

Biofrontera AG

Quarterly Announcement for the first 9 months of 2024



Year-to-date Highlights 2024

- BIOFRONTERA'S EUROPEAN BUSINESS GROWS 18% COMPARED TO THE SAME PERIOD IN 2023
- PARTNER COOPERATION FOR ADVANTAN® AND SKINOREN® FOR THE GERMAN MARKET WITH LEO PHARMA SUCCESSFULLY STARTED IN Q3 2024
- BIOFRONTERA SIGNED AN AGREEMENT WITH GALENICA FOR THE DISTRIBUTION OF OVIXAN IN UK
- CLINICAL RESEARCH TRANSFERRED TO BIOFRONTERA INC.
- BIOFRONTERA ENTERS INTO COOPERATION AGREEMENTS TO MARKET THE MULTILITE® DAYLIGHT LAMP AND THE INDOORLUX® CONCEPT FOR PDT TREATMENT WITH ARTIFICIAL DAYLIGHT
- AMELUZ® RECEIVES APPROVAL EXTENSION FOR USE WITH ARTIFICIAL DAYLIGHT IN THE EU AND UK
- IMPLEMENTATION OF A CAPITAL REDUCTION AT A RATIO OF 21:1
- SUCCESSFUL CAPITAL INCREASE BY 3,038,431 NEW SHARES WITH GROSS PROCEEDS OF EUR 3.3 MILLION EUR
- AS EXPECTED, DUE TO BIOFRONTERA INC CHANGE IN STOCKPILING POLICY, THERE WERE NO AMELUZ® SALES TO BIOFRONTERA INC UNTIL Q4 2024
- NEW LAMP RHODOLED XL® FOR US MARKET WITH SALES TO LICENCEPARTNERS IN USA

Key figures in accordance with IFRS

	01.01.-30.9.2024		01.01.-30.9.2023		01.07.-30.9.2024		01.07.-30.9.2023	
	kEUR	% from sales	kEUR	% from sales	kEUR	% from sales	kEUR	% from sales
Results of operations								
Sales revenue	10,724	100.00%	24,799	100.00%	3,518	100.00%	7,015	100.00%
¹ - thereof Germany	5,497	51.26%	4,568	18.42%	1,942	55.20%	1,547	22.05%
¹ - thereof Spain	1,185	11.05%	1,225	4.94%	262	7.45%	267	3.81%
¹ - thereof UK	696	6.49%	601	2.42%	230	6.54%	243	3.46%
¹ - thereof Rest of Europe	1,164	10.85%	848	3.42%	17	0.48%	134	1.91%
¹ - thereof USA	2,064	19.25%	17,461	70.41%	1,024	29.11%	4,771	68.01%
¹ - thereof Other Regions	118	1.10%	96	0.39%	43	1.22%	53	0.76%
Gross profit on sales	7,309	68.16%	19,991	80.61%	2,708	76.96%	5,772	82.29%
Result from operations	(5,545)	(51.71)%	4,129	16.65%	(1,119)	(31.81)%	942	13.43%
EBITDA	(4,460)	(41.59)%	4,851	19.56%	(903)	(25.68)%	1,108	15.79%
EBIT	(5,063)	(47.21)%	4,349	17.54%	(1,098)	(31.22)%	992	14.14%
Profit/loss before income tax	(6,274)	(58.51)%	(4,624)	(18.65)%	(931)	(26.45)%	(2,445)	(34.86)%
Profit/loss for the period	(6,274)	(58.51)%	(6,286)	(25.35)%	(931)	(26.45)%	(3,141)	(44.78)%

in EUR thousands	September 30, 2024 unaudited	September 30, 2023 unaudited
Key Balance Sheet Figures		
Total assets	23,058	24,019
Non-current assets	11,359	8,066
Cash and cash equivalents	1,849	2,105
Other current assets	9,851	13,848
Total Liabilities	6,098	10,131
Current liabilities	5,737	9,277
Non-current liabilities	361	854
Equity	16,960	13,888

	September 30, 2024	September 31, 2023
Total FTE	78.44	91.78
Biofrontera Shares		
Number of shares outstanding	6,076,862	63,807,058
Share price (Xetra closing price in EUR)	2.345	0.55

Business performance

Biofrontera AG continues with its European business focus, showing 18% of growth compared to last year's period. Due to its US partner change in stocking policy, the company faces a negative result for the first nine months of 2024 as there were no Ameluz orders from Biofrontera Inc during this period.

Biofrontera was once again the growth driver in the German PDT market in the first nine months of 2024 with an impressive 20% increase in sales, thus further expanding Ameluz®'s market leadership. Sales increased to EUR 5,497 thousand compared to the previous year's figure of EUR 4,568 thousand. Photodynamic therapy with daylight, or short daylight PDT, continued to establish itself on the market, allowing this reimbursable treatment option to be increasingly offered to the much larger group of people with statutory health insurance.

In Spain, sales were lower by 3,3% compared to previous year's level due to increased mandatory rebates, partly compensated by increased sales of 15,8% in the UK. Sales in the Spanish market amounted to EUR 1,185 thousand (9M 2023: EUR 1,225 thousand) and sales of EUR 696 thousand were generated in the UK, compared to EUR 601 thousand in the same period of the previous year.

Revenue generated by our European sales partners amounted to EUR 1,164 thousand in the reporting period, favorable by 37% on the previous year's figure of EUR 848 thousand. Due to the structure of the license agreements and the agreed delivery of budgeted sales goods, sales often fluctuate during the year, which can deviate from actual market developments in the respective countries. Sales by our license partners in the market are currently on the rise.

During the reported period, Biofrontera Inc didn't buy any Ameluz due to a change in their stocking policy. As a result, revenues from USA during the reported period were EUR 2,064 thousand (9M 2023: EUR 17,461 thousand) Only lamps were sold to Biofrontera Inc during this period, generating a huge decrease in the global sales compared with the same period of last year.

As part of the license agreement concluded with Maruho Ltd., income of EUR 118 thousand was generated from services and the delivery of goods for clinical development in the reporting period - January 1st to September 30th, 2024 - (previous year: EUR 96 thousand).

Overall, the Biofrontera Group generated total sales of EUR 10.724 thousand in the period from January 1 to September 30, 2024, compared to EUR 24.799 thousand in 2023, a decrease of around 57%. The reason for the decline in the reporting period is the change of restocking policy of our main customer Biofrontera Inc. Reported sales to them solely refer to sale of lamps. Gross profit amounted to EUR 7,309 thousand in the first nine months, compared to EUR 19,991 thousand in the same period of the previous year. The gross margin amounted to 68% (previous year: 81%) Main reason for this decrease is the increased weight of the lamps sales, with a reduced margin.

As a result of the decrease in the global revenues, the operating result decreased and amounted to EUR -5,545 thousand compared to EUR 4,129 thousand in the first nine months of 2023. EBITDA amounted to EUR -4,460 thousand in the reporting period (previous year: EUR 4,851 thousand). EBIT amounted to EUR -5,063 thousand in the first nine months compared to EUR 4,349 thousand in the first three quarters of 2023.

In the expenses side, relevant measures to reduce them has been implemented during the period. Research and development costs amounted to EUR 4,583 thousand in the reporting period compared to EUR 6,241 thousand in the same period of the previous year, which corresponds to decrease of 27%. As already reported in the first half of 2024, this decrease in costs is partially due to the outsourcing of clinical activities to the US since June 1st.

General and administrative expenses amounted to EUR 3,276 thousand in the first nine months of 2024, a decrease of EUR 1,177 thousand compared to the previous year (EUR 4,453 thousand). The decreased costs are primarily due to reduced personnel, investor relation, consulting and insurances cost.

Sales and marketing costs amounted to EUR 4,995 thousand in the first nine months of 2024, compared to EUR 5,168 thousand in the previous year.

The Group's cash and cash equivalents amounted to EUR 1,849 thousand as of September 30, 2024 (September 30, 2023: EUR 2,105 thousand).

During August 2024 the company has signed an agreement with Leo Pharma GmbH to promote two of their established dermatological brands in Germany. The products in scope- Advantan® (methylprednisolone aceponat) for the treatment of atopic dermatitis, neurodermatitis as well as Skinoren® (azelaic acid) for the topical treatment of acne vulgaris- represent widely used treatments to support patients suffering from the underlying diseases, both by dermatologists and general practitioners.

In October 2024, Biofrontera Pharma GmbH entered into an agreement with Galenica AB, a well-established Swedish pharmaceutical company, to exclusively promote and distribute their branded product Ovixan® (mometasone) in the UK. Ovixan® is an improved topical formulation of the leading corticosteroid mometasone for the treatment of inflammatory manifestations of atopic dermatitis and psoriasis, skin diseases that affect more than two million people in the United Kingdom.

These two agreements underline Biofrontera's commitment as a leading company in dermatology to expand its business in the European market.

At the end of October, Biofrontera Inc. announced highly significant results in phase 3 study of Ameluz®-Photodynamic Therapy (PDT) regarding the treatment of superficial Basal Cell Carcinoma (sBCC). This new indication will open a new niche market for Biofrontera Inc in USA

Biofrontera Group financial position and performance

Results of operations of the Biofrontera Group

The results of operations as of September 30, 2024 are as follows:

in EUR thousands	01.01 -30.09.2024	01.01 -30.09.2023	01.07 -30.09.2024	01.07 -30.09.2023
	unaudited	unaudited	unaudited	unaudited
Sales revenue	10,724	24,799	3,518	7,015
- thereof Germany	5,497	4,568	1,942	1,547
¹ - thereof Spain	1,185	1,225	262	267
¹ - thereof UK	696	601	230	243
¹ - thereof Rest of Europe	1,164	848	17	134
¹ - thereof US	2,064	17,461	1,024	4,771
¹ - thereof Other Regions	118	96	43	53
Gross profit on sales	7,309	19,991	2,708	5,772
Research and development costs	(4,583)	(6,241)	(763)	(2,315)
General administrative costs	(3,276)	(4,453)	(1,376)	(1,010)
Sales and marketing costs	(4,995)	(5,168)	(1,689)	(1,505)
Result from operations	(5,545)	4,129	(1,119)	942
Other expenses and income	483	220	49	50
EBITDA	(4,460)	4,851	(903)	1,108
EBIT	-5,063	4,349	-1,098	992
Financial result	(1,211)	(8,973)	168	(3,437)
Loss before income tax	(6,274)	(4,624)	(931)	(2,445)
Loss after income tax	(6,274)	(6,286)	(931)	(3,141)

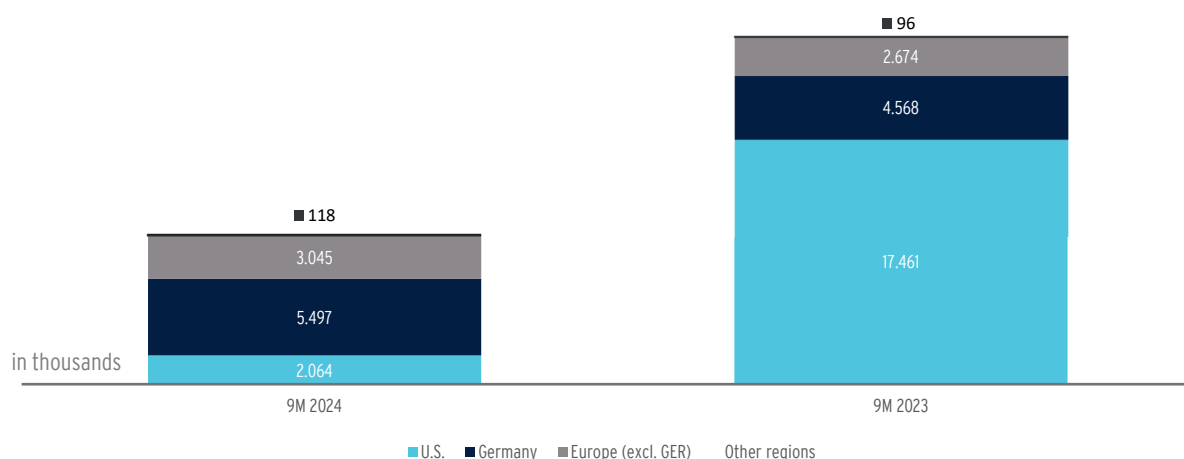
Sales revenue

In the reporting period, the Biofrontera Group generated total sales of EUR 10,724 thousand, a decrease of EUR 14,075 thousand compared to the previous year (previous year: EUR 24,799 thousand).

In the reporting period from January 1 to September 30, 2024, product sales of only EUR 2,029 thousand were generated with Biofrontera Inc., which corresponds to a decrease of 88,3% compared to the same period of the previous year (EUR 17,334 thousand) due to the previously mentioned changed warehousing policy of Inc. Services amounting to EUR 35 thousand were also invoiced to Biofrontera Inc. (prior-year period: EUR 127 thousand). These sales are due only to lamps, as no Ameluz was sold during the reporting period to Biofrontera Inc.

Total sales in Europe increased by 18% year-on-year to EUR 8,542 thousand (previous year: EUR 7,242 thousand). Sales in Germany rose by 20% compared to the same period of the previous year to EUR 5,497 thousand (previous year: EUR 4,568 thousand). In the rest of Europe, total sales increased by 14% to EUR 3,045 thousand (previous year: EUR 2,674 thousand).

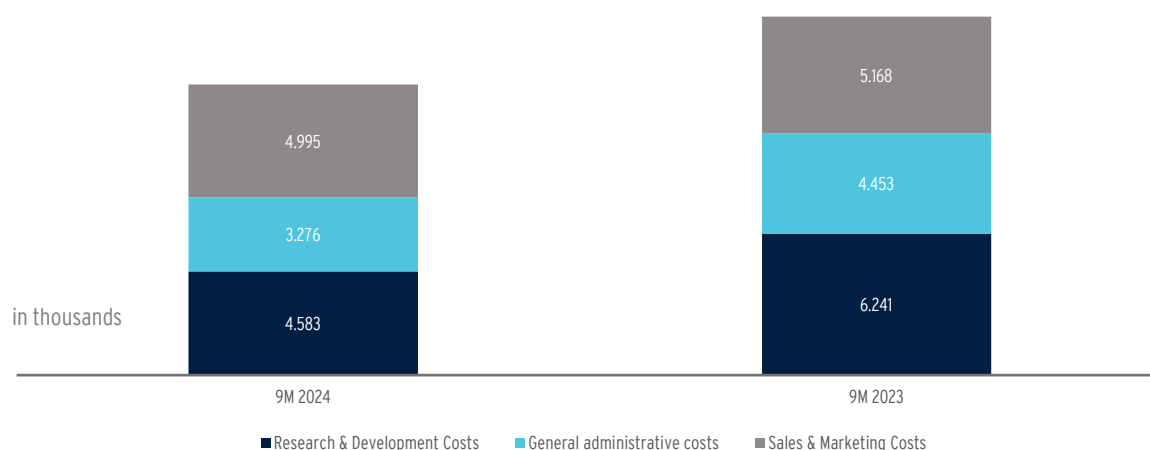
Revenues from other regions amounted to EUR 118 thousand in the fiscal year (previous year: EUR 96 thousand) and include both license income and revenues from the sale of study materials.



in EUR thousands	01.01.-30.9.2024			01.01.-30.9.2023		
	Product revenues	Service revenues	Licensing revenues	Product revenue	Development revenues	Licensing revenues
Germany	5,497	-	-	4,568	-	-
Europe	1,881	-	1,164	1,826	-	848
U.S.	-	35	2,029	-	127	17,334
Other regions	118	-	-	-	-	96
Total	7,496	35	3,193	6,394	127	18,278

Gross profit on sale

Gross profit decreased by EUR 12,682 thousand in the reporting year 2024 to EUR 7,309 thousand compared to EUR 19,991 thousand in the prior-year period. The gross margin decreased from 81% in 2023 to 68% in fiscal year 2024 due to the mix of customers and products (lamps and Ameluz®).



Research and development costs

R&D cost had a decrease of 27% to EUR 4,583 thousand in the reporting compared with the previous year's figure of EUR 6,241 thousand. In addition to costs for clinical trials, research and development costs also include regulatory expenses, pharmacovigilance, quality control, IP, medical affairs and other support areas.

General and administrative costs

General and administrative expenses in the first nine months of 2024 amounted to EUR 3,276 thousand (previous year: EUR 4,453 thousand) and thus decreased by a total of EUR 1,177 thousand compared to the previous year. On the cost side, additional legal expenses have been produced during the last three months due to the legal actions taken by DUSA pharma, Biofrontera Inc competitor, against both companies.

Sales and marketing costs

Sales and marketing expenses amounted to EUR 4,995 thousand in the first nine months of 2024 financial year, a decrease of EUR 173 thousand compared with the previous year (EUR 5,168 thousand). Selling expenses include the costs for our own sales force in Germany, Spain, and the United Kingdom as well as marketing expenses.

EBITDA and EBIT

The Group's EBITDA includes earnings before interest, taxes, depreciation of property, plant and equipment and amortization of intangible assets decreased by EUR 9,311 thousand to EUR -4,460 thousand in the first nine months of 2024 financial year, compared to prior-year period (EUR 4,851 thousand) as a result of the circumstances described above.

EBIT includes earnings before interest and taxes and decreased year-on-year to EUR -5,063 thousand (previous year: EUR 4,349 thousand).

Financial result

In addition to the interest result, the financial result totaling to a loss of EUR 1,211 thousands (previous year: loss of EUR 8,973 thousand) includes expenses from the subsequent measurement of the carrying amount of the investment in Biofrontera Inc. amounting to EUR 1,241 thousand (previous year: EUR -8,982 thousand).

Other income and expenses

Other expenses and income totaled a gain of EUR 483 thousand in the reporting period (previous year: EUR 220 thousand), this mainly reflects expenses and income from currency translation amounting and reversal of provisions.

Income taxes

Total amount of Income Taxes in the first nine months of 2024 was EUR 0 thousand (prior-year period: EUR 1,662 thousand). This item includes current income taxes of EUR 0 thousand (prior-year period: EUR 712 thousand) and deferred tax expenses of EUR 950 thousand (prior-year period: EUR 950 thousand) from the reduction of tax-deductible loss carryforwards at Biofrontera Pharma GmbH.

Net assets of the Biofrontera Group

The net assets position as of September 30, 2024 is as follows:

in EUR thousands	September 30, 2024	December 31, 2023
Non-current assets	11,359	8,066
Current financial assets	5,789	9,297
Other current assets	5,911	6,656
Total assets	23,058	24,019
Equity	16,960	13,888
Non-current liabilities	361	854
Current financial liabilities	2,040	5,575
Other current liabilities	3,698	3,702
Total equity and liabilities	23,058	24,019

Non-current assets

Non-current assets as of September 30, 2024 in the amount of EUR 11,359 thousand (previous year: EUR 8,066 thousand) include recognized deferred tax assets on tax loss carryforwards at Biofrontera Pharma GmbH in the amount of EUR 6,818 thousand (previous year: EUR 3,425 thousand), property, plant and equipment in the amount of EUR 3,003 thousand (previous year: EUR 3,370 thousand), intangible assets EUR 1,041 thousand (previous year: EUR 1,197 thousand), and other non-current assets in the amount of EUR 497 thousand (previous year: EUR 74 thousand).

Current financial assets

Current financial assets totaled EUR 5,789 thousand as of September 30, 2024 (previous year: EUR 9,297 thousand). This includes cash and cash equivalents of EUR 1,849 thousand (previous year: EUR 2,105 thousand), trade receivables of EUR 2,338 thousand (previous year: EUR 5,815 thousand) other current financial assets of EUR 1,584 thousand (previous year: EUR 1,342 thousand) and current contractual assets EUR 18 thousand (previous year: EUR 36 thousand)

Other current assets

Other current assets mainly contain inventories. As of September 30, 2024, these decreased to EUR 4,840 thousand (previous year: EUR 5,728 thousand). In the reporting year, no impairment losses were recognized on inventories (previous year: EUR 0 thousand).

Other current assets include also short-time receivables in amount of EUR 220 thousand (previous year: EUR 113 thousand), as well as Prepaid expenses and deferred charges in total amount of EUR 851 thousand (previous year: EUR 815 thousand).

Equity

In accordance with IFRS, the Group reported equity of EUR 16,960 thousand (previous year: EUR 13,888 thousand). The equity ratio increased from 58% to 74%.

Non-current liabilities

Non-current financial liabilities include liabilities from leases to be reported in accordance with IFRS 16 in the amount of EUR 361 thousand (previous year: EUR 763 thousand).

Current financial liabilities

Current financial liabilities include in particular trade accounts payable of EUR 1,533 thousand (previous year: EUR 5,066 thousand) liabilities to associated companies of EUR 0 thousand (previous year: EUR 0 thousand) as well as current financial liabilities of EUR 461 thousand (previous year: EUR 466 thousand) and other financial liabilities of EUR 46 thousand (Previous year EUR 43 thousand)

Current financial debt includes current liabilities from leases in accordance with IFRS 16 in the amount of EUR 461 thousand (previous year: EUR 466 thousand)

Other current liabilities

Other current liabilities amounted to EUR 3,698 thousand (previous year: EUR 3,702 thousand) and include in particular provisions of EUR 512 thousand (previous year: EUR 693 thousand) and other accruals of EUR 2,573 thousand (previous year: EUR 2,142 thousand). In addition, this position shows a tax accrual of EUR 613 thousand (previous year: EUR 867 thousand).

Financial position of the Biofrontera Group

Cash and cash equivalents

Cash and cash equivalents in the Group amount to EUR 1,849 thousand as of September 30 , 2024 (previous year: EUR 2,105 thousand).

Further information on the liquidity of the Biofrontera Group and Biofrontera AG can be found in the section "Outlook".

Outlook

In April 2024, the company issued a forecast for the 2024 fiscal year in which results were expected to be significantly below those of the previous year on both the revenue and earnings side. This is essentially based on the development of the inventories of our main customer Biofrontera Inc. In the past year, Biofrontera Inc. has built up a high stock of Ameluz® through an aggressive stockpiling policy, which is now to be utilized in a liquidity-preserving manner. As a result, our main customer has not ordered sales products from us in the first three quarters of 2024.

At the end of June, Biofrontera AG was sued by a competitor in the USA on the grounds that Biofrontera infringes some of this competitor's lamp patents. The competitor has filed two separate lawsuits, one for two patent infringements before the District Court and a second before the ITC (International Trade Commission), with the aim of prohibiting the import of the Biofrontera XL lamp into the USA. Biofrontera AG and its subsidiaries have signed a joint defense agreement with Biofrontera Inc. to share legal costs. It is expected that the costs of the ITC proceedings will amount to USD 5 million over a period of 18 months, which will be split between the two companies. The forecast for the 2024 fiscal year has been reviewed according to this new information.

The defense of the other processes will be around 1.5 to 3 million. Although all these expenses will be generated and paid during the next years (between 18 to 36 months) the accounting policies forced us to provision most of them in 2024. In the forecast for the 2024 fiscal year has been adjusted based on this new information.

The revised forecasted key performance indicators are as follows:

	Forecast as at first half-year 2024	Revised Forecast 2024
Group Revenue	20-23 million EUR	20-23 million EUR
EBITDA	-2 million to 0 million EUR	-4,5 million to -2,5 million EUR
EBIT	-3 million to -1 million EUR	-5,5 million to -3,5 million EUR
Cash and Cash Equivalents as of Dec 31	1-3 million EUR	1-3 million EUR

As of September 30, 2024, the Biofrontera Group holds cash and cash equivalents of EUR 1,849 thousand. Based on the current corporate planning for 2024, the Group will have sufficient liquidity to meet all obligations for a further 12 months from the preparation period. Assuming expenses and income develop as planned and the capital measure described above, the Group plans to have cash and cash equivalents of between EUR 1 million and EUR 3 million as of December 31, 2024.

Consolidated interim balance sheet as of September 30, 2024

Assets

in EUR thousands	September 30, 2024 unaudited	September 30, 2023 unaudited
Non-current assets		
Tangible assets	3,003	3,370
Intangible assets	1,041	1,197
Deferred tax	6,818	3,425
Non-current contractual assets	497	74
Total non-current assets	11,359	8,066
Current assets		
Financial assets		
Trade receivables	2,338	5,815
Other financial assets	1,584	1,342
Cash and cash equivalents	1,849	2,105
Current contractual assets	18	36
Total financial assets	5,789	9,297
Other assets		
Inventories	4,840	5,728
Other assets	1,070	928
Total other assets	5,911	6,656
Total current assets	11,699	15,953
Total assets	23,058	24,019

Equity and liabilities

in EUR thousands	September 30, 2024	September 30, 2023
	unaudited	unaudited
Equity		
Subscribed capital	6,077	63,807
Capital reserve	137,497	137,157
Capital reserve from foreign currency conversion adjustments	50	(2)
Loss carried forward	(120,390)	(180,789)
Loss for the period	(6,274)	(6,286)
Total equity	16,960	13,888
Non-current liabilities		
Financial debt	361	763
	0	91
Total non-current liabilities	361	854
Current liabilities		
Financial liabilities		
Trade payables	1,533	5,066
Current financial debt	461	466
Other financial liabilities	46	43
Total financial liabilities	2,040	5,575
Other liabilities		
Income Tax	613	867
Other provisions	512	693
Other liabilities	2,573	2,142
Total other liabilities	3,698	3,702
Total current liabilities	5,737	9,277
Total equity and liabilities	23,058	24,019

Consolidated interim statement of comprehensive income for the first nine months of the fiscal year 2024 and 2023

in EUR thousands	01.01.-30.9.2024	01.01.-30.9.2023	01.07. -30.09.2024	01.07. -30.09.2023
	unaudited	unaudited	unaudited	unaudited
Sales revenue	10,724	24,799	3,518	7,015
Cost of sales	(3,415)	(4,807)	(810)	(1,243)
Gross profit from sales	7,309	19,991	2,708	5,772
Operating expenses				
Research and development costs	(4,583)	(6,241)	(763)	(2,315)
General administrative costs	(3,276)	(4,453)	(1,376)	(1,010)
Sales costs	(4,995)	(5,168)	(1,689)	(1,505)
Result from operations	-5,545	4,129	(1,119)	942
Depreciation and amortization	602	502	195	116
Other Expenses	(124)	(157)	(29)	(77)
Other Income	607	376	78	127
EBITDA	-4,460	4,851	-903	1,108
Depreciation and amortization	(602)	(502)	(195)	(116)
EBIT	-5,063	4,349	-1,098	992
Interest expenses	(8)	(12)	(2)	(4)
Interest Income	37	21	27	20
Income from investments accounted for using the equity method	0	(8,982)	0	(3,453)
Profit/loss before income tax	(6,274)	(4,624)	(931)	(2,445)
Income tax	0	(1,662)	0	(696)
Profit/loss for the period	(6,274)	(6,286)	(931)	(3,141)
Profit attributable to owners of the parent company	(6,274)	(6,286)	(931)	(3,141)
Other comprehensive income after income taxes				
Items which may in future be regrouped into the profit and loss statement under certain conditions.	49	-2	33	0
Total profit/loss for the period	(6,225)	(6,288)	(898)	(3,141)
Diluted earnings per share in EUR	(1.03)	(0.10)	(0.15)	(0.08)