Press release

Biofrontera AG publishes financial results for 2012

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Highlights 2012:

- **Market launch of Ameluz® in Germany**
- **Licensing agreements for Ameluz® in various European markets**
- **Initiation of sales of Ameluz® in Scandinavia, the Netherlands, England, Scotland and Austria**
- **Approval of Ameluz® for use in the British National Health Service by the Scottish Medicines Consortium (SMC)**
- **CE marking and market launch of the BF-RhodoLED® PDT lamp**
- **Two capital increases with a total volume of approximately 13 million euros and a new anchor investor**
- **Early redemption of convertible bond**
- **Approval for trading on the regulated market of the Frankfurt Stock Exchange**
- **Transfer of the product BF-derm1 to the company Biofrontera Development GmbH and the product BF-1 to the company Biofrontera Neuroscience GmbH**

Leverkusen, Germany, 15 April 2013 – Biofrontera AG (DSE: B8F) today released its consolidated financial results for 2012. The annual report available on the company's website from today on highlights the clear progress made by the business during the year and provides an outlook for the 2013 business year.

"A goal for 2012 was to launch our medication Ameluz®, which is used for treatment of malignant tumours in the upper layers of the skin, in the German and selected other European markets. In conjunction with this, a PDT lamp was also to be developed and approved for use. These objectives were achieved, and we also managed to improve the capitalisation of Biofrontera significantly and redeem the convertible bond 2005/2012 early," comments Prof. Dr. Hermann Lübbert, CEO of Biofrontera AG.

Biofrontera

Press release

Review of the 2012 financial year

The distribution of Ameluz®, Biofrontera's prescription drug for the photodynamic treatment (PDT) of actinic keratoses, approved by the European Commission in December 2011, represented the major operational focus for the company in 2012. Biofrontera launched the drug on the German market in February, and in other European countries a number of licensing agreements were made with pharmaceutical companies experienced in their respective markets. Once the required processes regarding pricing and reimbursement rights had been successfully completed in some of those countries, Ameluz® was also launched there.

The CE marking of the BF-RhodoLED® PDT lamp was an important prerequisite for entering new market segments with PDT. The first lamps available were therefore sent to Austria, as relatively few surgeries and hospitals were previously equipped with suitable PDT lamps. The demand for lamps still significantly exceeds production capacity, a situation which will be resolved by mid-2013 at the earliest.

Revenues increased in 2012 to EUR 3,431,000, compared to a figure of EUR 515,000 in 2011. Revenues were achieved in particular as a result of sales of our products in Germany amounting to EUR 1,350,000, as well as revenues from the issuing of licences and the operational activities of our regional partners, which amounted to EUR 2,081,000.

The general administrative costs increased from EUR 3,043,000 in 2011 to EUR 4,092,000 in 2012, which was primarily a result of increased costs for marketing and distribution relating to the market launches.

The research and development costs for the Biofrontera Group remained almost the same in 2012 (EUR 1,384,000) compared to 2011 (EUR 1,401,000). During the period covered by the report, R&D costs were incurred in particular with regard to fulfilment of EMA requirements and as a result of new approval regulations. New clinical studies have not yet been initiated.

The negative annual consolidated result of the Biofrontera Group, based on International Financial Reporting Standards (IFRS), improved by EUR 526,000 to EUR -4,118,000, compared to EUR -4,644,000 in 2011. This merely slight improvement in the result despite a significant increase in revenues was due to the increase of EUR 1,049,000 in the general administrative costs as well as increased costs of manufacturing, in particular costs for the acquisition of materials (EUR 1,063,000). The

negative financial result improved by EUR 1,062,000 as compared to 2011. Due to a special effect on earnings in 2011, relating to the release of provisions of EUR 1,538,000 for a purchase price payment to ASAT Applied Science and Technology AG, the miscellaneous income for 2012 (EUR 104,000) was considerably lower than the EUR 1,651,000 achieved in the previous year.

The operating result (EBIT) fell from EUR -2,723,000 in 2011 to EUR -3,449,000 in 2012. This fall was due in particular to the positive one-off effect on income recorded in the previous year as a result of the release of provisions relating to the liability to ASAT AG. The difference between the annual result and the operational result arises from the financial result of EUR -654,000 compared to EUR -1,921,000 in 2011, as well as the miscellaneous income of EUR 104,000 in 2012 (EUR 1,651,000 in 2011, which was mainly due to the above one-off effect).

The capital inflow from financing activities in 2012 was EUR 8,126,000, which was considerably higher than the figure in 2011 (EUR 4,825,000), primarily as a result of the capital increases carried out in the first quarter of 2012. In order to determine the overall capital inflow, the liquid assets thereby added to the balance sheet were reduced to take account of the outflows relating to the early redemption of the convertible bonds.

At the end of the reporting period, Biofrontera AG's liquid assets amounted to EUR 3,366,000, compared to EUR 554,000 in the previous year. Currently, an inflow of approximately EUR 7,475,000 can be added to this figure as a result of the capital increase carried out in March 2013 with Maruho Deutschland GmbH.

The subscribed capital increased during the reporting year by EUR 4,903,000 to EUR 16,143,000, and the capital reserves from EUR 51,943,000 to EUR 59,596,000.

In order to facilitate external financing of their development, the products BF-derm1 and BF-1 were transferred to their own, dedicated Biofrontera AG subsidiaries. In this regard, Biofrontera AG acquired all the rights to these products from Biofrontera Bioscience GmbH for a total of EUR 6,561,000. BF-derm1 was then transferred to the newly formed Biofrontera Development GmbH (EUR 1,864,000) and BF-1 to the newly formed Biofrontera Neuroscience GmbH (EUR 4,698,000). These transactions are not shown in the consolidated financial statements, as such intercompany transactions between related companies are eliminated from IFRS consolidated financial statements.

Outlook

In addition to the continued marketing of Ameluz®, 2013 will feature further expansion of the strategy of internationalisation. The drug sold via direct sales in Germany and via sales partners in other European countries is to be launched in further markets, in particular the very relevant Spanish market. Further marketing agreements should also be made in additional European countries.

Four clinical studies will be initiated during the next few weeks. These will help to form the basis for expanding the area of use of Ameluz® to basal cell carcinoma and for the field treatment of actinic keratoses, as well as creating a basis for applying for approval of Ameluz® in the USA.

A capital increase was carried out in March 2013 in order to provide financing for these objectives. This resulted in an inflow of approximately EUR 7,475,000 and the new shares were subscribed by the company Maruho Deutschland GmbH, a 100% subsidiary of Maruho Co. Ltd., based in Osaka, Japan. Maruho is the most important Japanese company in the field of dermatology. An expanded collaboration between Maruho and Biofrontera is planned for the future, which should increase income opportunities for both companies. Further details are to be agreed by the two companies during the next few months.

Although such forecasts are currently shrouded in a considerable degree of uncertainty, the company expects to achieve revenues of approximately 6 million euros in 2013. However, the exact development of revenues is very dependent on various uncertainty factors, in particular with regard to the exact point in time and the speed of the further market launches of Ameluz® by our partners in the various other European countries.

Biofrontera AG
Biofrontera has taken on the task of healing and caring for skin, also taking into account aesthetic needs, with regard to the skin's role as a calling card for people. Biofrontera is listed on the regulated market of the Düsseldorf Stock Exchange and on other German exchanges with the trading symbol B8F and the ISIN number DE0006046113.
www.biofrontera.com

Press release

This press release contains explicit or implicit statements relating to the future business activities of Biofrontera AG. These future-related statements reflect the opinion of Biofrontera at the point in time of the issuing of this press release and are subject to certain currently known and unknown risks. The actual results achieved by Biofrontera may differ significantly from the future results or performance predicted in such future-oriented statements. Biofrontera is not obliged to revise any such future-oriented statements at any time.