News release

Biofrontera Grows Revenues and Improves Financial Position in First Half 2017

Leverkusen, Germany, August 31, 2017 – Biofrontera AG (FSE: B8F), the specialist for the treatment of sun-induced skin cancer , today reported its financial results for the second quarter and first half ended June 30, 2017 and provided an update on recent operational and clinical developments.

"The first half of 2017 proved to be a great success as we grew our total revenues by 193% year-over-year to €5 million, driven primarily by our sales in the U.S. In the second quarter we took additional steps to further strengthen our momentum and improve the efficiency and effectiveness of our U.S. sales operations to drive adoption of Ameluz® by dermatologists. Additionally, as we seek to expand our market opportunity, we remain excited about the prospects for a basal cell carcinoma label extension with an efficient and less costly clinical development plan recently agreed upon with the FDA. In Europe, the approval from the European Commission for a label extension to include BCC reinforces our position in the PDT market and expands the reach of Ameluz® into hospitals where dermatologists are based in most countries in Europe. We also look forward to a positive opinion from the European Medicines Agency by the end of 2017 or early 2018 for our recently submitted application to expand the label of Ameluz® to include daylight-PDT. With the support of recent capital raises and the loan from the European Investment Bank, we believe that we have significant opportunities to continue to grow in all of our markets and expand our indications in order to support future growth," commented Prof. Dr. Hermann Lübbert, CEO of Biofrontera.

Second Quarter and First Half 2017 Financial Highlights:

- Sales increased by 193% to €5.0 million in H1 2017, compared to €1.7 million in the same period 2016.
- Generated €2.4 million in revenues in U.S. in H1 2017, in line with expectations.
- Research and development costs increased to €2.2 million in H1 2017 (up 18%), mainly due to costs incurred as part of the development partnership with Maruho.
- Net loss was €8.1 million in H1 2017

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- Successfully placed a convertible bond in the amount of €5.0 million in January 2017.
- Significantly strengthened liquidity with a loan agreement of up to €20 million with the European Investment Bank (EIB) in May 2017.
- Cash on the balance sheet was €11.5 million as of June 30, 2017, draw down from EIB loan not yet included

Recent Operational and Clinical Development Highlights:

- European Commission approves basal cell carcinoma as new indication for Ameluz®.
- Concluded Phase III trial on daylight-PDT and submitted application to the European Medicines Agency to expand Ameluz® indication to treat actinic keratosis and field cancerization with daylight-PDT.
- Agreement with U.S. FDA on clinical development plan for BCC in US.
- Expanded U.S. sales and marketing activities with 32 sales representatives

Biofrontera generated total revenue of €5.0 million in the first half of 2017, representing an increase of 193% year-on-year. Revenue in Germany amounted to €1.103 thousand, reflecting a modest increase of €70 thousand compared with the previous year. International revenues performed particularly well in the first half, driven mainly by the U.S. compared with the previous year with revenue amounting to €2,386 thousand. In Europe, revenue was up by 15% to €732 thousand compared to €635 thousand for the first half of 2016.

The first half 2017 consolidated net result was (€8,410) thousand. This is significantly below the previous year's (€3,471) thousand, predominantly due to higher U.S. sales and marketing expenses and the PDUFA fee repayment in the first half of 2016.

The liquidity position at the end of the first half of 2017 improved significantly. Cash and cash equivalents stood at €11.5 million as of 30 June 2017, compared to €10.2 million for the same period in 2016. A first tranche of the EIB loan of €10 million was drawn in July 2017.

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U.S. Commercial Update

Biofrontera has continued to increase the commercialization of Ameluz® and BF-RhodoLED® for the treatment of actinic keratosis (AK) in the United States. In the first half of 2017, Biofrontera reported total U.S. sales of €2.4 million. Currently, the U.S. sales force stands at 32 representatives covering five regions, including the expansion to the Midwest in the first quarter. Biofrontera continues to educate dermatologists about the benefits of Ameluz® to drive increased adoption and expects to significantly simplify the reimbursement process in January 2018 with the assignment of a dedicated J-code.

In the second quarter, the Company took additional steps to further improve the efficiency and effectiveness of its U.S. sales operations. The Company brought several key functions in-house that were previously managed by the Company's wholesaler, including health care provider support with customer service and financial services. In the long term these operations will allow Biofrontera to more accurately react to its customer demands and reduce costs in the future. We further entered into a contract with Pinnacle Healthcare Consulting to strengthen our support for healthcare providers.

In July, the Company formally met with the U.S. FDA to discuss the requirements for approval of Ameluz® for the treatment of BCC. Both parties agreed that the approval of Ameluz® for superficial BCC could be based on one additional phase III trial to be conducted in the U.S. This study would compare Ameluz® PDT to placebo PDT in order to present a combined read-out of clinical and histological clearance. The trial can be conducted with a relatively small number of patients, reducing cost and time. Additionally, safety and long-term follow-up data from the existing European BCC study has been accepted for review by the FDA.

EU Regulatory and Clinical Development Update

In January, the Company received approval from the European Commission for the indication expansion of Ameluz® to include basal cell carcinoma (BCC), which accounts for 50-80% of all skin cancer tumors and is primarily treated in hospitals in multiple European countries.

In May, the Company filed for a label extension of Ameluz® to include treatment with Daylight-PDT for Actinic Keratosis to the European Medicines Agency (EMA). The application is based on the Company's Phase III daylight study which demonstrated that Ameluz® in combination with daylight-PDT is non-inferior to standard of care Metvix®. The Company expects to receive a positive opinion from the EMA by the end of 2017 or early 2018.

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Upon approval for daylight-PDT, Ameluz® will compete directly with products that allow patients to self-apply the treatment and qualify for full reimbursement in countries such as Germany. Biofrontera expects that the result of this approval will allow Ameluz® to gain further market share in Germany and other European countries where the landscape favors such self-applied topical treatments.

The half-year financial report including financial statements is available at www.biofrontera.com/en/investors/financial-reports.

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About Biofrontera:

Biofrontera AG is a biopharmaceutical company specializing in the development, sale and distribution of dermatological drugs and medical cosmetics. The Leverkusen, Germany-based company, which has approximately 100 employees worldwide, develops and distributes innovative products for the care, protection and treatment of the skin. Biofrontera's

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combination lead product is topical prescription drug Ameluz® and medical device BF-RhodoLED® for the photodynamic therapy (PDT) treatment of superficial skin cancer and its precursors. Ameluz® has been marketed in the EU since 2012 and in the U.S. since 2016. The Company also markets the Belixos® dermocosmetics series in the EU, which offers specialized care for damaged or diseased skin.

Biofrontera is the first German, founder-led pharmaceutical company to obtain both EU and U.S. approval for a medical drug it has developed itself. The Biofrontera Group was established in 1997 by current CEO, Prof. Dr. Hermann Lübbert, and is listed on the Frankfurt Stock Exchange (Prime Standard).

www.biofrontera.com

This communication expressly or implicitly contains certain forward-looking statements concerning the business activities of Biofrontera AG. These forward-looking statements reflect the opinion of Biofrontera at the time of this communication and involve certain known and unknown risks. The actual results achieved by Biofrontera may differ significantly from future results or performances which are published in its forward-looking statements. Biofrontera assumes no responsibility to update its forward-looking statements.

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