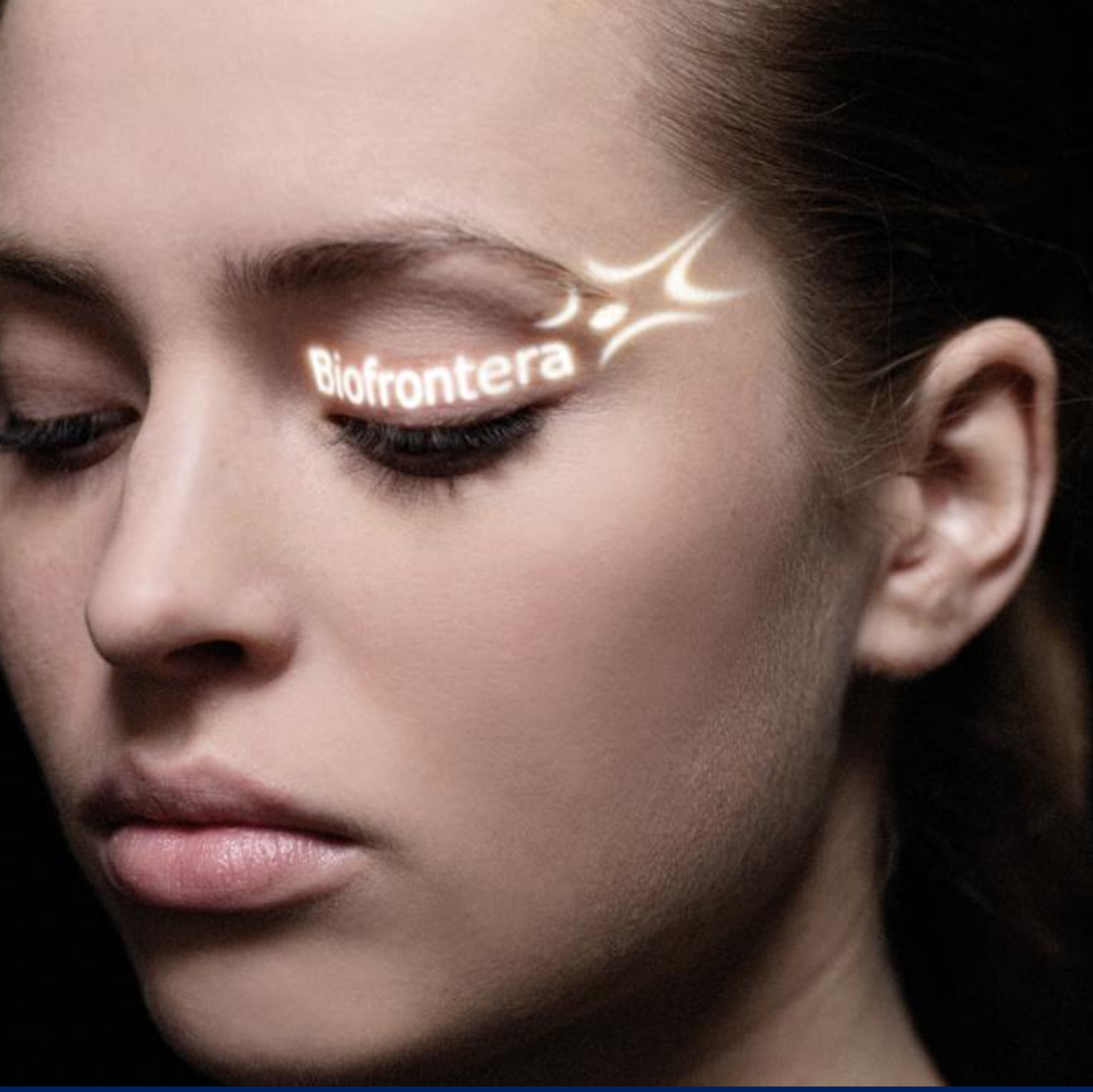

Biofrontera
Experts in dermatology

Interim Report

for Biofrontera AG, Leverkusen, Germany

on 31 March 2013

Contents

1. Biofrontera AG

Biofrontera AG, of Leverkusen, Germany, provides information in this interim report about key issues and the development of business based on the consolidated group information (IFRS) for the unaudited first quarter of 2013, in accordance with the TUG transparency guidelines, § 37x paragraph 1 sentence 1 WpHG (German Securities Trading Act).

Biofrontera AG is a holding company with four operational subsidiaries. It holds 100% of the shares in Biofrontera Bioscience GmbH, Biofrontera Pharma GmbH, Biofrontera Development GmbH and Biofrontera Neuroscience GmbH. The financial year of all the individual companies and the group (hereinafter also referred to as 'Biofrontera' or the 'Biofrontera Group' or the 'Company' or 'the enterprise') is the calendar year. All the companies have their registered offices in Germany at 51377 Leverkusen, Hemmelrather way 201.

Biofrontera Bioscience GmbH is responsible for product development and research. This company holds the rights to the active ingredient candidates and is the holder of the approval certification for Biofrontera's first prescription medicine Ameluz®.

Biofrontera Pharma GmbH is responsible for the Group's sales and marketing activities. A cooperation and licensing agreement with Biofrontera Bioscience regulates the handling and use of patent and trademark rights.

Biofrontera Development GmbH holds the rights to the development candidate BF-derm1.

Biofrontera Neuroscience GmbH holds the rights to the development candidate BF-1.

Biofrontera is one of only a few small corporate groups that have acquired all the necessary authorisations and the necessary group structures for successfully developing and obtaining approval for prescription medicines as well as for medical devices and cosmetics.

2. Business development and finances

The products currently marketed by the Biofrontera Group are the prescription medicine Ameluz® for photodynamic treatment (PDT) of actinic keratosis (AK), a superficial form of skin cancer, the PDT lamp BF-RhodoLED® and the medical cosmetic Belixos® for regenerative care of inflamed and itchy skin.

Biofrontera markets its products in Germany via its own dermatological sales team. Licensing contracts for other important European markets have been agreed with various regional sales partners. These license and supply agreements have been concluded in such a way that the regional partners purchase Ameluz® from Biofrontera at a price that is linked to the relevant national retail price. Depending on the country and depending on the size of a single lump sum payment made upon contract signature, Biofrontera's share of the final sales price varies, but is on average about 50%.

During the reporting period, an agreement was also concluded for Slovenia (see press release issued on 22 February 2013).

Revenues of EUR 634,060 were achieved during the first three months of 2013. This revenue is exclusively attributable to sales in Germany and Austria, as no production of Ameluz was allocated to other European countries in this quarter. Orders for the second quarter, however, have already been made. This means that sales in the first three months of the year were comparable to sales in the 4th Quarter of the previous year, which is a good result considering the usual seasonal fluctuations in the use of PDT. A high proportion of PDT is performed in the autumn months.

In terms of sales, Ameluz has established Biofrontera as a market leader in Germany within the space of just over a year, with a market share of approximately 60%. The previously dominant Metvix and the also relatively new ALA Pflaster Alacare have considerably smaller market shares. However, since the PDT market is still dominated by extemporaneous products created by pharmacies, which do not have any official approval as medications, the Ameluz share still represents a small part of the overall PDT market and an even smaller part of the AK market in Germany. However, as the use of such formulations has now become problematic due to the introduction of recent legislation, and thus involves significant legal risks for physicians, the market for PDT proprietary medicines has already increased by 100% since 2011, i.e. since just prior to the introduction of Ameluz. Biofrontera expects a continuation of this market growth, as awareness in the medical profession of the legal risks involved with the use of such extemporaneous products is increasing due to increased coverage in medical journals and in lectures at medical conferences. In contrast to other forms of treatment for actinic keratosis, photodynamic therapy is highly effective. However, until now, increases in its use have been hindered by the rules of the German health care market, so only about 1/30 of all drug treatments for AK make use of approved PDT medicines. Biofrontera is working on introducing good solutions in this respect.

In other European countries, sales have been rising until now very slowly, as the eligibility of the medicine for reimbursement in the different health systems must first be achieved. As our European partners, with the exception of Austria, must place specific orders for Ameluz®, such revenues will always arise as large lump sums rather than as a steady flow. No batches were produced specifically for countries other than Germany and Austria in the first quarter of 2013. But orders have already been placed for the second quarter. The CE certification of Biofrontera's BF-RhodoLED® PDT lamp, which was issued in November 2012, has also helped to rectify the hitherto insufficient provision of suitable lamps in this market, thereby providing additional support to domestic and international sales of Ameluz®.

The Company generated net proceeds of approximately EUR 7,475,000 from a capital increase carried out in March 2013. The 1,610,000 new shares created as a result of this capital increase were acquired by the German subsidiary of Maruho Co. Ltd., a pharmaceutical company based in Osaka, Japan, which specialises in the development, manufacturing and distribution of prescription dermatological medicines. The possibility of establishing strategic collaborations with Maruho are to be investigated, in particular with regard to the distribution of Maruho products by Biofrontera in Europe, the distribution of Biofrontera products by Maruho in Japan, a sales cooperation between both

companies in the USA and / or joint research and development projects for mutual benefit (see press release issued on 22 March 2013).

Following this capital increase, the share capital of Biofrontera amounts to EUR 17,753,168.00, divided into 17,753,168 shares.

The liquidity on 31 March amounted to EUR 8,867,299, compared to EUR 3,366,233 on 31 December 2012. On 31 December 2012, the Company held own warrant bonds with a nominal amount of EUR 500,700, which were sold on the market during the first quarter. From the liquidity there was a cash outflow of EUR 2,538,000. This included interest payments on outstanding bonds amounting to EUR 436,000 and external research and development costs of EUR 581,000.

These R&D costs relate in particular to the first payments for the four clinical trials planned by Biofrontera in order to extend the use of Ameluz to basal cell carcinoma as well as for obtaining approval in the USA. Although these clinical trials cannot yet be financed from current revenues, they should be carried out immediately, as the expected resulting increase in the value of the Company should exceed the cost of the studies by far (see press release issued on 12 March 2013).

3. Products

a. Ameluz®

Biofrontera's prescription medicine Ameluz®, which is approved for the treatment of superficial skin cancer (actinic keratosis), contains the active ingredient 5-aminolevulinic acid (ALA) combined with a patented nanoemulsion, which facilitates penetration of the skin and improves the chemical stability of the medicine. Actinic keratosis is a very common skin cancer, in particular in fair-skinned people, and can develop into a life-threatening squamous cell carcinoma. Up to 10% of the European population are affected by actinic keratosis. In photodynamic therapy (PDT) with Ameluz®, the medication is applied to the affected skin and then illumination for 10 to 15 minutes with a strong red light three hours later triggers a chemical reaction that kills the affected skin cells without creating scarring. If necessary, the therapy is performed a second time after three months. Currently Ameluz® is the only PDT product that has been approved in Europe as a first-line therapy for mild and moderate actinic keratosis. The clinical approval studies demonstrated significant superiority over a direct competitor with regard to the healing of all keratoses in patients.

At the beginning of the reporting period (see press release issued on 8 January 2013), the European Medicines Agency (EMA) increased the approved shelf life of Ameluz® from two to three years based on new stability data. The agency also approved usage for up to three months after first opening the tube and stated that the warning text with respect to freezing of the product could be deleted. These changes make the use of Ameluz® more cost-effective and significantly facilitate the production planning.

b. BF-RhodoLED®

The BF-RhodoLED® is a red-light lamp intended for photodynamic therapy (PDT), which uses LED light with a wavelength of approximately 635 nm. This wavelength range is ideally suited for the illumination required in PDT using medicines containing ALA or Methyl-ALA, such as Ameluz®. Regulation of the light energy and the fan power during PDT treatment make it possible to react to the occurrence of treatment-related side effects. No other lamp available on the market today offers comparable performance and flexibility. BF-RhodoLED® has been approved as a medical device (CE certification). The CE certificate was issued in November 2012 and provides authorisation for sales throughout the EU.

c. The medical cosmetic Belixos®

Biofrontera has been selling the medical cosmetic Belixos® for a number of years; it was introduced on the German market in autumn 2009. Belixos® is available in pharmacies and via an online store operated by Biofrontera, with the majority of sales currently going via the wholesale / pharmacy distribution channel. Belixos® contains a valuable active ingredient from the medicinal plant *Mahonia aquifolium*, which has been used by North American Indians for centuries and which is extracted in a complex and particularly gentle method. Supplemented by the antibacterial properties of green tea and the soothing effect of chamomile, the cosmetic contains a unique combination of active ingredients. Brand-building activities are particularly important for a cosmetic such as Belixos®. To date, Biofrontera has, for reasons of cost, only pursued this in terms of distributing sample tubes. However, the very positive response to such activities allows for somewhat more extensive advertising, which will start in social media channels in the coming months. After the launch of this campaign the Belixos® product line will be expanded and new products will be available in Q2 of next year.

d. BF-derm1

This tablet contains an active ingredient with a completely new activity profile that promises alleviation or possibly even a cure for patients with severe, chronic urticaria (hives) who have until now not received sufficiently good treatment from other products. A phase II study has confirmed the good effect of BF-derm1 in these severely affected patients. Besides improving the clinical manifestation of the disease, the patients in the study were also able to largely dispense with antihistamine treatments that often induce drowsiness. In order to facilitate financing of BF derm1, the product was transferred to Biofrontera Development GmbH in 2012.

e. BF-1

BF-1 is a highly potent active agent from the Biofrontera medicine portfolio that is based on research results from the first years of operation after the founding of the Company, before it focused on dermatology. It is intended for the prophylactic treatment of patients who often suffer from painful

migraine attacks. The excellent pharmacokinetic properties demonstrated in the first clinical trial, with voluntary healthy subjects, provide the preclinical basis for further clinical trials of the product. Relevant side effects have so far not yet occurred in humans or in animal experiments. In order to facilitate financing of BF-1, the product was transferred to Biofrontera Neuroscience GmbH in 2012.

4. The share (ISIN DE0006046113)

The considerable uncertainty that has characterised the changes in value of the Company over the past years has largely been overcome. Biofrontera has launched its first prescription medicine on the market and found strong sales partners for most of Europe. This has provided clarity regarding the corporate outlook for the business, and the associated financial risks have decreased. The capital increase carried out in March 2013 was a further important step in ensuring sustainable and stable corporate financing and also resulted in the acquisition of a strategic investor.

The capital increase carried out in March 2013 ensured that the Company has stable financing and resulted in the acquisition of an international, strategic investor in the form of the Japanese company Maruho, which now holds 9.07% of the shares in the Company.

A number of analysts have issued analyses of Biofrontera in recent months. We have made these assessments, each with a calculation of the fair value of the Company by the stock analysts, available on the Company's website to shareholders and other potential investors. A number of them are available in English.

The good valuation of Biofrontera shares is also highlighted by the share purchase made by Dr Carsten Maschmeyer, who before the capital increase carried out in March 2013 increased his shareholdings to over 15% of the total share capital. This was reduced back below 15% as a result of the dilution caused by the capital increase, but he has made clear his intention to purchase further shares in the long-term (see press release issued on 25 March 2013).

Leverkusen, Germany, 17 May 2013

Biofrontera AG

Prof. Dr. Hermann Lübbert — Chairman of the Management Board

Werner Pehlemann — Chief Financial Officer

Issued by

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