights to members of the Management Board and employees of the Company and its domestic and foreign affiliated companies with a term of up to ten years ("ESOP 2016")
IX	85,000	85	25 Aug 2017	Granting of option rights to members of the Management Board and employees of the Company and its domestic and foreign affiliated companies with a term of up to ten years ("ESOP 2017")
2024/I	3,000,000	3,000	20 Jun 2024	Granting of shares to the holders or creditors of convertible bonds and/or bonds with warrants, profit participation rights and/or participating bonds (or a combination of these instruments) yet to be issued

AUTHORIZED CAPITAL

On June 20, 2024 the Annual General Meeting authorized the Executive Board, with the approval of the Supervisory Board, to increase the Company's capital stock on one or more occasions on or before June 19, 2029 by up to €5,057,004 against cash or non-cash contributions by issuing a total of up to 5,057,004 new no-par bearer shares (Authorized Capital 2024/I). Out of these, 792,080 shares were utilized through the capital measure carried out in September 2024 and 4,264,924 remain for further use at later dates.

PROPOSED APPROPRIATION OF RESULTS

The Management Board proposes to carry forward the result to new account.

(in €000's)	
Accumulated losses as of 01 Jan 2024	-244,608
Net loss fort he year 2024	-8,334
Accumulated losses as of 31 Dec 2024	**-252,942**

3.6 PROVISIONS

Other provisions were recognized for outstanding invoices (2024: €440 thousand; 2023: €449 thousand), bonuses (2024: €123 thousand; 2023: €123 thousand), vacation entitlement (2024: €29 thousand; 2023: €33 thousand) and financial statements and audit costs (2024: €59 thousand; 2023: €56 thousand).

3.7 LIABILITIES

The remaining terms of the liabilities are shown in detail in the statement of liabilities. The liabilities are not collateralized.

(in 000's)	31 Dec 2024 Remaining term in years				31 Dec 2023 Remaining term in years			
	Up to 1	1 to 5	over 5	Total	Up to 1	1 to 5	over 5	Total
Trade accounts payable	438	0	0	438	383	0	0	383
Liabilities to associated companies	6,907	0	0	6,907	0	0	0	0
Other liabilities	148	0	0	148	205	0	0	205
thereof from taxes	*35*	*0*	*0*	*35*	*91*	*0*	*0*	*91*
thereof for social securities	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Verbindlichkeiten	**7,493**	**0**	**0**	**7,493**	**3,690**	**0**	**0**	**3,690**

3.8 OTHER FINANCIAL LIABILITIES TO SECTION 285 NO. 3 HGB

This item includes financial obligations for subsequent years after the balance sheet date arising from the rental agreement for the operating and business premises of 4SC AG. This agreement was concluded on June 6, 2023 for a period of one and a half year and extended by one year to December 31, 2025. Furthermore, a lease agreement for one printing system was concluded with a contractual term until December 31, 2026.

The future payments to be made under the above contracts are as follows:

(in €000's)	
2025	58
2026 – 2028	4
2029	0
Total	**62**

Financial obligations in addition to those arising from rental agreements mainly result from external services in connection with the performance of clinical trials and amount to €2.2 million (2023: up to €5.0 million). The due date may vary depending primarily on the corresponding progress of the studies. There are no contingent liabilities as of the balance sheet date. The total amount of other financial obligations is therefore €2.2 million (2023: €5.0 million).

4 Notes to the income statement

4.1 REVENUE

In the financial year 2024, 4SC AG generated total revenues of €336 thousand (2023: €304 thousand), mainly as follows:

The sale of domatinostat drug substance batches in connection with the license agreement with Vuja De Sciences, Inc. New Jersey, USA (Vuja De) of €102 thousand (2023: € nil) and a fee for extension of the exercise period of €100 thousand. In November 2024, 4SC and Tuari Therapeutics GmbH, Wolfratshausen, Germany (Tuari) signed an asset sale agreement for 4SC's RAL inhibitor program resulting in an initial payment of €50 thousand.

Reimbursements for services, which were mainly charged to the two partner Yakult Honsha Co. Ltd., Japan (Yakult Honsha) and Vuja De, increased revenues by €84 thousand (2023: €95 thousand). The costs incurred by 4SC for this included externally rendered services in connection with the RESMAIN study and patent costs to be charged on.

- INFORMATIONEN ABOUT PRODUCTS AND SERVICES

(in €000's)	2024	2023
Revenue from compensation payments / material transfer agreements	252	175
Other services and recharges	84	95
Revenue from sublease	0	34
Revenues	**336**	**304**

- INFORMATIONEN ABOUT GEOGRAPHICAL AREAS

(in €000's)	2024	2023
Germany	50	34
EU (without Germany)	0	0
Other countries	286	270
Revenues	**336**	**304**

4.2 OTHER OPERATING INCOME

(in €000's)	2024	2023
Disposal of fixed assets	0	49
Tax refunds	9	0
Income from the reversal of provisions/liabilities	2	41
Income from currency conversion	0	1
Other operating income	**11**	**91**

Other operating income mainly consists of one-off tax refunds.

4.3 COST OF MATERIALS

(in €000's)	2024	2023
Cost of raw materials and supplies	0	0
Cost of purchased services	84	95
Costs of materials	**84**	**95**

Expenses for purchased services consist mainly of external third-party services, which were mainly charged to the cooperation partners Yakult Honsha and Vuja De within the framework of existing agreements.

4.4 DEPRECIATION

Depreciation and amortization does not include impairment losses on capitalized patents.

4.5 OTHER OPERATING EXPENSES

Other operating expenses mainly result from externally provided services for 4SC's clinical development programs. Expenses from currency translation included therein amounted to €1 thousand in the financial year (2023: €1 thousand).

4.6 WRITE-DOWNS ON SECURITIES HELD AS CURRENT ASSETS

The write-downs on securities result from the quarterly valuation of Kiora shares

4.7 FINANCIAL RESULT

The financial result amounted to €-91 thousand (2023: €159 thousand). This was due to financial income of €214 thousand (2023: €262 thousand) offset by higher interest expenses of €305 thousand (2023: €103 thousand).

5 Information on the Management Board and the Supervisory Board

5.1 MANAGEMENT BOARD

MEMBERS OF THE MANAGEMENT BOARD

The Management Board members authorized to represent the company in the year under review were as follows:

Jason Loveridge, Ph.D., CEO, Winchester, United Kingdom

Kathleen Masch-Wiest, COO, Poing, Germany

APPROVAL OF THE MANAGEMENT BOARD'S ACTIVITIES

At the Annual General Meeting on 20 June 2024, the actions of the Management Board members Dr. Jason Loveridge and Kathleen Masch-Wiest for the fiscal year 2023 were discharged.

CURRENT MEMBERSHIPS IN OTHER CONTROL BODIES AND SUPERVISORY BOARDS

As of the reporting date and until the preparation of the annual financial statements, Jason Loveridge, Ph.D. held the following memberships in other controlling bodies and supervisory boards:

Managing Director of Warambi Ltd., Winchester, United Kingdom

Kathleen Masch-Wiest had no memberships in other controlling bodies or supervisory boards as of the reporting date or until the preparation of the annual financial statements.

REMUNERATION OF THE BOARD OF MANAGEMENT

The total remuneration of the Board of Management amounted to €779 thousand in the reporting year (2023: €783 thousand).

5.2 SUPERVISORY BOARD

REMUNERATION OF THE SUPERVISORY BOARD

The total remuneration of the Supervisory Board amounted to €268 thousand in the reporting year (2023: €268 thousand).

APPROVAL OF THE SUPERVISORY BOARD'S ACTIVITIES

The Supervisory Board was discharged from responsibility for the 2023 financial year at the Annual General Meeting on 20 June 2024.

MAIN OCCUPATIONAL ACTIVITY, CURRENT MEMBERSHIPS OF OTHER CONTROL BODIES AND SUPERVISORY BOARDS

Clemens Doppler, Ph.D. is Chairman of the Supervisory Board and Founder, Partner and Managing Director of HeidelbergCapital Asset Management GmbH, Heidelberg, Germany

Memberships in other statutory supervisory boards and comparable domestic and foreign supervisory bodies

- Curofin GmbH, Berlin, Germany, Chairman of the Advisory Board
- Merlion Pharmaceuticals Inc., Berlin, Germany / Singapore, Chairman of the Supervisory Board
- Merlion Pharmaceuticals GmbH, Berlin, Germany, Chairman of the Advisory Board
- veriNOS pharmaceuticals GmbH, Würzburg, Germany, Member of the Advisory Board

Manfred Rüdiger, Ph.D. is Deputy Chairman of the Supervisory Board and Managing Director / CEO of Ariceum Therapeutics GmbH, Berlin, Germany (formerly SatoSea Oncology)

Memberships in other statutory supervisory boards and comparable domestic and foreign supervisory bodies

- Thermosome GmbH, Planegg-Martinsried, Germany, Chairman of the Advisory Board

Helmut Jeggle is Founder / Managing Partner of Salvia GmbH, Holzkirchen, Germany

Memberships in other statutory supervisory boards and comparable domestic and foreign supervisory bodies

- AiCuris AG, Wuppertal, Germany, Member of the Supervisory Board
- Bambusa Therapeutics Inc., Boston, USA, Member of the Board
- BioNTech SE, Mainz, Germany, Chairman of the Supervisory Board
- CorTec GmbH, Freiburg, Germany, Chairman of the Advisory Board
- Solaris Pharma Corporation, Bridgewater, USA, Member of the Board
- tonies SE, Düsseldorf, Germany, Member of the Supervisory Board

Prof. Helga Rübsamen-Schaeff, Ph.D. is Member of various Supervisory Boards and Advisory Councils

Memberships in other statutory supervisory boards and comparable domestic and foreign supervisory bodies

- AiCuris Anti-Infective Cures AG, Wuppertal, Germany, Member of the Supervisory Board

Irina Antonijevic, M.D., Ph.D. is Chief Medical Officer of Trace Neuroscience Inc., South San Francisco, CA, USA

Memberships in other statutory supervisory boards and comparable domestic and foreign supervisory bodies

- Biohaven Pharmaceuticals Inc., New Haven, Connecticut, USA, Member of the Supervisory Board
- veriNOS pharmaceuticals GmbH, Würzburg, Germany, Member of the Board

6 Other information

6.1 AVERAGE NUMBER OF EMPLOYEES PURSUANT TO SECTION 285 NO. 7 HGB

The average number of employees during the financial year in 2024, excluding the Management Board, was 13 (2023: 14).

Of the 13 employees (excluding the Management Board), 8 (2023: 9) work in development and 5 in administration (2023: 5).

In addition, two Management Board members were employed at 4SC AG in 2024 (2023: two Management Board members), so that the average total number of employees was 15 in 2024 and 16 in 2023.

6.2 STOCK OPTION PLAN

As of December 31, 2024, there are still 297,323 options from the option programs and tranches issued to date.

6.3 RELATED PARTY TRANSACTIONS

The loan agreement entered into in 2022 with Santo Holding (Deutschland) GmbH, which gives the Company access to a further €3 million in funding, was fully utilized in April 2023. The resulting interest expenses of €253 thousand will not be due until the loan is repaid. In December 2024, the term of the contract was extended by a further year.

In March 2024, 4SC entered into a second loan agreement with its largest shareholder, which provides the Company with access to an additional €3.5 million in available funds and was fully utilized in July 2024. The resulting interest expenses of €155 thousand will only become due upon repayment of the loan.

In September 2024, 4SC successfully completed a cash capital increase with 792,080 new shares at a nominal value of €1.00 each and gross proceeds of around €4.0 million, which was fully subscribed by Santo Holding (Deutschland) GmbH.

6.4 AUDITOR'S FEES PURSUANT TO SECTION 285 NO. 17 HGB

The Annual General Meeting of 20 June 2024 appointed MSW GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Straße des 17. Juni 106, 10623 Berlin, Germany, to serve as the auditor of the 2024 financial statements.

(in €000's)	2024	2023
Audit service	43	43
Other verification services	5	5
Total fee billed	**48**	**48**

6.5 REPORTABLE EQUITY INVESTMENTS PURSUANT TO SECTION § 160 ABS. 1 NO. 8 AKTG

The following table shows the major shareholders of 4SC AG who - on the basis of the notifications received from the Company pursuant to Section 33 et seq. Securities Trading Act (WpHG) - hold more than 3% of the shares in the Company. The stated figures always refer to the last published notification. However, the actual figures on 31 December 2024 may differ from these figures.

Notifying company	Date of notification	Voting share
ATS Beteiligungsverwaltung GmbH, Munich, Germany ATHOS KG, Munich, Germany	18 September 2024	20.35%
Roland Oetker, Germany	12 June 2023	3.02%
Santo Holding (Deutschland) GmbH, Holzkirchen, Germany	18 September 2024	52.09%

ATHOS Beteiligung GmbH, Holzkirchen prepares consolidated financial statements which are available in the company register.

6.6 CORPORATE GOVERNANCE CODE PURSUANT TO SECTION § 285 NO. 16 HGB

In December 2024, the Management Board and Supervisory Board of the Company declared in accordance with Section 161 of the German Stock Corporation Act (AktG) that they comply with the recommendations of the "Government Commission on the German Corporate Governance Code" published by the German Federal Ministry of Justice in their entirety, with some exceptions. The declarations of conformity were made permanently available to the public on the same day on the website www.4sc.de and are reproduced in section 6 of the company's management report.

6.7 EVENTS AFTER THE REPORTING PERIOD

In early January 2025 4SC announced that it had submitted its responses to the Day-120 List of Questions from the European Medicines Agency (EMA) in December 2024 as required, following 4SC's Marketing Authorisation Application (MAA) filing for resminostat (Kinselby) in March 2024. The EMA has notified 4SC that examination of the Company's MAA shall continue according to schedule.

In March 2025 4SC announced that it was informed by the European Medicines Agency (EMA), that based on its review of the final data and the Company's responses to questions, the application for resminostat (Kinselby) an orphan medicinal product for the treatment of patients with CTCL is currently not approvable since "major objections" preclude a recommendation for marketing authorisation at this stage (Day-180 Assessment Report).

Planegg-Martinsried, Germany dated 13 March 2025

Jason Loveridge, Ph.D.
CEO

Kathleen, Masch-Wiest
COO

Cash Flow Statement

(in €000's)	2024	2023
Cash flows from operating activities		
Net loss	-8,334	-8,237
Adjustments for items in the statement of comprehensive income		
Depreciation and amortization	514	531
Decrease in marketable securities	1	3
Interest expenses / Interest income	91	-159
Other non-cash items	-17	31
Changes in balance sheet items		
Decrease / increase in Trade accounts receivable and other assets, that are not attributable to investing or financing activities	19	-216
Decrease / increase in Provisions	-10	-1,518
Decrease / increase in Trade accounts payable and other liabilities, that are not attributable to investing or financing activities	2	-345
Interest received / Interest paid	227	228
Profit / loss from the disposal of fixed assets	0	134
Total cash flows operating activities	**-7,507**	**-9,548**
Cash flows from investing activities		
Payments made for investments of property, plant and equipment	-2	-2
Proceeds from disposals of property, plant and equipment	0	49
Total cash flows from investing activities	**-2**	**47**
Cash flows from financing activities		
Payments to share captial	792	0
Payments to share premium	3,208	0
Deposit of shareholder loans	3,500	3,000
Total cash flows from financing activities	**7,500**	**3,000**
Net change in cash and cash equivalents	**-9**	**-6,501**
+ Cash and cashequivalents at beginning of the period	8,320	14,821
= Cash and cashequivalents at the end of the period	**8,311**	**8,320**

Statement of changes in equity

(in €000's)	Share capital	Share premium	Accumulated loss	Total
Balance as of 1 Jan 2023	**10,114**	**239,546**	**-236,371**	**13,289**
Total income 2023			-8,237	-8,237
Annual result 2023			*-8,237*	*-8,237*
Balance at 31 Dec 2023	**10,114**	**239,546**	**-244,608**	**5,052**
Balance as of 1 Jan 2024	**10,114**	**239,546**	**-244,608**	**5,052**
Capital increase 18 Sep 2024	792	3,208	0	4,000
Total income 2024			-8,334	-8,334
Annual result 2024			*-8,334*	*-8,334*
Balance at 31 Dec 2024	**10,906**	**242,754**	**-252,942**	**718**

Independent auditor's report

Note: This is a convenience translation of the German original.

Solely the original text in German language is authoritative.

To 4SC AG, Planegg-Martinsried, Munich County

REPORT ON THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND THE MANAGEMENT REPORT

Audit Opinions

We have audited the annual financial statements of 4SC AG, Planegg-Martinsried, comprising the balance sheet as of 31 December 2024, the income statement for the financial year from 1 January 2024 through 31 December 2024, the cash flow statement and the statement of changes in equity for the financial year from 1 January 2024 through 31 December 2024 as well as the notes to the annual financial statements, including a summary of significant accounting and valuation methods. In addition, we have audited 4SC AG's management report for the financial year from 1 January 2024 through 31 December 2024. In accordance with the German statutory provisions, we have not audited the content of those parts of the management report listed in the "Other Informations" section.

In our opinion, on the basis of the knowledge obtained during the audit,

- the attached annual financial statements comply, in all material respects with the German commercial law provisions applicable to corporations and give a true and fair view of the Company's assets and financial position as of 31 December 2024, and of its results of operations for the financial year from 1 January 2024 through 31 December 2024 in accordance with German principles of proper accounting; and
- the attached management report as a whole provides a true and fair view of the Company's position. In all material respects, this management report is consistent with the financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of the Company's future development. We do not express an audit opinion on the components of the management report listed in the "Other information" section.

Pursuant to Section 322 (3) Sentence1 HGB, we declare that our audit has not led to any reservations relating to the financial statements' and the management report's legal compliance.

Basis for the audit opinions

We conducted our audit of the annual financial statements and of the management report in accordance with Section 317 HGB and the EU Audit Regulation (No. 537/2014, hereinafter referred to as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the *Institut der Wirtschaftsprüfer* (Institute of Public Auditors in Germany; "IDW"). Our responsibilities under these requirements and principles are further described in the sections "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report" in our auditor's report. We are independent from the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. Furthermore, we declare in accordance with Article 10 Section 2 lit. f) of the EU Audit Regulation, that we have not provided any non-audit services prohibited under Article 5 Section 1 of the EU Audit Regulation. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the annual financial statements and on the management report.

Material uncertainty related to the going concern assumption - at the same time key audit matters in the audit of the annual financial statements

Facts and problem definition

We refer to the information in the notes to the financial statements under section "1 General information" and to the disclosures in the management report under sections "2.11 Forecast report (outlook)", "4.2 Financial forecast" and "5.2.5 Overall assessment of the risk situation", in which the legal representatives describe that the company will continue to rely on additional funds from capital measures in the future. In view of the current financial planning and the planned operating activities, the Management Board assumes that the currently available financial resources will be sufficient for at least the next 12 months of business activities. The Management Board of 4SC expressly points out that this assessment is based on current forecasts and that its accuracy is subject to uncertainties, meaning that the actual results may differ significantly. As explained in the section in the notes under "1 General information" and in the sections in the management report under "2.11 Forecast report (outlook)", "4.2 Financial forecast" and "5.2.5 Overall assessment of the risk situation", these assumptions and circumstances indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue its business activities and that represent a going concern risk within the meaning of Section 322 (2) sentence 3 HGB.

<u>Reasons for determining material uncertainty as the most significant assessed risk of material misstatement</u>

The annual financial statements of 4SC AG have been prepared on a going concern basis. As explained in the previous section, there are circumstances that could jeopardize the continued existence of 4SC AG. Due to the significance for the annual financial statements and the management report and due to the existing uncertainty about the occurrence of the assumptions and conditions underlying the medium-term corporate planning, the assessment of the appropriateness of the going concern assumption was a key audit matter for us in the context of our audit.

<u>Audit approach and conclusions</u>

In the course of our audit, we considered whether the preparation of the annual financial statements on the assumption that the company will continue its business activities as a going concern and whether the presentations of the risks to the company as a going concern in the notes and the management report are appropriate. In particular, we examined the liquidity forecasts and plans of the Management Board for future measures and assessed whether the liquidity forecasts are plausible and the plans of the Management Board are feasible under the given circumstances. We critically assessed the plausibility of the prospects of implementing the planned measures. In addition, we assured ourselves as to the adequacy of the disclosures made in the annual financial statements and the management report.

Our audit opinions have not been modified with respect to these matter.

Key Audit Matters in the Audit of the annual Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the financial year from 1 January 2024 through 31 December 2024.

Apart from the matter described in section "Material uncertainty related to the going concern assumption", in our view there were no other significant matters.

Other information

The legal representatives and the Supervisory Board are responsible for other information. Other information comprises the following parts of the annual report:

- 4SC in 2024,
- Report of the Supervisory Board,
- Responsibility Statement of the legal representatives (Section 264 (2) Sentence 3 HGB, Section 289 (1) Sentence 5 HGB),
- declaration of compliance pursuant to Section 289f HGB,
- the reference to the remuneration report pursuant to Section 162 AktG and the information to which the reference relate.

Our audit opinions on the financial statements and on the management report do not cover other information, and consequently we do not express an audit opinion or any other form of audit conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in doing so, to assess whether the other information

- is materially inconsistent with the annual financial statements, with the management report or our knowledge obtained during the audit; or
- otherwise seems to have been materially misstated.

Responsibilities of the Legal Representatives and the Supervisory Board for the Financial Statements and the Management Report

The legal representatives are responsible for the preparation of the annual financial statements in accordance with German principles of proper accounting provide a true and fair view of the Company's assets, financial position, and results of operations. Furthermore, the legal representatives are responsible for internal controls which they have determined to be necessary in order to prepare annual financial statements that are free from material misstatements, whether due to fraud or error (i.e. manipulation of the accounting system or misstatement of assets).

In preparing the annual financial statements, the legal representatives are responsible to assess the Company's ability to continue as a going concern. They also have the responsibility to disclose, as applicable, matters related to the continuation as a going concern. Furthermore, they are responsible for financial reporting based on the going concern principle unless this is precluded by factual or legal circumstances.

Furthermore, the legal representatives are responsible for the preparation of the management report that, as a whole, provides a true and fair view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. Furthermore, the legal representatives are responsible for such arrangements and measures (systems) they have deemed necessary in order to provide for the preparation of a management report that is in accordance with applicable German legal requirements, and in order to provide sufficiently appropriate evidence for the assertions in the management report.

The Supervisory Board is responsible to monitor the Company's financial reporting process for the preparation of the financial statements and of the management report.

Auditor's Responsibilities for the Audit of the annual Financial Statements and of the Management Report

Our objective is to obtain reasonable assurance as to whether the annual financial statements as a whole are free from any material misstatements, whether due to fraud or error, and whether the management report as a whole presents a true and fair view of the Company's position and is, in all material respects, consistent with the annual financial statements and the knowledge obtained during the audit, complies with German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the financial statements and on the management report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the IDW will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of addressees taken on the basis of these annual financial statements and the management report.

Throughout the entire audit, we exercise professional judgment and maintain professional skepticism. We also:

- identify and assess the risks of material misstatements in the annual financial statements and the management report, whether due to fraud or error, plan and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting any material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls;
- obtain an understanding of the internal control system relevant for the audit of the financial statements and of arrangements and measures relevant for the audit of the management report in order to plan audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of the Company's systems;
- evaluate the appropriateness of accounting policies applied by the legal representatives and the reasonableness of estimates made by the legal representatives as well as the related disclosures;
- draw conclusions on the appropriateness of the legal representatives' application of the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists in connection with events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial statements and in the management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the financial

statements provide a true and fair view of the Company's assets, financial position and results of operations in accordance with German principles of proper accounting;

- evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and its presentation of the Company's position;
- perform audit procedures on the prospective information presented by the legal representatives in the management report. On the basis of sufficiently appropriate audit evidence we evaluate, in particular, the significant assumptions used by the legal representatives as a basis for the prospective information and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the underlying assumptions. There is a substantial unavoidable risk that future events will differ significantly from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes the public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on the assurance on the electronic rendering of the annual financial statements and the management report in accordance with Section 317 (3a) HGB

Assurance opinion

We have performed an assurance engagement in accordance with Section 317 (3a) HGB to obtain reasonable assurance about whether the reproduction of the annual financial statements and the management report (hereinafter the "ESEF documents") contained in the attached electronic file (SHA256: 645cde10aa8788b616fa5427d7066f6a523d2393ba032a631dca41c2ad125be2) and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance engagement only extends to the conversion of the information contained in the annual financial statements and the management report into the ESEF format and therefore relates neither to the information contained within this reproduction nor to any other information contained in the electronic file identified above.

In our opinion, the rendering of the annual financial statements and the management report contained in the file identified above and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinions on the accompanying annual financial statements and the accompanying management report for the financial year from 1 January to 31 December 2024, contained in the "Report on the audit of the annual financial statements and of the management report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the file identified above.

Basis for the assurance opinion

We conducted our assurance engagement on the rendering of the annual financial statements and the management report contained in the file identified above in accordance with Section 317 (3a) HGB and the IDW Assurance Standard: Assurance on the Electronic Rendering of Financial Statements and Management Reports Prepared for Publication Purposes in Accordance with Section 317 (3a) HGB (IDW AsS 410, 06.2022). Our responsibility in accordance therewith is further described in the "Auditor's Responsibilities for the Assurance Engagement on the ESEF Documents" section. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in the Audit Firm (IDW QS 1).

Responsibilities of the executive directors and the supervisory board for the ESEF documents

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic rendering of the annual financial statements and the management report in accordance with Section 328 (1) Sentence 4 No. 1 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have determined necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB for the electronic reporting format.

The supervisory board is responsible for overseeing the preparation of the ESEF documents as part of the financial reporting process.

Auditor's responsibilities for the assurance work on the ESEF documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB. We exercise professional judgment and maintain professional skepticism throughout the audit.

We also

- identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion;

- Obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls;

- Evaluate the technical validity of the ESEF documents, i.e., whether the file containing the ESEF documents meets the requirements of Commission Delegated Regulation (EU) 2019/815, in the version in force at the date of the financial statements, on the technical specification for this file;

- Evaluate whether the ESEF documents enable an XHTML rendering with content equivalent to the audited annual financial statements and to the audited management report.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as auditor by the annual general meeting on 27 April 2024. We were engaged by the supervisory board on 12 July 2024. We have been the auditor of 4SC AG, Munich County, without interruption since the fiscal year 2024.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

Other matter – Use of the Auditor's report

Our auditor's report must always be read together with the audited annual financial statements and the audited management report as well as the assured ESEF documents. The annual financial statements and the management report converted to the ESEF format – including the versions to be published in the company register – are merely electronic renderings of the audited annual financial statements and the audited management report and do not take their place. In particular, the ESEF report and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

RESPONSIBLE AUDITOR

The German Public Accountant responsible for the audit is Mathias Thiere Ph.D..

Berlin, dated 13 March 2025

MSW GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Thiere, Ph.D.
Wirtschaftsprüfer
[German Public Auditor]

Responsibility Statement

„To the best of our knowledge, and in accordance with the applicable reporting regulations, the annual financial statements give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company, and the management report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the material opportunities and risks associated with the expected development of the Company."

Planegg-Martinsried, Germany, 13 March 2025

Jason Loveridge, Ph.D.
CEO

Kathleen Masch-Wiest
COO

GLOSSARY

CLINICAL DEVELOPMENT

The performance of studies on patients in order to advance a drug candidate to market approval.

CTCL

Cutaneous T-cell lymphoma, a specific type of blood cancer in which certain white blood cells (T cells) multiply uncontrollably, primarily affecting the skin.

FIRST-LINE THERAPY

The first therapy used to treat the patient following diagnosis.

HDAC

Histone deacetylase. HDACs are epigenetically active enzymes that among other things modify histones by removing acetyl groups from them. The HDACs thereby enable a greater or lesser degree of expression of certain genes. The development of HDAC inhibitors holds enormous potential in the fight against cancer.

INDICATION

Medical field of application for a compound.

INHIBITOR

A blocking substance.

MAINTENANCE THERAPY

Therapy prolonging the period patients are stable and not relapsing after a successful prior treatment.

ONCOLOGY

The scientific study of cancer.

SMALL-MOLECULE COMPOUNDS

Compounds with a low molecular weight. In some cases, their small size enables these compounds to penetrate directly into cells and take effect there. The vast majority of currently approved drugs are small-molecule compounds.

TOP-LINE DATA

The outcome of the primary endpoint, specifically whether, or not, the primary endpoint of the clinical study has been met including the statistical significance of this outcome measure.

5-YEAR OVERVIEW 4SC – KEY FIGURES AT A GLANCE (HGB)

- RESULTS OF OPERATIONS AND CASH FLOWS

(In € 000's, unless stated otherwise)	2024	2023	2022	2021	2020
Revenue	336	304	436	14,009	2,359
Net profit for the year	*-8,334*	*-8,237*	*-14,361*	*-9,628*	*-18,193*
Earnings per share (basic and diluted) in €*	-0.76	-0.81	-1.42	-0.95	-1.80
Monthly use of cash from operations (average)**	626	792	1,190	1,009	1,339
Cash flows from financing activity	4,000	0	0	0	7,540

* Earnings per share (basic and diluted) were retrospectively adjusted for periods prior to the capital reduction through reverse share split in 2021.
** Calculation: (Change in cash funds at year-end compared with the previous year + proceeds from financial activities and debt from shareholder loans) / 12

- FINANCIAL POSITION AND NET ASSETS, STAFF (at year-end)

(In € 000's, unless stated otherwise)	2024	2023	2022	2021	2020
Equity	718	5,052	13,289	27,650	37,278
Equity ratio in %	8.1	53.7	81.0	84.0	91.0
Total assets	8,862	9,403	16,401	32,909	40,987
Cash balance/funds	8,311	8,321	14,825	29,022	36,203
Number of employees (incl. Management Board)	15	15	17	46	48
Number of full-time equivalents (incl. Management Board)	13	13	15	39	44

FINANCIAL CALENDAR

- 2024

Annual Report 2024	**28 March 2025**
Q1 Announcement 2025	17 April 2025
Annual General Meeting 2025	16 July 2025
Half-Year Report 2025	8 August 2025
Q3 Announcement 2025	17 October 2025

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
- Presentations
- General investor information

CORPORATE COMMUNICATIONS & INVESTOR RELATIONS

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DISCLAIMER

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 management report. 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.

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