Biofrontera
Experts in dermatology

News Release

Biofrontera significantly increases its turnover in Germany in 2014

- Increase in revenues by nearly 30% in Germany
- Major investment in R&D in order to extend product indications and to prepare for marketing approval in the USA
- Successful completion of the Phase III study for field therapy of actinic keratosis
- Revenues for 2015 expected to increase to EUR 4-5 million

Leverkusen, Germany, 10 April 2015 – Biofrontera AG (FSE/AIM:B8F), the specialist in sun-induced skin cancer, increased its turnover in Germany by more than 27% in the 2014 financial year, to EUR 2.4 million (previous year: EUR 1.9 million). Total sales were nearly constant at EUR 3.1 million. The net loss before tax went from EUR -8.1 million to EUR -10.7 million, which is attributable, among other things, to significantly higher expenses for the ongoing approval process in the USA and the extension of the indications for the main product Ameluz® in Europe.

Operational progress achieved

Biofrontera has achieved its objectives regarding an increase in turnover in Germany. Sales in other European countries, however, were lower than expected. The reason for this was that the distribution partners in Europe still had stock inventories during 2014 that did not need to be replenished until 2015. Biofrontera continues to pursue its two main strategic objectives: the approval of Ameluz® to treat actinic keratosis in the USA and the approval of Ameluz® to treat basal cell carcinoma in Europe. Biofrontera has made significant progress with both issues. The dossier for the US approval is expected to be submitted for approval to the Food and Drug Administration (FDA) in the second quarter of 2015. The Phase III study to extend the indication for Ameluz® in Europe to basal cell carcinoma will probably be completed by the end of 2015. With the approval of Ameluz® for actinic keratosis and basal cell carcinoma, sales are expected to increase significantly, also outside of Germany.

Key financial figures in line with forecasts

Biofrontera has remained within its revised forecast from autumn 2014, with turnover of EUR 3.1 million. The consolidated profit/loss before tax of EUR -10.7 million is also in line with expectations. Preparations for market entry in the USA and market expansion in Europe required extensive preliminary work and expense in 2014. Expenditure for research and development thus amounted to EUR 4.5 million (previous year: EUR 3.2 million), an increase of 42% compared to the previous year's figure. There was also a significant increase in distribution costs, which amounted to EUR 3.9 million (previous year: EUR 3.0 million). Cost of Sales fell to EUR 1.1 million, thus now accounting for 36% of turnover. In the previous year, the cost of sales ratio was 51%. The structural improvement in the gross margin is attributable both to an improvement in product costs as well as to savings compared to the

previous year resulting from the fulfilment of EMA requirements in the production area. Undiluted earnings per share remained nearly constant at EUR -0.49 (previous year: EUR -0.47) Following the successful capital increase in 2014, however, it is associated with a significantly higher number of shares.
As at 31 December 2014, Biofrontera had liquid assets amounting to EUR 8.5 million, with total balance sheet assets of EUR 14.0 million. The number of employees rose to 46 (previous year: 38).

Outlook 2015: moving forward with the approval process, increasing turnover

Biofrontera will continue to pursue its two most important objectives: the approval of Ameluz® to treat actinic keratosis in the USA and the extension of the indications to include basal cell carcinoma in Europe. We are currently compiling the dossier with all the study results for the FDA and want to submit this during the second quarter of 2015. About one year is then expected to be required to be granted approval. In Europe, patient recruitment for the phase III study for basal cell carcinoma has taken longer than originally planned, so the number of patients required is expected to be reached only by the end of April 2015. Hence, the clinical part of the study would end in October 2015 and the approval extension could be submitted to the EMA by the end of the year. In this case, approval would be expected by the first half of 2016.
Biofrontera expects a further increase in turnover in Germany and also higher revenues in Europe in 2015. We currently expect a total turnover of EUR 4-5 million. Considerable resources are also expected to be invested in market development in 2015. The type of business model chosen for the USA will be crucial in determining commercial performance. So Biofrontera is faced with a decision as to whether the distribution should be carried out in the form of a collaboration with another company or under its own auspices. The second option would initially require additional investment. With this, however, Biofrontera could eventually retain all the turnover and profits itself and thus probably lay the foundation for a much higher valuation of the company. Conversely, cooperation with distribution partners may lead to a down payment being paid in 2015, which would improve the turnover and earnings performance in the short term. The decision should be made in good time to allow Ameluz® to be launched on the market as soon as possible after receiving approval. In the above-mentioned target figure for turnover in 2015, neither of the scenarios have yet been investigated in-depth, as no reliable conclusions can be drawn about this at the moment.
Professor Hermann Lübbert, Chairman of the Executive Board: "We will continue to strive assiduously to realise the enormous potential of Ameluz® so that Biofrontera can further develop into an independent pharmaceutical company. We have achieved important progress in this regard during 2014. We are now laying the groundwork to tap into our products' potentials and make Biofrontera a highly successful company in the medium term".

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Enquiries, please contact:

Biofrontera AG	+49 (0) 214 87 63 2 0
Prof. Hermann Lübbert, Chief Executive Officer	press@biofrontera.com
Thomas Schaffer, Chief Financial Officer	www.biofrontera.com
IR Germany: Brainwell Asset Solutions	+49 (0) 152 08931514
Jürgen Benker	
Nomad and Broker: Shore Capital	+44(0) 20 7408 4090
Bidhi Bhoma / Toby Gibbs	
IR UK: Seton Services	+44(0) 20 7603 6797
Toni Vallen	
Financial PR: Gable Communications	+44(0) 20 7193 7463
John Bick	+44 (0)7872 061007

Background:

The **Biofrontera Group** (FSE/AIM: B8F, ISIN DE0006046113) is a biopharmaceutical company specialising in the development, sale and distribution of drugs and medical cosmetics for the care and treatment of skin diseases. Biofrontera's most important product is **Ameluz®**, a prescription drug which is approved in Europe for the treatment of mild and moderate actinic keratosis (superficial skin cancer) with photodynamic therapy (light therapy). Biofrontera is the first German pharmaceutical start-up company to obtain centralised approval for a drug it has developed itself. The company also plans for Ameluz® to be approved for basal cell carcinoma and is currently preparing for approval in other countries, especially in the largest pharmaceutical market in the world, the United States.

The company also markets the Belixos® dermatological range of cosmetics. Belixos® products contain combinations of active substances extracted from plants, relieve itching and redness and are used for the regenerative care of chronic skin conditions such as atopic dermatitis or psoriasis. At the moment, Belixos® cream, gel and scalp tonic are available through Amazon.

The Biofrontera Group was established in 1997 by Prof. Dr Hermann Lübbert, the Chairman of the company's Management Board, and has its headquarters in Leverkusen, Germany.

www.biofrontera.com

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