Biofrontera AG | quarterly financial report as at 31 March 2015

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Revenue development in the first quarter of 2015

- Significant growth in sales revenue of 59% compared to the same period in the previous year
- Growth in sales revenue of 44% in Germany compared to the same period in the previous year
- Significant sales figures achieved in other European countries

Financial developments in the first quarter of 2015

- Consolidated earnings: EUR -2.4 million.
- Liquid assets of EUR 5.9 million on 31 March

Further significant progress in the operational business during the first three months of the 2015 financial year

- Patient recruitment for phase III trial on basal cell carcinoma nearly completed.
- Sales activities taken over from Allergan in Spain
- Preparations for marketing in the USA initiated, own US subsidiary founded
- Market introduction carried out in Belgium

Key indicators

Key consolidated figures for the first quarter of the 2015 financial year, in accordance with IFRS

In EUR thousands	3M 2015	3M 2014
	unaudited	unaudited
Results of operations (earnings)		
Sales revenue	1,030.0	649.5
of which sales in Germany	783.2	543.8
of which down payments	0.0	40.0
Sales and distribution and general administration costs	-1,578.1	-1,687.0
Research and development costs	-1,240.1	-1,140.5
Operating profit (EBIT)	-2,089.5	-2,330.9
Profit/loss before tax	-2,362.5	-2,637.8
Profit/loss after tax	-2,362.5	-2,640.9
Cash flow statement		
Cash flow from operating activities	-1,818.4	-2,448.8
Cash flow from investment activities	22.6	15.5
Cash flow from financing activities	-830.2	13,696.3

In EUR thousands	3M 2015	3M 2014
Key balance sheet figures	unaudited	unaudited
Balance sheet total	11,374.9	20,619.3
Current liabilities (excluding provisions)	1,375.4	842.1
Long-term liabilities	11,241.3	10,820.9
Equity (subscribed capital and capital reserve)	98,626.7	98,510.8
Equity ratio	-20.71%	38.66%
Cash and cash equivalents	5,883.4	14,196.6
Employees as of 31 March	49	39
Biofrontera share	31.03.2015	31.03.2014
Outstanding shares	22,196,570	22,196,570
Share price (Xetra closing price)	2.62	3.20
Dividend in EUR	0.00	0.00

Biofrontera's financial instruments

Key details of the Biofrontera share	
Stock exchanges	Düsseldorf, Frankfurt, Berlin, Munich, Stuttgart, Xetra, Tradegate, London, UK (AIM)
WKN (German securities ID number)	604611
ISIN	DE0006046113
Shares outstanding as at 31 March 2015	22,196,570
3 month high (24.03.2015)*	2.999 EUR
3 month low (26.02.2015)*	1.80 EUR
Closing price 31.03.2015*	2.62 EUR
Marked capitalisation on 31 March 2015	58.16 million EUR

*(Price data from Xetra)

Key details for warrant bond I with warrant*	
Stock exchanges	Düsseldorf
WKN (German securities ID number)	A0Z169
ISIN	DE000A0Z1690
Term, final maturity	8 years, 31 December 2017
Stepped coupon	4 % (2010), 6 % (2011), 8 % (2012)
3 month high (Q1 2015)	94.00 EUR
3 month low (Q1 2015)	84.12 EUR
Closing price 31.03.2015	88.75 EUR

*(Price data from the Düsseldorf Exchange)

Key details for warrant bond II with warrant*	
Stock exchanges	Düsseldorf
WKN (German securities ID number)	A1KQ9Q
ISIN	DE000A1KQ9Q9
Term, final maturity	5 years, 31 December 2016
Coupon	5%
3 month high (Q1 2015)	90.10 EUR
3 month low (Q1 2015)	88.65 EUR
Closing price 31.03.2015	86.85 EUR

*(Price data from the Düsseldorf Exchange)

Consolidated interim management report for the first quarter of the 2015 financial year

Fundamentals of the Group

1. Group structure

This report describes the business performance of the group (also referred to in the following as "Biofrontera" or the "Biofrontera Group") during the first quarter of the 2015 financial year. The group consists of the parent company Biofrontera AG and five wholly owned, direct subsidiaries - Biofrontera Bioscience GmbH, Biofrontera Pharma GmbH, Biofrontera Development GmbH, Biofrontera Neuroscience GmbH and Biofrontera Inc. Biofrontera Inc. has its head office in Wilmington, Delaware, USA. All the other companies are based at Hemmelrather Weg 201, 51377 Leverkusen in Germany.

The listed public limited company (AG in German) has a holding function in the group of companies and ensures the necessary financing for the group. Biofrontera Bioscience GmbH has responsibility for research and development tasks for the group and is the holder of patents and the approval for Ameluz®. Based on a licence agreement with Biofrontera Bioscience GmbH, Biofrontera Pharma GmbH, which is also owner of the approval for BF-RhodoLED®, is responsible for the manufacturing and also the further licensing and marketing of the Biofrontera Group's approved products.

Biofrontera Development GmbH and Biofrontera Neuroscience GmbH were established as additional wholly owned subsidiaries of Biofrontera AG in December 2012. The purpose of both companies is to pursue the further development of pipeline products that are not part of Biofrontera's core business and therefore cannot be sufficiently financed within the framework of normal business development. The product BF-derm1, which is intended for the treatment of severe chronic urticaria, is now the responsibility of Biofrontera Development GmbH, while the product BF-1, which is intended for the prophylactic treatment of migraines, is the responsibility of Biofrontera Neuroscience GmbH. This outsourcing of development candidates has created a structure through which the financing of the further development of these two products can be uncoupled from the normal group financing.

Biofrontera Inc. was founded in March 2015 and it is intended that this company will handle the group's business operations in the USA in the future.

2. Group strategy

The strategic objective of the Biofrontera Group is to establish the company as a pharmaceutical company specialising in the dermatological sector. In addition to further expansion of business in Germany, the main priorities are to increase the range of indications for existing products and to expand international sales activities.

Biofrontera was the first small German company to receive a centralised European drug approval for a completely independently developed drug, Ameluz®. In the months prior to the market launch of Ameluz®, the company's own sales division was gradually developed, and Biofrontera's own field sales team has been selling Ameluz® to dermatologists in Germany since the drug was launched in February 2012, and in Spain since March 2015. The drug is distributed in other European Union member states, Israel and Switzerland by licensing partners.

Biofrontera has thus established itself as a specialist pharmaceutical company with an unusually high level of research and development expertise in comparison to other companies in this sector. The focus of the Group's strategy is to further expand its business in Europe, achieve market entry of Ameluz® in the USA and extend the indication to include basal cell carcinoma, first in the EU and then in the USA.

The approval for Ameluz® in the USA continued to be prepared for submission during the reporting period. The clinical part of the registration package has been successfully completed. Since Ameluz® and BF-RhodoLED® must be approved in the USA as a combination of a drug product and a medical device, the approval application is unusually complex. The submission of the registration dossier to the FDA (food and drug administration = licensing authority in the USA) is scheduled for Q2 2015. Once the approval has been issued, which is expected approximately 12 months after submission of the application, Biofrontera will have access to the largest healthcare market in the world.

The extension of the indication of Ameluz® to include basal cell carcinoma was also initiated in 2014. The patient recruitment for phase III clinical testing in direct comparison to the competitive product Metvix® has nearly been completed, so it is expected that the trial will be concluded by the end of 2015. The latter currently has a competitive advantage over Ameluz® due to its approval for the treatment of both basal cell carcinoma and actinic keratoses. In particular in other European countries, in which PDT is carried out mainly in hospitals and less in the registered doctors sector, the market opportunities for Ameluz® are significantly reduced as a result. An extension of the indication would therefore put Biofrontera in a significantly improved market position. The submission of the application for the extended indication of Ameluz® to include basal cell carcinoma is to be carried out in early 2016, following completion of the phase III clinical trial and creation of the trial report; approval is expected to be granted during the first half of 2016.

3. Products

Ameluz®

Ameluz® 78 mg/g Gel ("for people who love the light", development name: BF-200 ALA) received a first centralised European approval for the treatment of mild and moderate actinic keratoses on the face and scalp in December 2011. Actinic keratoses are superficial forms of skin cancer, and there is a risk that they can spread to deeper layers of skin. The combination of Ameluz® with light treatment is an innovative approach that constitutes a form of photodynamic therapy (PDT). The product information approved by the European approval authority, the EMA, explicitly mentions the significant superiority of Ameluz® to its direct competitor product in terms of removing all of a patient's keratoses.

In the phase III trials relevant to approval, Ameluz® showed excellent healing rates and demonstrated significant superiority to the approved comparison preparation, which was tested in parallel to it. In the first phase III trial, which involved the drug being combined with an LED lamp, all keratoses were completely removed for more than 87% of the patients treated with Ameluz®. In terms of individual keratoses, a total of 96% of them were completely eradicated (all values stated here are ITT, *Intent to Treat,* values). In the second phase III trial relevant to approval, the effectiveness of Ameluz® was tested in comparison to an already approved standard medication. The results of the trial provided evidence that Ameluz® was clearly superior to the competitor drug available in Europe. Based on the average for all lamps used in the treatment, Ameluz® resulted in complete healing of actinic

keratoses in 78% of patients, whereas the rival product that was already approved at that time achieved a healing rate of only 64%. With LED lamps, the healing rate increased to 85% for Ameluz® and 68% for the competitor product. The side effect profile was comparable for both preparations.

As approval in the USA requires a combination of medication and lamp therapy, Biofrontera has developed its own PDT lamp, BF-RhodoLED®, and has had it CE-certified in the EU, which requires the company to be certified pursuant to the ISO 9001 and ISO 13485 standards. In preparation for the approval in the USA, a phase III trial was carried out with a combination of Ameluz® and BF-RhodoLED®, and this was completed in the reporting period. With this combination, a total of 91% of patients became completely free of keratoses, with a total of 94% of the individual lesions having been eradicated following treatment (99.1% of the mild lesions and 91.7% of the moderate lesions). As it has been reported a lot in the literature that PDT has pronounced skin rejuvenating properties, in particular with regard to sun-damaged skin, this phase III trial of PDT, which was the first of its kind in the world, involved applying the medication over large surface areas and determining the cosmetic result, without taking into account the disappearance or not of the keratotic lesions. All the parameters that were tested improved significantly as a result of the treatment. The proportion of patients without rough, dry and scaly skin increased by 14.8% after treatment with Ameluz®, to 63.0%. The group of patients without hyperpigmentation or hypopigmentation increased from 40.7% to 57.4% and 53.7% to 70.4%, respectively. The proportion of patients with mottled pigmentation who had both hyperpigmentation and hypopigmentation in the treated area decreased from 48.1% to 29.6%. Before treatment, 22.2% of the patients had mild scarring, which declined to 14.8% of patients after treatment. Atrophic skin was diagnosed in 31.5% of patients before treatment but in only 16.7% of patients after the treatment.

Both the phase I trials required by the American approval authority, the FDA, were also completed during the reporting period. These clinical trials were initiated with a total of approximately 240 patients or subjects in order to supplement the European approval package for Ameluz® with the safety data required for registration in the USA. Specifically, one of the trials was a sensitisation study, which determines the potential of Ameluz® to trigger allergies, and the other was a maximal use trial, which tests the absorption into the blood of the active ingredient in Ameluz®, aminolevulinic acid, and the light-activated metabolite protoporphyrin IX when treatment is carried out with the maximum quantity, i.e. upon application of a complete tube to the defective skin. No safety concerns were identified in either of the studies.

Actinic keratosis is classified as a tumour that requires treatment, and the international treatment guidelines list photodynamic therapy as the gold standard for the removal of actinic keratoses, particularly for patients with large keratotic areas. The latest statistics show that actinic keratosis is becoming a widespread disease, with 8 million people affected in Germany alone, and that there is a marked upward trend in cases. Subclinical and mild actinic keratoses can develop into life-threatening squamous cell carcinomas, and this happens to the relevant lesions within two years on average. The fact that doctors are taking actinic keratosis more and more seriously is illustrated by the fact that actinic keratosis has been recognised as an occupational illness since summer 2013. Since then, occupational insurance associations have been obligated to cover the treatment costs of patients who have mainly worked outdoors for a long period and who fulfil certain criteria, for the duration of these patients' lives. However, to date, the remuneration process has not yet been defined, but this is expected to happen in 2015.

At present, actinic keratoses are treated using a wide range of methods. Lesions may be treated for weeks or months with topical creams, which are often ineffective, or the degenerated skin may be removed by mechanical

intervention (curettage) or freezing (cryotherapy), which frequently leads to scar formation or permanent pigment changes.

The market for topical creams continues to grow constantly and the use of legally questionable PDT formulations remains at a consistently high level. As Ameluz® has a leading position with dermatologists based in Germany, with over 70% of the market share in the PDT proprietary medicinal product market, an increase in sales can and must result from taking market share from the above-mentioned sectors.

The overall advantages of Ameluz® in terms of effectiveness, handling, user friendliness and cosmetic results, as well as the clear superiority of PDT in the treatment of actinic keratoses, will encourage dermatologists to focus on this treatment option in the future. This will be helped by the expansion of the range of indications to include basal cell carcinoma, which the company is currently striving to achieve, as the clear majority of PDT treatments are for this indication, particularly in Great Britain and Spain.

Biofrontera is currently carrying out a phase III trial for the extension of the European approval to include the indication basal cell carcinoma (BCC). BCCs are the most common invasive tumours that affect humans and account for approximately 80% of all invasive white skin cancers. About 30% of all Caucasians develop at least one BCC in their lifetime, and cases are increasing rapidly worldwide due to increased exposure to UV light. Surgical removal is the most frequent treatment currently used in Germany but this can lead to clearly visible scarring, whereas treatment with photodynamic therapy (PDT), which is an alternative particularly for the treatment of thin BCCs, produces excellent cosmetic results. In the clinical trial, Biofrontera will compare Ameluz® with the competitor product approved for BCC, Metvix®. It was demonstrated in the approval studies for the treatment of actinic keratosis that the overall healing rates for patients treated with Ameluz® were significantly higher than those for Metvix®-patients. Patient recruitment for this trial is going more slowly than originally planned, but should, however, be completed by June 2015. A respective application has already been submitted to the relevant authorities. Thus the clinical part of the trial would end in October 2015 and the approval extension could be submitted to the EMA by the end of the year. Such an extension will theoretically take three months. This period may, however, be interrupted by questions from the EMA.

BF-RhodoLED®

BF-RhodoLED® is a lamp designed for photodynamic therapy (PDT), and uses LEDs emitting red light at a wavelength of approx. 635 nm. Light at this wavelength is ideally suited for PDT illumination with drugs containing ALA or methyl ALA. It is red but is still outside the warming infrared range. The BF-RhodoLED® lamp combines a controlled and consistent emission of light at the required wavelength with simplicity, user-friendliness and energy efficiency. The light intensity and fan power settings can be adjusted during a PDT treatment session in order to reduce any discomfort experienced during the treatment. No other lamp on the market offers comparable power and flexibility. BF-RhodoLED® has been CE-certified since November 2012 and is distributed throughout the EU.

Belixos®

Belixos® is a medical skin care product with herbal ingredients for the regeneration of damaged skin. The Belixos® skin cosmetics range combines selected extracts of traditional medicinal plants with a modern formulation technology.

Belixos® cream was launched on the market in October 2009. It was initially available via the company's own online shop and then also via pharmacies. The Belixos range was extended in February 2014 with the addition of Belixos® liquid and in December 2014 with the addition of Belixos® gel. In conjunction with this expansion, sales via the dedicated online shop were discontinued. Instead, the products are now available via the online retailer Amazon.

The innovative biocolloid technology and the specific combination of high-quality herbal ingredients is intended to set new standards in the very competitive medicinal cosmetics market. The combination of caring and regenerative effects should reduce the need for medical treatment and its side effects in people who suffer from itchiness or chronic ailments, such as atopic dermatitis or psoriasis.

Belixos® Cream rapidly and reliably soothes itching and is the ideal basic treatment for itchy, reddened and flaky skin. As well as mahonia, Belixos® Cream contains chamomile extract, which has soothing and healing properties, and tea plant extract, which is antipruritic and anti-oxidative.

Belixos® Liquid treats the problems of itchy and flaky scalp with a combination of anti-inflammatory mahonia, moisturising oats and a zinc PCA complex, which effectively fights the causes of itching and flaky scalp. Zinc PCA also helps to regulate sebaceous buildup on the scalp, which is highly susceptible to greasiness. Urea moisturises the skin, and panthenol has soothing and regenerative properties.

The new Belixos® gel with mahonia and cinnamon bark was developed for the care of skin that is vulnerable and prone to redness and skin blemishes. In the case of rosacea and acne, it cools the skin and reduces redness. The cinnamon extract in the Sepicontrol A5 complex opens closed pores and thereby prevents new skin impurities.

The development pipeline for further expansion of the Belixos® range currently includes Belixos® Protect, a day cream with protective anti-aging properties designed especially for photo-damaged skin, and Belixos® to go, a roll-on pen for people on the move that is thus available at any time for treating insect bites or incipient Herpes cold sores.

4. Sales and marketing

With its central European approval, Ameluz® can be sold and distributed in all EU countries as well as in Norway, Iceland and Liechtenstein. However, in many European countries, the price and reimbursement status for the drug has to be defined prior to market launch, which can in some cases be a very lengthy process. To date, the company has commenced sales and distribution in Germany, UK, Spain, Austria, Holland, Belgium, Denmark, Sweden, Norway and Slovenia. The new drug is available in these countries at a pharmacy retail price of between just under EUR 200 and approx. EUR 280 per 2g tube.

In Germany, and in Spain since March 2015, Ameluz® is marketed by Biofrontera's own sales force, while in other European countries it is promoted with the help of marketing partners. Biofrontera is also taking over the distri-

bution activities in the UK and Slovenia, but will be supported in local marketing by companies based there. Distribution to public pharmacies takes place via pharmaceutical wholesalers, whereas hospital pharmacies are supplied directly. In addition to regular sales force visits to dermatologists, Biofrontera has presented Ameluz® at the major dermatological conferences in Germany since it was launched, as well as in Spain and other countries. The response from dermatologists has been extraordinarily positive. A comparison of 2013 and 2014 shows that Biofrontera has achieved a significant increase in sales of more than 27%, and growth during the first quarter of 2015 amounted to an excellent 44% in Germany. The Ameluz® market share in the PDT medication segment is consistently greater than 70%, with the remaining almost 30% going to the competing products Metvix® and Alacare®. In spite of this, Ameluz® still only has a small share of the actinic keratosis market as a whole, because, according to Biofrontera's own estimate, only approximately 5% of patients are treated with proprietary medicinal products for photodynamic therapy (PDT). However, although PDT achieves by far the highest healing rates, the complexity of the treatment and the time required by medical practices to administer it have so far prevented significant market penetration in the public health insurance industry, as doctors do not receive any compensation for performing PDT in this industry. An information video for patients on this subject has been uploaded to YouTube (in German at http://www.youtube.com/watch?v=aK4a3R5kqMA and in English at http://www.youtube.com/watch?v=2xE08DWC08o).

Approval for basal cell carcinoma is a pre-requisite for the distribution of Ameluz® to hospitals, as basal cell carcinoma is mainly treated there, whereas this is less the case for actinic keratosis. This indication plays an essential role for the breakthrough of Ameluz®, in particular in European countries. Basal cell carcinoma is the most common infiltrating tumour in humans: in the US alone, approx. 2.8 million basal cell carcinoma treatments are carried out annually, and European figures are comparable. As basal cell carcinoma is also triggered by lifelong UV exposure, this number is rapidly rising. Compared with the surgical procedures that are still most commonly used today, photodynamic therapy offers significant advantages, particularly for thin tumours. According to a market study published last year by Technavio, the international market for actinic keratosis medications is expected to grow by approx. 8% annually, from its current level of approximately USD 546 million to USD 942 million in 2020. However, during the same period, the market for basal cell carcinoma medications is expected to grow at a phenomenal rate, from approx. USD 236 million today to nearly USD 5 billion, because the availability of new medications (Ameluz® is mentioned in this context) will mean that fewer and fewer patients undergo operations.

Ameluz® is marketed by Desitin Arzneimittel GmbH in Denmark, Sweden and Norway, by BiPharma N.V. in the Benelux region and by Pelpharma Handels GmbH in Austria. Biofrontera carries out distribution activities itself in the UK and Slovenia and is supported with regard to marketing aspects by Spirit Healthcare Limited in the UK and by PHA Farmed in Slovenia. Sales in Spain were handled by Allergan, but since March 2015 Biofrontera has carried out market activities in Spain itself via its own branch, Biofrontera Pharma GmbH sucursal en España. Louis Widmer SA has been granted the Ameluz® distribution licence for Switzerland and Liechtenstein, and the Ameluz® distribution licence for Israel has been allocated to Perrigo Israel Agencies LTD. In these countries, it is necessary to obtain independent approval, which the above-mentioned distribution partners are currently carrying out in cooperation with Biofrontera.

The contracts with the respective sales partners have been concluded in such a way that Biofrontera has received no down payment, or only a modest down payment, and the regional partners purchase Ameluz® from Biofrontera at a price that is coupled to their own sales price. Depending on the market conditions, Biofrontera's share of the sales price varies considerably from country to country, ranging from 35% to 65% of net sales.

In France, Biofrontera has prepared the application to make Ameluz® eligible for reimbursement, with the assistance of a consulting company that specialises in this area, and will submit this application as soon as still outstanding clarifications regarding responsibilities for the local pharmaceutical vigilance have been obtained.

A decision on the business model for sales in the USA is to be taken during the course of the 2015 financial year. With the help of a consulting company specialising in market access and a team of consultants specialising in medical issues, Biofrontera has started to analyse the market for actinic keratosis medications and the reimbursement systems in the American health care system. In this regard, Biofrontera can make use of the experience of a competitor product, Levulan Kerastick®, from the company Dusa Pharmaceuticals Inc. Whether the distribution is carried out in the form of a collaboration with another company or by Biofrontera itself depends on the contract conditions that are achievable with suitable partners, and on the availability of the funding required to establish a US branch. Although the second approach would first require further investment, Biofrontera could include all sales and profits in its own profit and loss account in such a model in the long term, and could thus probably lay the foundation for a considerably higher company valuation. A decision must be taken in time to ensure that preparations can be made to enter the market once the approval has been received. In order to further prepare the foundations for US activities, a dedicated local subsidiary, Biofrontera Inc., was established in March 2015 and a very experienced CEO was appointed in the form of Monica L. Tamborini.

5. Further development projects

BF-derm1

BF-derm1 is a tablet for the treatment of severe chronic urticaria (hives). In its severe form, this illness cannot be treated adequately using currently available drugs. The tablet contains an active ingredient with a completely new action profile, and it can be used to soothe chronic urticaria that cannot currently be adequately treated. A phase IIa trial has already been completed that has demonstrated the product's efficacy and also its limited side effects. As Biofrontera will focus on further developing Ameluz® in the coming years, it intends to look for a partner for the further development and funding of the phase III costs and the approval expenses. However, no work to this end has yet been undertaken, for reasons of capacity.

BF-1

BF-1 is an active agent candidate from the Biofrontera drug portfolio. It is intended to be used for the prophylactic treatment of patients who frequently suffer from migraines. Because this product candidate no longer fits Biofrontera's dermatological product focus, the intention is to licence it out after the initial development stages.

After the first results involving humans, which proved the excellent bioavailability and pharmacokinetics of the active agent, further preclinical investigations were carried out concerning the tissue distribution, metabolism and toxicology of the substance. These trials did not yield any critical findings, so there is no reason why further tests on humans should not be carried out. The chemical manufacturing process has been optimised, and the active ingredient required for clinical development has been synthesised, in accordance with the Good Manufacturing Practice (GMP) quality standards.

Patent and trademark developments since 31 December 2014

ALA

Further official communications regarding the "Nanoemulsion" patent (PCT/EP2007/011404) were issued in Canada, Chile and the USA, and responses were sent by the relevant deadlines.

Brand development

Protection was granted in full for Singapore and Japan for two different forms of the international "Natural Heritage with Herbal Biocolloids" trademark.

Economic report

For the first quarter of the 2015 financial year for the Biofrontera group:

- **59% overall revenue growth compared to the 1st quarter of the previous year, including 44% growth in Germany as well as significant sales growth in other European countries**
- **EBIT: EUR -2.1 million (same period in previous year: EUR -2.3 million)**
- **Consolidated profit/loss before tax: EUR – 2.4 million (same period in previous year: EUR -2.6 million)**
- **Liquid assets of EUR 5.9 million on 31 March**
- **Undiluted earnings per share amounted to EUR -0.11 (same period in previous year: EUR -0.13)**

Achievement of objectives as at 31 March 2015:

Revenue: In Germany, sales rose by approximately 44% compared to the same period in the previous year. The target of 30% revenue growth in Germany has thus been significantly exceeded; the forecast of 30% growth in Germany for the whole of 2015 remains unchanged. Significantly higher orders were recorded in other European countries, which led to a sharp increase in international sales.

Preparation of the application for approval of Ameluz® in the USA: Three clinical trials have been completed in preparation for the submission of the approval application file to the FDA (Food and Drug Administration). All three studies were completed in 2014 with very convincing results. A reformatting of the data into the FDA format and a joint evaluation of all the clinical findings (integrated analysis) were at that time still required in order to finalize the approval documents for the FDA. This work has now also been completed. Meanwhile, the finishing touches are now being carried out on the dossier, and submission is planned for June 2015. Approval is expected

to be issued about one year later. The pre-NDA (new drug application) meeting, at which significant issues relating to the approval dossier were discussed again, was carried out as a telephone conference at the beginning of October 2014, during which all questions still outstanding in relation to the company were answered.

In Spain, Biofrontera took over responsibility for sales and distribution from Allergan on 17 March, as planned in the corresponding agreement. Sales and distribution is now carried out via a registered branch office called *Biofrontera Pharma GmbH, sucursal en España*, which is based in Cornellà de Llobregat near Barcelona.

Clinical trials: the phase III clinical trial for basal cell carcinoma is very far advanced. A request has thus been submitted to the relevant authority to bring patient recruitment to a close. As planned, the most recently recruited patient will have gone through the course of treatment in 6 months, which means that the trial could be completed by the end of 2015.

Financial position, cash flows and results of operations of the Biofrontera Group

Biofrontera Group profit/loss account (summary)

	3M 2015	3M 2014	Change
	in thousand EUR	in thousand EUR	in %
	unaudited	unaudited	
Sales revenue	1,030	650	+59
Cost of sales	310	180	+72
Research and development costs	1,240	1,140	+9
Sales, distribution and general administration costs	1,578	1,687	-6
Other operating income and expenses	9	27	-67
EBIT	-2,089	-2,331	-10
Financial result	-273	-307	-11
Profit/loss before income tax	-2,362	-2,638	-10
Income tax	0	3	+100
Profit/loss after tax	-2,362	-2,641	-11
of which attributable to other shareholders	0	0	

Sales revenue

The Biofrontera Group recorded sales of EUR 1,030 thousand in the first quarter of the 2015 financial year (first quarter of 2014: EUR 650 thousand), corresponding to an increase of 59% compared to the same period in the previous year. Turnover from sales of our products in Germany increased by 44% to EUR 783 thousand (same period in previous year: EUR 544 thousand), and sales in other countries increased by 276% to EUR 247 thousand

(same period in previous year: EUR 66 thousand). No down payments were collected during the first quarter of the 2015 financial year (same period in previous year: EUR 40 thousand).

Cost of sales

In line with this increase in sales, the cost of sales also increased by 73%, from EUR 180 thousand to EUR 310 thousand, which resulted in the gross profit from sales improving from EUR 470 thousand in the first quarter of the 2014 financial year to EUR 720 thousand in the first quarter of the 2015 financial year.

The gross margin fell slightly, from 72% to 70%, due to the higher proportion of foreign sales, as according to its licensing agreements Biofrontera only receives part of the margin.

Research and development costs, distribution and administration costs

The research and development costs, which amounted to EUR 1,140 thousand in the first quarter of the 2014 financial year, increased to EUR 1,240 thousand in the first quarter of the 2015 financial year. This is in line with Biofrontera's strategy, which provides for investment in research and development in order to extend the range of indications and to achieve approval for Ameluz® in the USA. The distribution and administration costs fell by EUR 109 thousand compared to the same period in the previous year, to EUR 1,578 thousand, primarily due to lower financing costs.

Financial result

The interest expenses included in the financial result, which amount to EUR 281 thousand, are almost entirely the result of interest payments for the two warrant bonds, and of the compounding of interest on the two warrant bonds using the effective interest method. The interest payments for the 2014 calendar year from the warrant bond I and the warrant bond II were made in January 2015.

Share capital

On 31 March 2015, the fully paid-up share capital of the parent company, Biofrontera AG, amounted to EUR 22,196,570.00. This was divided into 22,196,570 registered shares with a nominal value of EUR 1.00 and has not changed compared to the share capital on 31 December 2014.

The Biofrontera AG shares were listed on the regulated market of the Düsseldorf Stock Exchange in 2006. Likewise, approval was granted for trading on the regulated market of the Frankfurt Stock Exchange in August 2012. The company's shares are also traded on the Xetra computer trading system and all other German stock exchanges. On 3 June 2014, the share was admitted to the Prime Standard of the Frankfurt Stock Exchange. Since 3 June 2014, the shares have also been traded on the AIM Market (AIM) of the London Stock Exchange.

The shareholdings of the shareholders on 31 March 2015, based on the most recent compulsory disclosures of the shareholders, were as follows:

	31 March 2015 EUR
Maruho Deutschland Co., Ltd., Osaka, Japan The total share of voting rights is assigned to Maruho Co., Ltd, Osaka, via the company Maruho Deutschland GmbH, Düsseldorf, Germany, which is controlled by the former.	4,467,143
Professor Ulrich Abshagen, Germany Professor Abshagen has a direct holding of 52,293 voting rights, and he is indirectly assigned 976,056 voting rights by Heidelberg Innovation BioScience Venture II GmbH & Co.KG (in liquidation) via Heidelberg Innovation Asset Management GmbH & Co. KG, of which he is one the managing partners.	1,028,349
Universal-Investment-Gesellschaft mbH, Frankfurt, Germany *Most recent notification of voting rights on 10.02.2011. Since then, no threshold transgressions have been reported, thus the actual shareholding as of 31 March 2015 may deviate significantly from this information.	981,438*
Professor Hermann Lübbert, Leverkusen, Germany	685,512
Free float	15,034,128
	22,196,570

Financial position and cash flows

The company's capital management body regularly reviews the equity ratio of the group and of the group subsidiaries. The management's objective is to ensure an appropriate equity base, within the framework of the expectations of the capital market, and creditworthiness with respect to national and international business partners. The Management Board of the company ensures that all group companies have sufficient capital at their disposal in the form of equity and debt capital. For more details of the development of the company's equity capital, please see the equity reconciliation statement.

The cash flow from operating activities improved in comparison with the first quarter of 2014, from EUR -2,449 thousand to EUR -1,818 thousand.

Due to interest received on cash investments, the cash flow from investment activities increased by EUR 8 thousand, from EUR 15 thousand to EUR 23 thousand.

The cash flow from financing activities decreased by EUR 14,527 thousand compared to the same period in the previous year, due to the proceeds received in the first quarter of the 2014 financial year from shares issued in a capital increase. The cash flow fell from EUR 13,696 thousand to EUR -830 thousand.

The company was able to meet its payment obligations at all times, but may also be dependent on further financing measures in future.

Pursuant to IFRS, the group has negative equity amounting to EUR 2,356 thousand. As of 31 March 2015, Biofrontera AG had positive equity amounting to EUR 64,797 thousand.

Personnel details

Staff

On 31 March 2015, 49 (31 December 2014: 46) employees worked for the Biofrontera Group. This figure comprises 16 employees of Biofrontera AG (31 December 2014: 16), 6 employees of Biofrontera Bioscience GmbH (31 December 2014: 6), and 27 employees of Biofrontera Pharma GmbH (31 December 2014: 24). No staff are employed at Biofrontera Development GmbH or Biofrontera Neuroscience GmbH.

Supplementary report

Events of special significance occurring since 31 March 2015

A small capital increase of 1,377,272 new shares with proceeds of EUR 3.1 mln (net) was executed in May. The proceeds will be used to cover the „PDUFA Fee" of US$ 2,335,000 that Biofrontera will have to transfer to the FDA prior to submitting the dossier for its medicament Ameluz®. While this fee is normally waived for first submissions of small companies, the FDA does not yet have a process installed for granting the waiver in the current year. Following approval of the waiver, the money should be returned to Biofrontera. The remaining sum will flow into Biofrontera's general operational costs.

Monica L. Tamborini was appointed managing director of the US subsidiary Biofrontera Inc. on 1 April 2015.

Pursuant to a resolution passed by the Supervisory Board on 9 April 2015, Thomas Schaffer's appointment as Chief Financial Officer was extended by five years, until 30 November 2020.

Forecast regarding key tax figures

The current outlook for the 2015 financial year is unchanged from the forecast contained in the 2014 Annual Report.

For the 2015 financial year, Biofrontera expects to achieve turnover of approximately EUR 4 to 5 million, though this is still subject to significant planning uncertainties relating primarily to the speed of market penetration. In Germany, as in 2014, we envisage an increase in turnover of approximately 30% compared to the previous year. It is still very difficult to predict the increase in sales in other European countries, which means that the achievable revenue could be anywhere within a wide spread. Further licence agreements with possible one-off payments are not included in the above turnover forecast. Neither a down payment from a possible US distribution partner nor possible additional costs relating to the establishment of the company's own sales team in the USA are taken into account in the planning for 2015.

In order to extend the range of indications, and to receive approval for the USA, Biofrontera will continue to invest heavily in research and development and regulatory affairs in 2015. We therefore expect development costs to remain in the area of EUR 4 to 5 million.

Biofrontera does not plan to make any significant investments in tangible assets in 2015.

The financial result reflects the interest payments and compounding of interest using the effective interest method for the two warrant bonds. Therefore, this will not significantly change in 2015 compared to 2014.

With the above-mentioned conditions and forecasts, the company will achieve a net result of EUR -9 to -10 million in 2015. The achievement of this result depends heavily on progress in terms of turnover.

Leverkusen, Germany, 29 May 2015

Biofrontera AG

Professor Hermann Lübbert

Thomas Schaffer

Consolidated balance sheet as at 31 March 2015

Assets

in EUR	31 March 2015 unaudited	31 Dec 2014
Non-current assets		
Tangible assets	333,775.26	339,532.00
Intangible assets	2,418,957.02	2,580,077.17
	2,752,732.28	**2,919,609.17**
Current assets		
Current financial assets		
Trade receivables	540,361.92	308,984.35
Other financial assets	722,011.37	726,790.94
Cash and cash equivalents	5,883,438.86	8,509,398.16
	7,145,812.15	**9,545,173.45**
Other current assets		
Inventories		
Raw materials and supplies	724,733.90	684,455.83
Unfinished products	135,318.02	107,784.39
Finished products and goods	502,170.43	601,281.83
Income tax reimbursement claims	62,233.51	62,072.99
Other assets	51,926.60	90,118.27
	1,476,382.46	**1,545,713.31**
	8,622,194.61	**11,090,886.76**
Total assets	**11,374,926.89**	**14,010,495.93**

Liabilities

in EUR	31 March 2015 unaudited	31 Dec 2014
Equity		
Subscribed capital	22,196,570.00	22,196,570.00
Capital reserve	76,430,132.36	76,402,715.36
Loss carried forward	(98,620,285.49)	(87,899,306.51)
Net loss for the year	(2,362,480.10)	(10,720,978.98)
	(2,356,063.23)	**(21,000.13)**
Long-term liabilities		
Long-term financial liabilities	11,241,257.43	10,774,298.38
Current liabilities		
Current financial liabilities		
Trade payables	1,025,541.40	967,437.66
Short-term financial debt	207,543.57	1,224,598.00
Other financial liabilities	62,756.86	27,012.10
	1,295,841.83	**2,219,047.76**
Other current liabilities		
Other provisions	1,114,313.37	951,944.41
Other current liabilities	79,577.49	86,205.51
	1,193,890.86	**1,038,149.92**
	2,489,732.69	**3,257,197.68**
Total liabilities	**11,374,926.89**	**14,010,495.93**

Consolidated statement of comprehensive income for the first quarters of the 2015 and the 2014 financial years

in EUR	3M 2015	3M 2014
	unaudited	unaudited
Sales revenue	1,030,011.30	649,530.32
Cost of sales	-310,182.09	-179,841.33
Gross profit from sales	719,829.21	469,688.99
Operating expenses:		
Research and development costs	-1,240,073.31	-1,140,462.18
General administrative costs	-633,178.56	-737,166.85
of which financing costs	-81,400.13	-231,028.52
Cost of sales	-944,943.27	-949,796.47
Loss from operations	**-2,098,365.92**	**-2,357,736.51**
Financial result		
Interest expenses and similar	-280,684.69	-317,584.65
Interest income and similar	7,658.65	10,647.30
Other income and expenses		
Other expenses	-16,433.79	-12,630.40
Other income	25,345.65	39,498.00
Profit/loss before income tax	**-2,362,480.10**	**-2,637,806.25**
Income tax	0.00	-3,062.00
Profit or loss for the period	**-2.362.480.10**	**-2,640,868.25**
Expenses and income not included in profit/loss		
Subsequent valuation of financial assets available for sale	0	0
Other expenses and income not included in profit/loss	0	0
Total result for the period	**-2.362.480.10**	**-2,640,868.25**
Undiluted (= diluted) earnings per share	-0.11	-0.13

Consolidated cash flow statement for the first quarters of the 2015 and 2014 financial years

	3M 2015 unaudited	3M 2014 unaudited
	EUR	EUR
Cash flows from operations		
Total result for the period	-2.362.480.10	-2,640,868.25
Adjustments to reconcile net profit or loss for the period with cash flow into operations:		
Financial result	273,026.04	306,937.35
Depreciation	199,493.00	195,440.50
(Gains)/losses from disposal of assets	115.00	2,632.00
Non-cash expenses and income	27,256.85	-284,260.81
Changes in operating assets and liabilities:		
Trade receivables	-231,377.57	258,895.87
Other assets and income tax assets	-4,895.12	-219,862.86
Inventories	31,299.70	29,874.85
Trade payables	58,103.74	-186,525.94
Provisions	161,938.04	94,568.45
Other liabilities	29,116.74	-5,664.66
Net cash flow into operations:	**-1,818,403.68**	**-2,448,833.50**
Cash flows from investment activities:		
Purchase of intangible and tangible assets	-37,473.12	-16,834.95
Interest received	55,358.65	1,635.46
Revenue from the sale of intangible and tangible assets	4,742.01	30,681.56
Net cash flow from (into) investment activities	**22,627.54**	**15,482.07**
Cash flows from financing activities:		
Proceeds from the issue of shares	0.00	15,134,588.29
Interest paid	-830.174.00	-454.416.67
Increase/(decrease) in long-term financial debt	186,871.27	-1,210,057.95
Increase/(decrease) in short-term financial debt	-186,880.43	226,210.24
Net cash flow from financing activities	**-830,183.16**	**13,696,323.91**
Net increase (decrease) in cash and cash equivalents	**-2,625,959.30**	**11,262,972.48**
Cash and cash equivalents at beginning of period	**8,509,398.16**	**2,933,578.47**
Cash and cash equivalents at end of period	**5,883,438.86**	**14,196,550.95**
Composition of financial resources at end of period:		
Cash and bank balances and cheques	**5,883,438.86**	**14,196,550.95**

New representation with adjustment of previous year's figures

Consolidated statement of changes in equity for the first quarters of the 2015 and 2014 financial years

Unaudited	Ordinary shares Number	Subscribed capital EUR	Capital reserve EUR	Accumulated loss EUR	Total EUR
Account balance on 1 January 2014	**17,753,168**	**17,753,168.00**	**65,598,778.57**	**(87,899,306.51)**	**(4,547,359.94)**
Capital increase	4,443,402	4,443,402.00	11,105,950.00	0.00	15,549,352.00
Cost of capital procurement	0	0.00	(215,725.71)	0.00	(215,725.71)
Changes in the capital reserve associated with the repurchase of own Warrant Bonds I	0	0.00	(198,939.00)	0.00	(198,939,00)
Change in the capital reserve resulting from transaction costs in connection with the repurchase of own Warrant Bonds I	0	0.00	(99.00)	0.00	(99.00)
Increase in capital reserves from the stock option programme	0	0.00	24,312.00	0.00	24,312.00
Net loss for the year	0	0.00	0.00	(2,640,868.25)	(2,640,868.25)
Account balance on 31 March 2014	**22,196,570**	**22,196,570.00**	**76,314,276.86**	**(90,540,174.76)**	**7,970,672.10**
Capital increase	0	0.00	0.00	0.00	0.00
Cost of capital procurement	0	0.00	0.00	0.00	0.00
Changes in the capital reserve associated with the sale/repurchase of own Warrant Bonds I and II	0	0.00	0.00	0.00	0.00
Changes in the capital reserve resulting from transaction costs in connection with the sale/repurchase of own Warrant Bonds I and II	0	0.00	0.00	0.00	0.00
Increase in capital reserves from the stock option programme	0	0.00	88,438.50	0.00	88,438.50
Net loss for the year	0	0.00	0.00	(8,080,110.73)	(8,080,110.73)
Account balance on 31 December 2014	**22,196,570**	**22,196,570.00**	**76,402,715.36**	**(98,620,285.49)**	**(21,000.13)**
Capital increase	0	0.00	0.00	0.00	0.00
Cost of capital procurement	0	0.00	0.00	0.00	0.00
Changes in the capital reserve associated with the sale/repurchase of own Warrant Bonds I and II	0	0.00	0.00	0.00	0.00
Changes in the capital reserve resulting from transaction costs in connection with the sale/repurchase of own Warrant Bonds I and II	0	0.00	0,00)	0.00	0.00
Increase in capital reserves from the stock option programme	0	0.00	27,417.00	0.00	27,417.00
Net loss for the year	0	0.00	0.00	(2,362,480.10)	(2,362,480.10)
Account balance on 31 March 2015	**22,196,570**	**22,196,570.00**	**76,430,132.36**	**(100,982,765.59)**	**(2,356,063.23)**

Selected notes on the consolidated interim financial statement as at 31 March 2015

1 Information about the company

Information about the company

Biofrontera AG (www.biofrontera.com), with its head office at Hemmelrather Weg 201, 51377 Leverkusen, Germany, registered in the Commercial Register of Cologne District Court, Department B under no. 49717, and its wholly-owned subsidiaries Biofrontera Bioscience GmbH, Biofrontera Pharma GmbH, Biofrontera Development GmbH, Biofrontera Neuroscience GmbH and Biofrontera Inc., which is based in Wilmington, Delaware, USA, research, develop and market dermatological products. The main focus of the business is the identification, development and distribution of dermatological drugs and dermatologically-tested cosmetics for the treatment and care of diseased skin. Biofrontera AG (hereinafter also the "company") pursues this goal along with its subsidiaries. All the companies together form the “Biofrontera Group”.

The Biofrontera Group was the first small German pharmaceutical company to be granted a centralised European drug approval for an independently developed drug, Ameluz®. In December 2011, Ameluz® was approved for the treatment of mild and moderate actinic keratoses. Two further clinical development projects, one dermatological project and one for the prevention of migraines, are in the pipeline but are not being actively pursued at the present time. In addition, a range of cosmetic products is to be expanded; the first product in this range, Belixos®, was launched in the autumn of 2009. A hair tonic, Belixos® LIQUID, was introduced in the spring of 2014 and Belixos® Gel for the treatment of rosacea and acne was launched at the beginning of December 2014. Belixos® Protect, a day cream with protective anti-aging properties designed especially for photodamaged skin, will follow during 2015.

The product Ameluz® (development name BF-200 ALA), which was approved at the end of 2011, was tested for the purposes of European approval in one phase II and two phase III clinical trials for the treatment of actinic keratosis. In preparation for approval in the USA, two further phase I trials and a phase III trial have been conducted. Ameluz® consists of a combination of the active agent aminolevulinic acid (ALA) and a nanoemulsion (BF-200), which gives the ALA chemical stability and enables it to penetrate the skin effectively. The clinical results regarding the treatment of actinic keratosis have shown its clear superiority to the competitor product against which it was compared in the phase III trials. An application for centralised European approval was submitted on 1 September 2010, and this approval was granted by the European Commission on 16 December 2011. Ameluz® has been sold in Germany since February 2012 and in several other European countries since autumn 2012.

In November 2012, Biofrontera's BF-RhodoLED® PDT lamp received pan-European approval for use as a medical device and has since been sold in parallel with Ameluz®. In Europe, doctors can choose to use any of the lamps approved for PDT, whereas in the USA the approval of Ameluz® will be intrinsically linked to that of the lamp.

The BF-derm1 project is not currently being actively developed, but it has been tested in a three-part phase II trial for the treatment of chronic, antihistamine-resistant urticaria (hives). The trial demonstrated the good effect of the drug, which reduced the intensity of urticaria rashes and itching, as well as reducing the amount of drowsiness-inducing antihistamines required by patients.

The BF-1 project is an innovative substance that is intended to be used for migraine prophylaxis. The substance was administered to healthy subjects for the first time towards the end of 2006, by intravenous injection and in tablet form. The company received the results of this trial in early 2007. They show that the substance is almost completely absorbed in the gut, and that it takes around two days for 50% of the substance to be broken down or excreted. These results are an excellent starting point for developing the substance to be administered in tablet form.

The intention is to finance the development of both BF-derm1 and BF-1 independently of Biofrontera's normal budget, using funds that are specifically sought for and directly allocated to the development of these products. For this reason, both projects were acquired from Biofrontera AG and allocated as partner's investments to the two newly-founded subsidiaries, Biofrontera Development GmbH and Biofrontera Neuroscience GmbH, in December 2012. The product BF-derm1, which is intended for the treatment of severe chronic urticaria, is now the responsibility of Biofrontera Development GmbH, while the product BF-1, which is intended for the prophylactic treatment of migraines, is the responsibility of Biofrontera Neuroscience GmbH. This outsourcing of development candidates has created a structure through which the financing of the further development of these two products can be uncoupled from the normal group financing. As a result, the company's short-term financial plans can focus on the market launch of Ameluz® in North America and the extension of its range of indications, as well as the establishment of the group as a specialist pharmaceutical company.

2 Accounting and valuation principles

Pursuant to the provisions of section 37y of the German Securities Trading Act (Wertpapierhandelsgesetz - WphG) in conjunction with section 37w WphG, the quarterly financial report as at 31 March 2015 comprises an abridged consolidated interim financial report, a consolidated interim management report, and an affidavit of the legal representatives that corresponds to the specifications of section 297(2) p.3 and section 315(1) p.6 of the German Commercial Code (HGB).

The quarterly financial report as at 31 March 2015 of Biofrontera AG for the period 1 January 2015 to 31 March 2015 has been prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) and the interpretations of the International Financial Reporting Standards Interpretations Committee (IFRS IC) for "Interim Financial Reporting" pursuant to IAS 34, as applicable in the European Union. In the opinion of the Management Board, these quarterly financial statements reflect all the business transactions that are necessary for presentation of the financial position, cash flows and results of operations for the periods ending on 31 March 2015 and 2014.

These interim financial statements do not include all the information and data required to prepare annual financial statements. The interim financial statements should therefore be read in conjunction with the consolidated financial statements for 2014.

In the context of the preparation of the consolidated interim financial statements, the Management Board has to make estimates and assumptions that influence the application of accounting principles in the group as well as the reported amounts of the assets and liabilities and the income and expenses. The actual amounts may deviate from these estimates. The results achieved in the first quarter of the 2015 financial year do not permit any forecasts to be made on the development of the further course of business.

Concerning the accounting, valuation and consolidation principles used in the preparation of the consolidated interim financial statement of Biofrontera AG, which are essentially unchanged, and the information on the companies included in the consolidated statement, please refer to the notes to the consolidated financial statement of 31 December 2014. Costs of capital procurement offset against equity are presented in the consolidated statement of changes in equity.

The consolidated interim financial statements do not contain any segment information, as no business or geographical segments subject to reporting requirements have been identified.

Due to the special importance of the research and development costs, these are shown as a separate section in the profit and loss account.

This interim financial statement of Biofrontera AG was approved for publication by resolution of the Management Board in May 2015.

3 Deferred taxes

As at 31 March 2015, the company has a considerable amount of tax loss carryforwards.

In accordance with the tax regulations applicable in Germany, these tax loss carryforwards are non-forfeitable and can be offset against future taxable profits of the company.

The existing tax loss carryforwards were assessed as legally binding in the tax audit in the first half of 2008 and in the final assessment up to the 2003 assessment period. In addition, another audit was conducted for the years from 2003 to 2009 and the existing tax loss carryforwards were also assessed as legally binding.

Nevertheless, no deferred tax assets from temporary differences or from tax loss carryforwards have been recognised in the balance sheet. This decision has been taken against the background that, from the current perspective, the Management Board still does not regard it as certain that the deferred tax claims can be realised in the next few years.

In accordance with IAS 12.34, the recognition of the deferred tax claims has therefore been dispensed with.

4 Employee stock option programme 2010

In order not to be at a disadvantage in the future regarding staff recruitment and retention, the company must continue to be able to offer share and/or securities-based remuneration. Moreover, in accordance with the German act concerning the appropriateness of management board remuneration, such schemes must be linked to the long-term success of the company. As the stock option programme approved by the Annual General Meeting of the company on 24 May 2007 could not be used, the Annual General Meeting held on 2 July 2010 granted the Management Board and the Supervisory Board the authorisation to issue, within the next 5 years, up to 839,500 options to directors and employees. Further provisions governing this action were specified in the invitation to the Annual General Meeting and are available on the company's website. The issue of a first tranche of these options is described in the consolidated financial statements of 31 December 2010. The second tranche took place

in the 2011 calendar year and is noted in the consolidated financial statements of 31 December 2011. A further 116,500 option rights (third tranche) were issued in the first half of 2012 at an exercise price of EUR 3.30 or EUR 4.09 each. On 2 September 2013, 179,500 options (fourth tranche) were issued with an exercise price of EUR 3.373. In a further tranche (fifth tranche), on 2 April 2014 159,350 options were issued with an exercise price of EUR 3.43 each. On account of the vesting period involved, none of these can be exercised or have lapsed as yet. There were therefore still 181,350 options outstanding on 31 March 2015. During the period under review, the expenditure booked was EUR 27 thousand (31 March 2014: EUR 24 thousand).

5 Shares / earnings per share

The earnings per share are calculated in accordance with IAS 33 on the basis of the quarterly results of the Biofrontera Group as well as on the basis of the ordinary shares outstanding during the relevant periods in 2015 and 2014.

	31 March 2015 unaudited	31 March 2014 unaudited
Ordinary shares	22,196,570.00	22,196,570.00
Net loss for the year in EUR	(2,362,480.10)	(2,640,868.25)
Earnings per share in EUR, related to net loss for the year	(0.11)	(0.13)

6 Members of the Management Board

The members of the Management Board are:

- **Prof. Hermann Lübbert**, chairman of the Management Board (Chief Executive Officer)
- **Thomas Schaffer**, member of the Management Board (Chief Financial Officer)
- Pursuant to a resolution passed by the Supervisory Board on 27 March 2015, the management contract with Prof. Hermann Lübbert has been extended for a further five years, until 31 October 2020.
- Pursuant to a resolution passed by the Supervisory Board on 9 April 2015, the management contract with Thomas Schaffer has been extended by five years, until 30 November 2020.

During the first quarter of the 2015 financial year, Management Board remuneration amounted to EUR 138 thousand (during same period in 2014: EUR 134 thousand).

7 Members of the Supervisory Board

As a result of the resolution passed by the Annual General Meeting held on 10 May 2011, the Supervisory Board has consisted of the following members since 10 May 2011, with these members acting as representatives of the shareholders:

Jürgen Baumann	Chairperson of the Supervisory Board, expert in the field of sales and marketing of pharmaceuticals, resident in Monheim, Germany
Prof. Bernd Wetzel	Deputy chairperson of the Supervisory Board, advisor, resident in Biberach/Riss, Germany
Dr. Ulrich Granzer	Owner and Managing Director of Ulrich Granzer Regulatory Consulting & Services, resident in Munich, Germany
Ulrike Kluge	Managing Partner of klugeconcepts GmbH, Cologne; resident in Cologne, Germany
Andreas Fritsch	Managing Director of Unternehmensberatung Fritsch, Seefeld; resident in Seefeld, near Munich, Germany
Alfred Neimke	Managing Director of Kopernikus AG in Zurich, Switzerland, resident in Zurich, Switzerland

During the first quarter of the 2015 financial year, Supervisory Board remuneration amounted to EUR 28 thousand (during same period in 2014: EUR 28 thousand).

8 Transactions with related persons

During the period under review, the company availed itself of additional advisory services from one member of the Supervisory Board, Dr Ulrich Granzer. These services went beyond the scope of normal Supervisory Board activities. Dr Granzer assisted the company with key issues relating to the preparation of the application for approval by the supervisory authorities. During the course of the first quarter of the 2015 financial year, advisory services amounting to EUR 21 thousand (same period in previous year: EUR 29 thousand) were provided by Granzer Regulatory Consulting & Services. Accounts payable to Granzer Regulatory Consulting & Services amounted to EUR 11 thousand on 31 March 2015 (31 December 2014: EUR 6 thousand). The amounts stated here do not include statutory VAT at the current rate of 19%. The underlying consultancy contract was approved in consideration of the statutory provisions.

9 Significant events occurring since the interim balance sheet date

A small capital increase of 1,377,272 new shares with proceeds of EUR 3.1 mln (net) was executed in May. The proceeds will be used to cover the „PDUFA Fee" of US$ 2,335,000 that Biofrontera will have to transfer to the FDA prior to submitting the dossier for its medicament Ameluz®. While this fee is normally waived for first submissions of small companies, the FDA does not yet have a process installed for granting the waiver in the current year. Following approval of the waiver, the money should be returned to Biofrontera. The remaining sum will flow into Biofrontera's general operational costs.

Monica L. Tamborini was appointed managing director of the US subsidiary Biofrontera Inc. on 1 April 2015.

Pursuant to a resolution passed by the Supervisory Board on 9 April 2015, Thomas Schaffer's appointment as Chief Financial Officer was extended by five years, until 30 November 2020.

Leverkusen, 29 May 2015

Professor Hermann Lübbert

Chairman of the Management Board

Thomas Schaffer

Chief Financial Officer

Editor

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