Biofrontera

Deep in dermatology

Biofrontera AG

6-Month Half-Year Report 2025

MEMORIES FADE

OUR SKIN NEVER FORGETS

OPERATIVE HIGHLIGHTS FOR THE FIRST HALF OF 2025

- ANOTHER CONSECUTIVE YEAR OF MORE THAN 20% GROWTH IN THE GERMAN MARKET
- AMELUZ GAINS LEAD POSITION IN SPAIN WITH 51.7% MARKET SHARE
- BIOFRONTERA GROUP SIGNIIFICANTLY IMPROVED ITS EBITDA IN THE FIRST SIX MONTHS OF THE YEAR, FROM -€3.6 MILLION IN H1 2024 to €2.1 MILLION
- APPROVAL OF ARTIFICIAL DAYLIGHT WITH AMELUZ IN SWITZERLAND
- APPROVAL OF OVIXAN IN UK (MARKETING AUTHORIZATION HOLDER: GALENICA)
- APPROVAL OF THE TRANSFER REQUEST OF OVIXAN MARKETING AUTHORIZATION TO BIOFRONTERA BIOSCIENCE GMBH
- PATENT GRANTED IN US FOR NEW AMELUZ FORMULATION WITHOUT PROPYLENE GLYCOL
- PATIENT RECRUITMENT COMPLETED FOR PHASE II ACNE TRIAL (ALA-ACV-CT014)
- PATIENT RECRUITMENT COMPLETED FOR PHASE II TRIAL IN US TO TREAT AK LOCATED IN PHERIPHERY (ALA-AK-CT019)
- IN JUNE 30TH, BIOFRONTERA INC GROUP AND BIOFRONTERA AG GROUP SIGN A BINDING TERM SHEET FOR STRATEGIC RESTRUCTURING. DEFINITIVE TRANSFER AGREEMENT TO BE SIGNED IN THE NEXT MONTHS.

Key figures in accordance with IFRS

	01.01.-30.6.2025		01.01.-30.6.2024	
	in EUR thousands	% of revenues	in EUR thousands	% of revenues
Results of operations				
Sales revenue	8,762	100.00%	7,206	100.00%
- thereof Germany	4,424	50.49%	3,554	49.32%
- thereof Spain	988	11.28%	923	12.81%
- thereof UK	515	5.88%	465	6.46%
- thereof Rest of Europe	321	3.66%	1,148	15.93%
- thereof USA	2,500	28.53%	1,023	14.20%
- thereof Other Regions	14	0.16%	92	1.28%
Gross profit on sales	6,476	73.91%	4,601	63.85%
Result on operations	1,135	12.95%	(4,426)	(61.42)%
EBITDA	2,071	23.64%	(3,557)	(49.36)%
EBIT	1,642	18.75%	(3,965)	(55.02)%
Profit/loss before income tax	1,461	16.67%	(5,344)	(74.16)%
Profit/loss for the period	(3,692)	(42.14)%	(5,344)	(74.16)%

in EUR thousands	June 30, 2025	December 31, 2024
Balance sheet key figures		
Total assets	21,736	29,654
Non-current assets	5,396	13,399
Cash and cash equivalents	3,424	3,124
Other current assets	12,916	13,131
Total equity and liabilities	21,736	29,654
Equity	15,144	18,856
Non-current liabilities	122	329
Current liabilities	6,470	10,469

	June 30, 2025	December 31, 2024
Number of employees (FTE)	82,61	79,49
Biofrontera Shares		
Number of shares outstanding	6,076,862	6,076,862
Share price	2.550	2.15

Interim Group Management Report for the First Half of 2025

Foundations of the Group

Group structure

The Biofrontera Group (hereinafter also referred to as "Biofrontera", "Company", "Biofrontera Group" or "Group") consists of a parent company, Biofrontera AG, and four wholly owned subsidiaries in Germany as of June 30, 2025. The parent company has its registered office in Leverkusen.

Biofrontera Bioscience GmbH, Biofrontera Pharma GmbH, Biofrontera Development GmbH and Biofrontera Neuroscience GmbH are based at the parent company's headquarters in Leverkusen, Germany.

For sales support in Spain and the United Kingdom, two additional entities were founded, firstly Biofrontera Pharma GmbH, sucursal en España in Barcelona (03/2015) and Biofrontera UK Ltd. in Cambridge (11/2022) and subsequently relocated to an office in Reading. Biofrontera UK Ltd. is a wholly owned subsidiary of Biofrontera Pharma GmbH.

Business model

The publicly listed company Biofrontera AG assumes the holding function in the group of companies and is responsible for the management, strategic planning, central control and monitoring as well as the necessary financing of the Biofrontera Group. Biofrontera Bioscience GmbH assumes the regulatory, quality control research & development, tasks for the Biofrontera Group and is the owner of patents and approvals for Ameluz®. Biofrontera Pharma GmbH holds the CE certificate for medical device BF-RhodoLED®, bears the responsibility for the production, quality control and further licensing and marketing of the Biofrontera Group's products.

The Biofrontera Group distributes Ameluz® and the BF-RhodoLED® lamp in Germany, Spain and the United Kingdom through its own sales organizations. In some other European countries, distribution is handled by independent license partners. Biofrontera Inc. is the licensee responsible for marketing Ameluz® and the RhodoLED® lamp series in the USA.

The Asian and Oceanic markets were licensed to Maruho Co,Ltd., Osaka, Japan, as part of an exclusive license agreement signed in April 2020.

The production of Ameluz® for all markets served by Biofrontera is carried out by a main contract manufacturer in Switzerland. A second contract manufacturer based in Germany is currently being validated. The PDT lamp series is manufactured at Biofrontera's headquarters in Leverkusen.

Ameluz® and the RhodoLED® lamp series are supplied to license partners under license and supply agreements with Biofrontera Pharma GmbH and Biofrontera Bioscience GmbH, both wholly owned subsidiaries of Biofrontera AG.

Biofrontera AG generates sales through its own distribution in Germany, Spain and the UK. Biofrontera receives 100 % of this turnover.

The license partner in the USA is invoiced via a fixed transfer price. At the beginning of the year, the companies agree on an average market price to invoice the deliveries. Invoices are paid within 30 days. At the end of the year, the deliveries already paid for are offset against product sales on the US market within one year, and the difference between the real price and the initial estimation is invoiced. Until May 31, 2024, the transfer price was 50 % of the gross price per tube of Ameluz® achieved by Biofrontera Inc. on the market and, due to an amendment to the underlying license and supply agreement, 25 % of the gross price since June 1, 2024, for the deliveries done to Biofrontera Inc after June 2024. This applies for the years 2024 and 2025 and will gradually increase to 35 % of the gross price from 2026 until 2032.

On June 30th, Biofrontera Inc and Biofrontera AG companies signed a binding term sheet for a strategic restructuring that reorganized key aspects of the collaboration. The agreement was subject to two conditions precedents: (i) The payment by Biofrontera Inc. to Biofrontera AG in the amount of approx. EUR 2.6 million (ii) a third-party investment of USD 8.5 million in new

equity capital in Biofrontera Inc. with an additional USD 2.5 million commitment by one or several shareholder(s) or investors to be invested before the end of 2025 - the two conditions were met on June 30th.

With economic effect from June 1, 2025, the German Biofrontera Group will transfer all assets and all associated costs, risks, and liabilities in connection with the marketing of Ameluz® and the associated lamps in the US to Biofrontera Inc.

The consideration for the transfer consists of:

(a) Preferred shares of Biofrontera Inc., which, after the issuance of the preferred shares described above to third-party investors, will represent 10% of the equity of Biofrontera Inc. (but before the issuance of the shares to Biofrontera AG).

(b) Ongoing monthly license fees on US sales of Ameluz®. The license fees amount to 12% p.a. as long as the annual US sales of Ameluz® do not exceed USD 65 million, thereafter 15% p.a.

The final Assets Transfer Agreement (ATA) will be signed in the next months.

Until the earlier of (1) the cumulative license fees paid before 2031 have not reached a total of USD 50 million or (2) the transferred patent protection has expired, Biofrontera Inc. is obliged to sell a minimum of 80,000 tubes of Ameluz® per year.

The European license partners also charge their license fees via a fixed transfer price. The transfer price varies but currently averages 50 % of annual net sales. The delivery volumes are also budgeted in advance, meaning that there may be jumps in sales during the year.

The license partner for Asia and Oceania had initially made a payment of EUR 6 million in the 2020 financial year. Until the product is ready for the market, Biofrontera will charge service fees for its involvement in clinical trials and the regulatory approval process.

Due to these very different sources of income, Biofrontera may experience strong quarterly fluctuations during the year, which do not necessarily correlate with the product sales achieved on the market.

Biofrontera Development GmbH and Biofrontera Neuroscience GmbH were founded in December 2012 and are additional wholly owned subsidiaries of Biofrontera AG. These two companies are intended for the development of pipeline products that are not currently part of Biofrontera's core business and therefore cannot currently be sufficiently financed within normal business activities. The product BF-derm1 (without patent protection since 2009) for the treatment of severe chronic urticaria is owned by Biofrontera Development GmbH, the product BF-1 (patent protection until 2034) for the prophylactic treatment of migraine is held by Biofrontera Neuroscience GmbH. Both products are currently not being pursued any further, as the corporate strategy is focused on the further development and marketing of Ameluz®. By outsourcing the development projects, a structure has been created which allows to separate the financing of further development of these two products from the general financing of Biofrontera Group.

Group strategy

The strategic goal of the Biofrontera Group is to optimize the positioning and market potential of Ameluz® and to develop the company into a leading specialty pharmaceutical company in dermatology that is characterized by a particular degree of innovation. Activities focus on the further territorial expansion of marketing and the development of additional market potential, e.g. through synergistic additions to the company's own product portfolio based on marketing partnerships, as well as the licensing of Ameluz® in other regions.

Biofrontera has received in the EU a centralized approval for a drug developed entirely in-house, which is marketed under the Ameluz® brand. Since its market launch in February 2012, Biofrontera has been distributing Ameluz® with its own sales force to dermatologists in Germany and, since March 2015, also in Spain. In the UK, Ameluz® was initially marketed via a distribution partner and has been actively marketed by Biofrontera's own sales force since May 2018. Distribution in several other countries in the European Union and Switzerland is carried out via license partnerships.

An American subsidiary, Biofrontera Inc., was established for marketing in the USA. Biofrontera Inc. became an independent company with its IPO at the end of October 2021. A license and supply agreement between Biofrontera Pharma GmbH and Biofrontera Bioscience GmbH, both wholly owned subsidiaries of Biofrontera AG, and Biofrontera Inc. governed, the responsibilities

between the companies until June 30, 2025,. This agreement has been now substituted with a new agreement, for which a binding term sheet has been signed on June 30th (conditions described above). The final Asset Transfer Agreement will be signed in the next months.

Products

Ameluz® and PDT lamps BF-RhodoLED® and RhodoLED® XL

Ameluz® 78 mg/g gel ("love the light", development name BF-200 ALA) received its first centralized European approval for the treatment of mild to moderate actinic keratosis (AK) on the face and scalp in December 2011. Actinic keratosis (AK) is a skin disease caused by long-term exposure to ultraviolet (UV) radiation, typically from the sun. AKs considered precancerous, superficial precursors of skin cancer that are at risk of spreading to deeper layers of the skin and thus developing into potentially fatal squamous cell carcinoma. Ameluz® is used to treat actinic keratosis in combination with a light therapy known as photodynamic therapy (PDT). The product is applied directly to the skin lesion where it is selectively absorbed by abnormal or rapidly growing cells. After an incubation period, to allow the drug to penetrate and accumulate in the target cells, the skin area is then exposed to a specific wavelength of light (e.g. red light). This activates the drug, producing reactive oxygen species that destroy the abnormal cells. This enables targeted destruction of the altered skin cells while sparing the surrounding healthy tissue.

Ameluz® has a number of product advantages in terms of efficacy, handling and user-friendliness. This and the associated skin rejuvenation effect as well as comparatively low recurrence rates lead to the expectation that this treatment option will become an even greater focus for dermatologists in the coming years.

In January 2017, the European Commission approved Ameluz combined with red-light PDT for the treatment of Basal Cell Carcinoma (BCC), a type of keratinocyte skin cancer. The approval was based on the results of a Phase III clinical trial confirming the company's positive expectations. Ameluz® achieved the complete elimination of all BCCs from the patient in 93.4% of cases.

Also in 2017, Biofrontera submitted the marketing authorization application for daylight PDT with Ameluz® and received approval from the European Commission in March 2018. Daylight PDT is a low-cost and low-pain alternative to PDT treatment with a special lamp. The topically applied medication is activated by natural daylight. As treatment with daylight PDT does not necessarily have to take place in a doctor's surgery, it competes directly with the topical medications that are much more widespread in Europe and are applied independently by patients. As a result, Ameluz® used in daylight PDT is reimbursed by the statutory health insurance funds in Germany.

Since March 2020, Ameluz® PDT can also be used to treat mild to moderate actinic keratoses, not only on the head as before, but also on the extremities and trunk/neck.

In December 2023, Ameluz® received the European marketing authorization extension for use with artificial daylight. Photodynamic therapy with artificial daylight combines the benefits of daylight therapy, which significantly reduces treatment pain, with the controlled environment of a doctor's surgery, meaning that daylight PDT with Ameluz® can now also be used regardless of the prevailing light conditions, weather conditions and time of day. This marketing authorization extension has also been accepted by Swiss authorities in 2025.

Also in December 2023, the European Medicines Agency (EMA) approved an amendment to the marketing authorization for Ameluz® for an improved gel formulation without the use of propylene glycol. By omitting propylene glycol, this improved Ameluz® formulation eliminates potential risks, particularly regarding the formation of impurities and allergic reactions. This formulation was made available in Europe in 2024.

In May 2016, Biofrontera received approval for Ameluz® in the USA. The approved indication relates to "lesion- and field-directed PDT in combination with the BF-RhodoLED® lamp for mild to moderate actinic keratoses on the face and scalp". As the approval in the USA includes a combination of drug and lamp in accordance with the guidelines of the U.S. Food and Drug Administration (FDA), Biofrontera has developed its own PDT lamp, the BF-RhodoLED®, for this market. In order to meet the FDA's strict requirements for the manufacture of a class III medical device, the production of the lamp series was transferred to the company's headquarters in Leverkusen. This makes Biofrontera the responsible manufacturer from the perspective of the regulatory authorities. This lamp was already CE-certified in the EU in 2012, which also required certification in accordance with ISO 13485. The ISO certification is renewed regularly. In October 2021, the RhodoLED® XL was approved by the FDA as the successor model to the BF-RhodoLED®. This approval was also granted as a combination approval for the lamp and the prescription drug Ameluz®. With the new, further developed

RhodoLED® XL, larger areas can be illuminated, enabling simultaneous treatment of multiple, distant lesions. The new lamp has been protected by several patent applications, which also helps to protect the drug Ameluz® in the US market due to the specifics of the FDA's combination approval.

The RhodoLED® lamp series combines a controlled and constant light output in the desired wavelength of approx. 635 nm with simple and clear operability and energy efficiency. Light energy and fan power can be adjusted during PDT treatment to respond to treatment-related pain. The BF-RhodoLED® can be distributed throughout the EU, UK, Switzerland and the USA. The RhodoLED® XL is currently only available for the US market. Since 2024 the BF-RhodoLED lamp can also be used in Europe with a protocol for artificial daylight.

The optimized formulation of the Ameluz® gel without propylene glycol was also submitted to the FDA as an extension of approval for the USA. The application was approved in October 2023.

In September 2024, FDA granted approval for an increase of the maximally approved dosage from one to three tubes of Ameluz® per treatment and an extension of the maximal skin surface to be treated. This approval allows US-healthcare professionals greater flexibility in treating patients undergoing photodynamic therapy (PDT) for AK.

Promotion agreements

In August 2024 Biofrontera Pharma GmbH signed an agreement with LEO Pharma Germany for the promotion of two of their mature dermatological products in Germany. Market-leading class III corticosteroid Advantan® (methylprednisolone aceponat) for the treatment of endogenous eczema is available in various formulations to cater for different skin conditions and needs of patients. Skinoren® (azelaic acid) is a well-established product for the treatment of acne and also for certain forms of rosacea in its gel formulation. For the treatment of acne, it represents the only medication that addresses three out of four key mechanisms of the disease in a single molecule.

Since October 2024 Biofrontera Pharma GmbH entered into an agreement with Swedish Galenica AB to commercialize its proprietary formulation of the corticosteroid mometasone under the brand name of Ovixan® in the United Kingdom. After successful registration managed by Galenica which has been initiated by the end of December 2024, Biofrontera UK Ltd. has become the holder of the marketing authorization. The product is intended to be made available by the beginning of 2026.

Sales and marketing

Germany and Europe

With its centralized European approval, Ameluz® can be marketed in all EU countries as well as in Norway, Iceland and Liechtenstein. In many European countries, however, the price and reimbursement status must be determined prior to market launch, which can be a very lengthy process with an uncertain outcome. Reference pricing and re-imports can also have a negative impact on the entire EU market due to low prices in individual EU countries. This is one reason why Ameluz® is currently only available in individual EU countries. However, it must always be checked whether a territorial expansion could become sensible due to changing framework conditions. The pharmacy purchase prices for Ameluz® range from EUR 135 to approx. EUR 175 per 2g tube in the EU and are somewhat higher in the UK and Switzerland.

In Europe, Ameluz® and BF-RhodoLED® have each been promoted by their own sales force in Germany (since 2012), Spain (since 2015) and the UK (since May 2018). Germany is by far the largest European market for Ameluz®. In other EU countries and Switzerland, the products are distributed with the help of marketing partners. In Switzerland, independent approval procedures were required, which were carried out by the local sales partner in cooperation with Biofrontera. The contracts with distribution partners are structured in such a way that the regional partners purchase Ameluz® from Biofrontera at a price that is linked to their own sales price. Biofrontera's share of the sales price varies slightly depending on the market conditions in each country, but averages 50 % of net sales.

In December 2020, the Group covered distribution in Scandinavia through an exclusive license partnership with Galenica AB, Malmö, Sweden. Distribution of the products in the Nordic region began with the delivery of the first batch of Ameluz® in June 2021. Following initial product launches in Norway, Sweden and Denmark, distribution of Ameluz® also began in Finland in November 2022.

In July 2021, a license agreement was also concluded with medac Gesellschaft für klinische Spezialpräparate mbH for the commercial marketing of Ameluz® and BF-RhodoLED® in Poland. In fall 2022, medac started marketing Ameluz® and RhodoLED® to selected

customers. So far, activities have been limited to the private healthcare sector, as the Ameluz® PDT is currently not reimbursed by statutory payers. Medac assumes that reimbursement for Ameluz® might be possible towards the middle of 2026.

In general, Biofrontera was able to significantly increase its presence in the European market with its own sales structures and the territorial expansion through additional license partners.

USA

Ameluz® was commercially launched by Biofrontera in the USA in October 2016. In March 2015, Biofrontera AG founded its own sales organization in the USA, Biofrontera Inc., based in Woburn, Massachusetts, for marketing purposes. With the IPO of Biofrontera Inc. in 2021, it became an independent company and licensee of Biofrontera AG. Ameluz® PDT has gradually established itself in the PDT market segment since its launch. The increased sales efforts on the part of Biofrontera Inc. as well as its sales expansion efforts foresee further significant market growth. A clinical development program also holds further market potential in the longer term through various extensions of the approval.

Other regions

In April 2020, an exclusive license and supply agreement was concluded with Maruho Co., Ltd, Osaka, Japan (Maruho) for the development and marketing of Ameluz® for all indications in East Asia and Oceania. The agreement has a term of 15 years from the start of sales in the countries covered by the agreement.

Market overview

Actinic keratosis (AK)

Actinic keratosis (AK) is the main market for the flagship prescription drug Ameluz®. Actinic keratoses are superficial, precancerous skin lesions caused by chronic sun exposure that, if left untreated, can develop into a form of potentially life-threatening skin cancer called squamous cell carcinoma. Actinic keratoses typically occur on sun-exposed areas such as the face, hairless scalp, arms or back of the hands. They often appear as rough or crusty patches on the surface of the skin, which can be skin-colored, reddish or yellowish. To the touch, these skin lesions feel dry and rough.

The skin changes do not only occur sporadically, but often also over a large area. Such an area of skin is referred to as field cancerization. Visible and not yet visible skin damage can be in direct proximity to each other on the affected skin areas. In around one in ten patients with AK, a malignant form of skin cancer (squamous cell carcinoma) can develop from such a skin change or in its vicinity. Even AKs that are not yet visible carry a similar risk of developing into squamous cell carcinoma.

The lifetime dose of UV radiation plays an important role in the development of AK. The UV rays damage the skin cells over many years, causing them to mutate and multiply rapidly, which can lead to impaired keratinization (hyperkeratosis). This is why AK is particularly common in elderly people; in Germany, for example, more than 11 in 100 people between the ages of 60 and 70 are affected. Men are affected more frequently than women. Also farmers and foresters, roofers, bricklayers, gardeners and lifeguards are particularly at risk. In addition to age and gender, other factors can favor the development of AK. These include a light skin type, severe sunburns or treatment with medication that weakens the immune system.

Therapy options for the treatment of actinic keratosis

Due to its potential to develop into squamous cell carcinoma, actinic keratosis is classified by the European Academy of Dermatology and Venereology and other international treatment guidelines as a tumor requiring treatment. In order to minimize the risk of cancer development, AK must be detected and treated at an early stage.

Actinic keratoses are treated with various forms of therapy. The traditional methods of treating actinic keratoses are cryotherapy (freezing the skin with liquid nitrogen); simple curettage; self-applied, prescription topical medications (usually creams, gels or solutions containing active ingredients that have to be applied to the damaged areas of skin - usually regularly over a longer period of time); and the combination of a medication with photodynamic therapy (PDT). When deciding on the treatment option, the doctor takes into account the previous course of the disease, the extent of the existing skin damage and the patient's condition (age, possible concomitant illnesses, medication to be taken).

The international treatment guidelines list photodynamic therapy as a possible first-line therapy for the removal of actinic keratoses, particularly for patients with large areas of actinic keratoses. A gel containing the active ingredient, such as Biofronteras Ameluz®, is first applied to the affected areas of skin. The active ingredient is preferentially absorbed by cells with high metabolic activity, such as cancer cells and their precursors, and converted into its light-activated form. This so-called reactive oxygen species (ROS) destroys the surrounding neoplastic cells within a few hours through targeted exposure, while healthy skin cells tend to remain unharmed. The dead cells are broken down and the skin renews itself. Usually, no scars remain, and the appearance of the skin visibly improves over the next few weeks and months. There are two forms of PDT: one with an artificial light source (conventional PDT with red or blue light) and one with natural/simulated daylight (daylight/artificial daylight PDT). Compared to conventional PDT with red-light or another suitable light source, the treatment time for daylight/artificial daylight PDT is shorter and the treatment is associated with less pain.

Market overview and competitive situation in Germany

Germany is Biofrontera's largest European sales market. In Germany, around 1.7 million people are being treated by dermatologists for AK, which corresponds to around 2 to 3% of the total population. However, the number of sufferers is probably higher. In 2024, a total of 1,162,140 prescriptions were issued for the treatment of AK (previous year: 1,089,004). Superficially applicable medications such as prescription creams and gels containing active ingredients (topicals) are primarily used, which also accounted for a stable market share of 93.9% in 2024, followed by PDT (the combination of a superficially applied medication with light therapy) with 6.1% (previous year: 93.9% and 6.1%). The PDT market segment therefore remained at the same level as in 2023. The main growth in the AK market was triggered by two topical drugs, whose growth rates were around 25%, leading to an overall AK market growing by 7% in 2024. Within the PDT segment, Ameluz® grew by 11%, while our direct competitor almost didn't show any growth.

Although information on the frequency of use of cryotherapy or simple curettage treatments for actinic keratosis is not available in Europe, we assume that a large number of patients are also treated in this way due to the simplicity and low price of these therapies.

In Germany, the largest European market for Ameluz®, our market share in the PDT drugs segment increased from 69% by the end of 2024 to 73% in the reporting period. Above all, the further establishment of artificial daylight PDT enabled Ameluz® to continue to prove itself as a strong market leader in the PDT market compared to competing products. In the first half of 2025, Ameluz® in-market sales in Germany increased by approx. 24 % compared to the same period of the previous year.

Since 2013, actinic keratosis has been recognized as an occupational disease in Germany by the Federal Ministry of Labour and Social Affairs. As a result of this recognition, the employers' liability insurance associations in Germany cover the treatment costs of patients for life who have worked predominantly outdoors over a long period of time and meet certain other criteria. Since March 2016, photodynamic therapy has been included as a recognized treatment option for occupational actinic keratosis in Germany and is therefore paid for by the employers' liability insurance associations for these patients.

Market overview and competitive situation in the other proprietary markets of Spain and the United Kingdom (UK)

Following the minor growth in the Spanish market in 2024, during H1 2025 sales in Spain have increased by 7% compared with sales in the same period of last year, showing a positive tendency for the future.

Ameluz® recorded a sales growth of 11 % in the UK market. In a slightly declining PDT market, Ameluz® has been able to increase its market share by +6.4% to 48.5%.

Market overview in European countries with sales partners

Our distribution partners Pelpharma in Austria, Louis Widmer in Switzerland, Galenica in the Scandinavian countries and Finland, as well as our newest partner medac in Poland are performing 72% lower than last year, as expected. Partners performance fluctuates every two years, since they purchase stock for two years, so they increase their purchases from us the year they stock, and they decrease them the following year.

Within their respective markets we see declining sales in the Nordics and Switzerland, a stable situation in Austria and growing sales in Poland.

Market overview and competitive situation in the USA

The USA is the most important pharmaceutical market in the world. According to the Skin Cancer Foundation, approximately 58 million people in the USA have actinic keratosis. In 2022, the market size was USD 2.3 billion for this indication, according to the Grand View Research Report (01/2023). The US market differs from the European market in that cryotherapy dominates the market with a market share of over 80%. PDT has only a very small share of the overall market. Segment expansion is predicted for the coming years, but this is based on overall market growth rather than a proportionate redistribution within therapy options. Cryotherapy is expected to remain the dominant therapy option.

The PDT segment currently has a share of less than 2%, with Ameluz®-PDT expanding its market share within this segment.

The aim is therefore to increase acceptance of PDT, which would be preferable to surgery with its clear advantages, particularly in terms of scar-free healing and the treatment of field cancerization. According to Biofrontera Inc., sales of Ameluz® during H1 increased by 12% compared with same period last year. A direct comparison of our H1 2024 and H1 2025 sales to USA is not meaningful, as Biofrontera Inc. undertook a stock level reduction during the prior year period. Consequently, no sales of Ameluz® units were made to our partner in that timeframe.

Personnel matters

Employees

As of June 30, 2025, the Biofrontera Group had 89 employees (December 31, 2024: 88) representing 82.61 FTE (December 31, 2024: 79.49 FTE) who were distributed as follows:

	30.6.2025	December 31, 2024
Total number of employees	82.61	79.49
Full-time	71.00	69.00
Thereof with PhD title	9.00	12.80
By business segments	82.61	79.49
Production	13.28	13.61
Regulatory & IP	11.35	9.60
Medical affairs	5.80	4.55
Marketing and sales	29.48	29.78
Quality management	6.30	6.30
Management, business development, finance, HR and administration	16.40	15.65
By countries	82.61	79.49
Germany	68.98	65.86
Spain	10.63	9.63
United Kingdom	3.00	4.00

Regulatory affairs and research and development projects

Biofrontera Bioscience GmbH is responsible for regulatory affairs (achieving and maintaining drug approvals) and research and development in the Biofrontera Group. The activities of Biofrontera Bioscience GmbH include as well intellectual property and medical affairs.
While pharmaceutical development is performed in house, preclinical and clinical development is mostly outsourced. Specifically, the conduct of clinical trials in the US were transferred in June 2024 to Biofrontera Discovery GmbH, an affiliate of Biofrontera Inc.. Biofrontera Discovery GmbH finances and coordinates activities in relation to clinical trials in USA whereas Biofrontera Bioscience GmbH remains the sponsor of these clinical trials and the Marketing Authorization Holder for Ameluz® in USA, EU and UK.
The development of the new red-light lamp RhodoLED® XL was the responsibility of Biofrontera Pharma GmbH. The XL lamp was successfully launched in the US market by Biofrontera Inc.in June 2024.

Both, for the approved drug Ameluz® and for the other research and development projects, the regulatory and development costs are recognized as expenses in the period in which they are incurred.

With the transfer of the clinical trial management activities to Biofrontera Discovery GmbH in June 2024, the FTEs of Biofrontera Bioscience GmbH were significantly reduced.

Update on approval changes:

Approval of Ovixan in UK

In April 2025: the MHRA; the regulatory authority for medicinal products in UK approved Ovixan. In May 2025 Biofrontera submitted to the MHRA a Transfer Request of the Ovixan Marketing Authorization to Biofrontera Bioscience GmbH.

Extension of the approval of Ameluz® for the treatment of actinic keratoses with artificial daylight in Switzerland

Following the approval of artificial daylight in the EU and UK in 2023 and 2024, respectively, this year, the Swissmedic, the regulatory authority for medicinal products in Switzerland, approved in April the extension of the marketing authorization for Ameluz® to include use with artificial daylight.

Phase II trial for the treatment of moderate to severe acne

In December 2021, patient recruitment began for the phase IIb trial to test the safety and efficacy of Ameluz® in combination with the BF-RhodoLED® red-light lamp in the treatment of moderate to severe acne with photodynamic therapy (Ameluz®-PDT). In May 2025 the last patient was enrolled in the study.

Phase III trial for the treatment of superficial basal cell carcinoma (sBCC) with Ameluz®-PDT

In order to further increase growth opportunities in the US market in the medium term, a clinical trial for the treatment of superficial basal cell carcinoma (sBCC) with Ameluz® together with the BF-RhodoLED® red-light lamp in the US was conducted. The last patient was treated in March 2024. After treatment, patients entered the follow-up phase. The study report including data of the first year of the follow-up phase, which was an FDA requirement for the submission of this indication extension, was prepared in the first half of 2025.

Phase III study on the treatment of actinic keratosis on the extremities, neck and trunk with Ameluz®-PDT

At the end of 2022, the randomized, double-blind, placebo-controlled, multicenter Phase 3 clinical trial was launched to investigate the safety and efficacy of Ameluz® in the field-directed treatment of actinic keratosis (AK) on the extremities, neck and trunk. Biofrontera's new RhodoLED® XL red-light lamp will also be used in this study. In February 2025, the last patient was enrolled and treated in the trial.

Phase I, pharmacokinetic study on the treatment of actinic keratosis on the extremities, neck and trunk with Ameluz®-PDT

In Feb. 2025, patient recruitment began for a maximal usage pharmacokinetic trial requested by FDA in relation to the extension of the indication of actinic keratosis to treat extremities, neck and trunk. The trial shall be completed in 2026.

Patent development

Biofrontera's patent portfolio is constantly being expanded by filing new patent applications for new technologies and/or in other countries. The company currently maintains 9 different proprietary patent families worldwide. As of June 30, 2025, the patent portfolio consisted of 31 granted patents and 31 pending patent applications, including international patents. The Group's patents are held by Biofrontera Bioscience GmbH and Biofrontera Pharma GmbH. The patent families relate to our innovative technologies in connection with our nanoemulsion, our red-light lamp for photodynamic therapy, photodynamic therapy itself and migraine prophylaxis.

Economic Management Report for the First Half of 2025

Presentation of the Course of Business

Sales revenues in the first half of 2025 increased 21% compared to the first half of 2024, moving from EUR 7,206 thousand to EUR 8,762 thousand.

Focusing on developments in Europe, Germany has recorded an increase of 24%, moving from EUR 3,554 thousand to EUR 4,424, Spain 7% moving from EUR 923 thousand to EUR 988 thousand, and the UK 11% moving from EUR 465 thousand to EUR 515 thousand. These increases in European markets have been offset by a 72% decrease in sales from our European distributors (markets covered through distribution agreements), as their sales moved from EUR 1,148 thousand to EUR 321 thousand, resulting in an overall increase in Europe of 2.5%.

This decrease in distributor-covered areas is consistent with the annual fluctuation we experience in distributor orders. Every two years they build up stock, which they then sell gradually over the following months, resulting in a bi-annual fluctuation pattern in which one year our sales rise substantially and then decrease significantly the following year.

The overall long-term outlook for these markets remains positive, with a growth trend.

Sales in the U.S. market grew by 144%, increasing from EUR 1,023 thousand to EUR 2,500 thousand in the first six months of the year. However, the comparison between both periods cannot be made on a linear basis. It should be recalled that during the first nine months of 2024, our U.S. partner Biofrontera Inc. did not place any orders for Ameluz due to a change in its stocking policy, meaning that all sales recorded in the first six months of 2024 consisted exclusively of lamps.

In contrast, during the first months of 2025, we resumed normal sales levels of both lamps and Ameluz in the U.S. market. These sales were carried out under the new conditions agreed in April 2023, which provided for a transfer price of 25% of the sales price for the year 2025.

As noted in other sections of this report, on June 30, 2025, we signed a binding agreement (term sheet) with Biofrontera Inc., under which we committed to transfer all assets and liabilities associated with the U.S. market. In exchange, we will receive a number of shares in Biofrontera Inc. as well as a royalty, ranging between 12% and 15% depending on sales volume.

All sales made to Biofrontera Inc. up to May 31, 2025, were carried out under the previous conditions, namely a transfer price of 25% of the sales price. This system will apply to all sales made by Biofrontera Inc. until the complete depletion of the relevant stock as of that date. Any product sales made once that stock has been depleted will be subject to the new conditions, i.e., generating a 12% royalty.

Furthermore, all expenses incurred by the German entities relating to the U.S. market as from June 1, 2025, will be re-invoiced to Biofrontera Inc., until the effective transfer is executed (including personnel, facilities, third-party liabilities, etc.).

In this regard, as from June 1, 2025, all expenses related to the lawsuits filed by Sun Pharmaceutical (DUSA) against the German entities in connection with the commercialization of Ameluz and the lamps in the U.S. will be borne by Biofrontera Inc. As already mentioned in the 2024 Annual Report, under IFRS we were required to establish a global provision covering our best estimate of the legal defense costs associated with these lawsuits until their resolution.

A large portion of this provision was utilized during the first months of the year. Under the new agreement, the entire remaining provision after accounting for expenses incurred up to May 31 – approximately EUR 2.5 million – has been released, generating a positive effect on our half-year financial statements. Since, as of the end of June, it was already clear that this excess provision would not be utilized (given that the signed term sheet is binding), we proceeded with its reversal in the first half of the year, even

though the effective transfer of the assets associated with this agreement will not take place until the execution of the definitive contract in the coming months.

The overall impact of all the factors described above, together with the cost containment policy and the reduction of the R&D cost due to the transfer of clinical trials to Biofrontera Inc 1st of June 2024, has resulted in a very substantial improvement in quarterly EBITDA compared with the previous year. We moved from a negative EBITDA of EUR -3,557 thousand in 2024 to a positive EBITDA of EUR 2,000 thousand.

Research and development expenses decreased by 55%, from EUR -3,821 thousand to EUR -1,723 thousand. The main reason for this reduction was the transfer of the entire U.S. clinical trial program to Biofrontera Inc. as of June 1, 2024.

Marketing and sales expenses remained virtually unchanged, moving from EUR -3,306 thousand in 2024 to EUR -3,311 thousand in 2025. It is worth highlighting the significant increase in sales achieved in the markets served by our own sales network, while maintaining virtually flat associated expenses.

Finally, general and administrative expenses decreased sharply due to the impact of the reversal of the legal provision described above on the income statement. Expenses fell from EUR -1,900 thousand to EUR -300 thousand. It should be noted that these expenses include a new legal provision covering all legal costs the Company expects to incur during the negotiation of the definitive agreement with Biofrontera Inc., as well as a new provision created for a potential contingency relating to a claim filed by a shareholder concerning the information published in the prospectus issued by the Company in 2021.

As last year, Biofrontera has continued to focus intensively on its future strategic direction. A particular focus was placed on the European business, with the aim of broadening it significantly in the future and at the same time optimizing costs. In addition to expanding the Ameluz® market presence in Europe, this also includes expanding the product portfolio through possible cooperations or licensing.

In parallel, the Company is seeking to maximize its independence from Biofrontera Inc. The uncertainties associated with the development of that company have driven us to pursue a leaner structure, focused solely on the European market, with the aim of eliminating any liabilities or structural burdens arising from the commercialization of Ameluz and the lamps in the United States. In this regard, the signing of the term sheet on June 30 represents a decisive step in this direction.

Our objectives in entering into this agreement were twofold. On the one hand, to ensure that Biofrontera Inc. could secure the necessary financing to guarantee the continuity of its operations in the coming months; and on the other, to transfer all costs and liabilities associated with the U.S. market, thereby establishing an appropriate structure to safeguard the continuity of operations in Europe without additional burdens stemming from U.S. activities.

The execution and implementation of the definitive agreement will take place over the coming months. Once the full transfer of all liabilities and structures has been completed, the German entities will be positioned to operate sustainably, independently of the future development of Biofrontera Inc., while receiving a market-based royalty for as long as it continues its operations, and ensuring a recovery of the assets in the event that Biofrontera Inc. is unable to continue the commercialization of Ameluz and the lamps in the U.S. market.

The management is confident that these strategic steps can contribute to the stable and sustainable development of the company in the long term.

Marketing of Ameluz® in Europe

Sales performance in the European markets where we operate through our own sales network continues on an upward trend. In Germany, we are maintaining growth close to 25%, further strengthening our undisputed leadership position within the PDT market segment, with market share increasing from 69% to 73%. In Spain, we have consolidated our positive trajectory with a 7% sales increase, regaining our leadership position in the PDT market segment with over 50% market share. Similarly, in the UK we have achieved 11% growth compared to the same period last year, reaching a market share close to 48%.

Although the performance of our partners in other territories has not followed the same trend, due to the bi-annual ordering fluctuations that characterize their purchasing patterns, it is not possible to conduct a direct analysis of how these markets are evolving. Our overall view of the European market remains very positive, with particular emphasis on the consistent upward trend we are seeing year after year in the markets directly covered by our own sales network.

Marketing of Ameluz® in the USA

According to Biofrontera Inc., sales of Ameluz® during H1 increased by 12% compared with same period last year. A direct comparison of H1 2024 and H1 2025 sales to the USA is not meaningful, as Biofrontera Inc. undertook a substantial stock reduction in the prior-year period resulting in no sales of Ameluz® units to our partner during that time.

Regulatory and clinical advances

The aim of Biofrontera's development strategy is to successively better adapt Ameluz® to market requirements and patient needs and to use it for further indications. The full treatment and market potential of Ameluz® can only be exploited with corresponding extensions to the approval.

In April 2025: the MHRA; the regulatory authority for medicinal products in UK approved Ovixan. In May 2025 Biofrontera submitted to the MHRA a Transfer Request of the Ovixan Marketing Authorization to Biofrontera Bioscience GmbH.

Following the approval of artificial daylight in the EU and UK in 2023 and 2024, respectively, this year, the Swissmedic, the regulatory authority for medicinal products in Switzerland, approved in April the extension of the marketing authorization for Ameluz® to include use with artificial daylight.

Legal desputes

Deutsche Balaton AG v. Biofrontera AG (declaratory action)

On December 13, 2021, Deutsche Balaton AG filed an action with the Regional Court of Cologne, the subject of which was the legal examination and determination of a so-called unwritten competence of the Annual General Meeting for the IPO of Biofrontera Inc. The statement of claim was served to the company on February 9, 2022.

After service, the Supervisory Board resolved to form a Litigation Committee for further decisions in connection with the lawsuit, consisting of Dr. Helge Lubenow, Mr. Karlheinz Schmelig and, as Committee Chairman, Dr. Jörgen Tielmann (until 28th August 2024).

All members of the former Executive Board and Supervisory Board involved in the resolutions challenged by the action have since left the Company. They have been served with notices of dispute regarding possible claims for damages.

On December 9, 2022, the Cologne Regional Court ruled in a declaratory judgment that the resolutions approving the IPO of Biofrontera Inc. passed by the former Management Board and the former Supervisory Board were unlawful because the required prior approval for the IPO by the Annual General Meeting was unlawfully not obtained. The further action was dismissed. In its reasoning, the court stated that the IPO initiated a colossal loss of control by allowing third-party investors to acquire a majority stake in the subsidiary by waiving the exercise of the parent company's subscription rights. In the opinion of the court, this loss of control resulted in asset losses for the Company and its shareholders.

The IPO remains unaffected by the ruling. On the unanimous recommendation of the Litigation Committee, the Executive Board and Supervisory Board have decided not to appeal the ruling. Due to the appeals of the disputants, the judgment is not yet final. The disputants (the members of the management board and of the supervisory board at the time of the US IPO) lodged an appeal against the court ruling to the Higher Regional Court of Cologne. On June 26, 2025, the Higher Regional Court of Cologne set the ruling of the Cologne Regional Court aside and rejected the action initiated by Deutsche Balaton AG because the litigation was initiated too late. The Higher Regional Court of Cologne allowed an appeal against its ruling to the Federal Court of Justice (Bundesgerichtshof). On July 28, 2025, Deutsche Balaton AG lodged an appeal to the Federal Court of Justice. The Federal Court of Justice has not yet taken a decision in this case.

Ludwig Lutter v. Biofrontera AG

The decision in the proceedings for a declaratory judgement at the Regional Court of Cologne has become legally binding. After Mr. Ludwig Lutter had demanded payment of further claims from the Company under his service contract (esp. variable payments), the Company and Mr. Ludwig Lutter were able to reach an amicable agreement on this.

In the proceedings for documentary evidence, Mr. Ludwig Lutter has appealed to the Cologne Higher Regional Court against the ruling of the Cologne Regional Court of 22 March 2024 seeking also to recover the amounts deducted by the Cologne Regional Court due to other earnings during the contractual period.

Mr. Ludwig Lutter's appeal against the decision of the Regional Court of Cologne on March 22, 2024, is still pending before the Higher Regional Court of Cologne. According to the current assessment of the Higher Regional Court of Cologne, the appeal is expected to be dismissed.

Legal dispute in the USA

Biofrontera AG has been sued by SunPharma (DUSA) in the United States alleging that Biofrontera infringes two of SunPharm (DUSA) patents which are directed to systems and methods of using a certain type of lamp to conduct photodynamic therapy. The Asserted Patents are U.S. Patent No. 11,446,512 ("512 Patent") and 11,697,028 ("028 Patent").

SunPharma (DUSA) has filed suit in two venues. First, the plaintiff has filed an investigation before the United States International Trade Commission (ITC) by which it seeks to prohibit the import into the USA of the Biofrontera RhodoLED XL® lamp (Inv. No. 337-TA-1411). A hearing is scheduled in the investigation in early July 2025. The Administrative Law Judge's Initial Determination is scheduled for October 2025 and the ITC's Final Determination is scheduled for February 2026. Second, the plaintiff has filed a parallel suit in the U.S. District Court for the District of Massachusetts (C.A. No. 11-cv-11637-IT). Pursuant to U.S. law, the suit in the U.S. District Court is stayed pending the outcome of the ITC investigation.

Biofrontera has retained outside counsel and is vigorously defending its legal position. Biofrontera AG and its subsidiaries have signed a joint defense agreement with Biofrontera Inc, to share legal expenses. In response to the infringement allegations, Biofrontera AG and Biofrontera Inc. have filed three petitions for Inter Partes Review (IPR) in the U.S. Patent and Trademark Office ("PTO") against the Asserted Patents. Institution was denied as to the first IPR (2024-00874), but the second two IPRs (2024-01312, 2025-00287) remain pending before the PTO.

Costs for the ITC legal proceedings are expected to amount to EUR 11,825 thousand, the 2024-25 total number is EUR 10,546 thousand.

Further, SunPharma (DUSA) has filed a lawsuit alleging breach of contract (a settlement agreement between SunPharma, Biofrontera Inc. and Biofrontera AG group signed in 2021) and misleading advertising related to Ameluz in the USA market. That lawsuit has been served to Biofrontera at the end of February 2025 and the Company has retained outside counsel who are analyzing the case. An initial quotation for the legal defense is in the range from EUR 500 thousand to EUR 1,000 thousand. The effective costs will most likely amount to EUR 875 thousand.

As mentioned above in the report, all legal defense expenses and legal risk associated to the USA dispute with DUSA (SunPharma) are being transferred to Biofrontera Inc effective date 1st June 2025.

Biofrontera Bioscience GmbH ./. Pierre Fabre Pharma GmbH, LG Hamburg

Pierre Fabre is ordered by way of an interim injunction by the Court of Hamburg to pay a fine of up to EUR 250 thousand for each case of infringement, in the event of a repeat offence up to 2 years, to be enforced against its respective to advertise and/or have advertised the finished medicinal product Tolak 40 mg/g Creme with the active substance Fluorouracil (5-.FU in the concentration of 4%). Pierre Fabre has filed an appeal against the injunction. The Regional Court of Hamburg only confirmed the preliminary injunction on one point and revoked it in all other respects. Biofrontera decided not to appeal it.

Investor claim against Biofrontera AG

A claim for prospectus liability in the amount of EUR 683,604.10 was asserted against Biofrontera AG by an individual in connection with the 2021 capital increase as part of a conciliation procedure and through a separate demand for payment. The conciliation procedure, which has since been concluded, has no legal or financial consequences for Biofrontera AG. However, there is currently a risk that this claim will be asserted in court, as already announced, and Biofrontera AG would defend itself against this. The prospects of success of the defense cannot be assessed at this time.

Management Board

Ms. Pilar de la Huerta Martínez was appointed Chief Financial Officer on 19 August 2022 with effect from 12 September 2022. Since then, Pilar de la Huerta Martínez has been the sole member of the Executive Board; her contract was extended by the Supervisory Board at the end of December 2024 until December 31, 2026.

Biofrontera Group financial position and performance

Results of operations of the Biofrontera Group

The results of operations as of June 30, 2025, are as follows:

in EUR thousands (not audited)	01.01.-30.06.2025	01.01.-30.06.2024
Sales revenue	8,762	7,206
Gross profit on sales	6,476	4,601
Research and development costs	(1,724)	(3,821)
General administrative costs	(306)	(1,900)
Sales and marketing costs	(3,311)	(3,306)
Result on operations	**1,135**	**(4,426)**
Other expenses and income	508	461
EBITDA	2,071	(3,557)
EBIT	**1,642**	**-3,965**
Financial result	(181)	-1,379
Loss before income tax	**1,461**	**-5,344**
Loss after income tax	**(3,692)**	**-5,344**

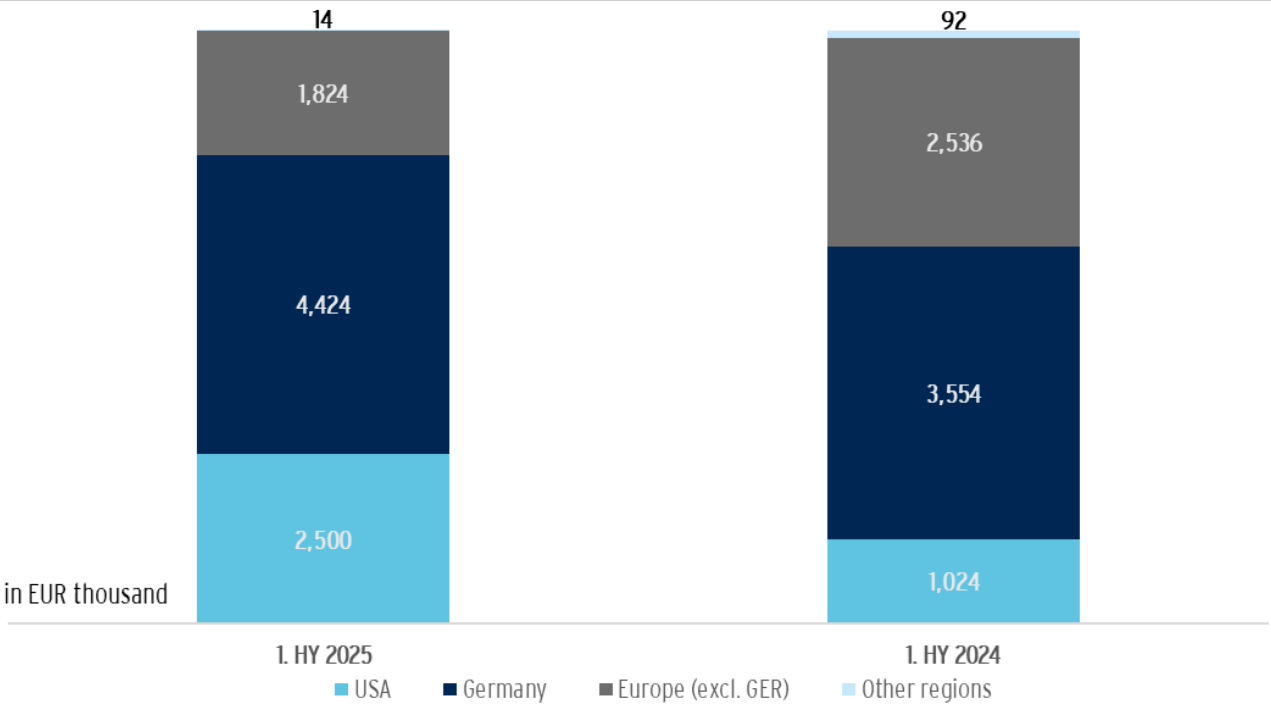
Sales revenue

The Biofrontera Group generated total sales of EUR 8,762 thousand in the first half of 2025, an increase of 21.59% compared to the same period of the previous year (first half of 2024: EUR 7,206 thousand).

Total sales in Europe increased by 2.6% to EUR 6,248 thousand in the first half of 2025 compared to the same period of the previous year (first half of 2024: EUR 6,091 thousand). In Germany, sales rose significantly by 24.5% to EUR 4,424 thousand during the same period (first half of 2024: EUR 3,554 thousand). Spain had an increase of 7.0% moving from EUR 923 thousand last year to EUR 988 thousand. UK increased 10.8%, moving from EUR 465 thousand to EUR 515 thousand. These increases in European markets have been offset by a 72,0% decrease in sales from our European distributors (markets covered through distribution agreements), as their sales moved from EUR 1,148 thousand to EUR 321 thousand, resulting in an overall increase in Europe of 2.5%.

With our license Partner in the USA, we generated revenues of EUR 2,500 thousand in the first half of 2025, compared to EUR 1,024 thousand in the same period of the previous year, representing a significant increase of 144.1%. This includes service revenues from service agreements amounting to EUR 19 thousand (first half of 2024: EUR 18 thousand).

Revenue from other regions amounted to EUR 14 thousand in the first half of 2025 (first half of 2024: EUR 92 thousand) and included both license income and revenue from the sale of study materials



Gross profit on sale

Gross profit increased by EUR 1,874 thousand to EUR 6,476 thousand in the first half of 2025, compared to EUR 4,601 thousand in the same period of the previous year. The gross margin rose from 63.8% to 73.9% in the first half of 2025. This increase is attributable to a favorable product mix with higher sales of Ameluz, which generates a significantly higher margin compared to lamp sales. As a result, this reporting period saw a corresponding change in the sales and earnings structure.

Research and development costs

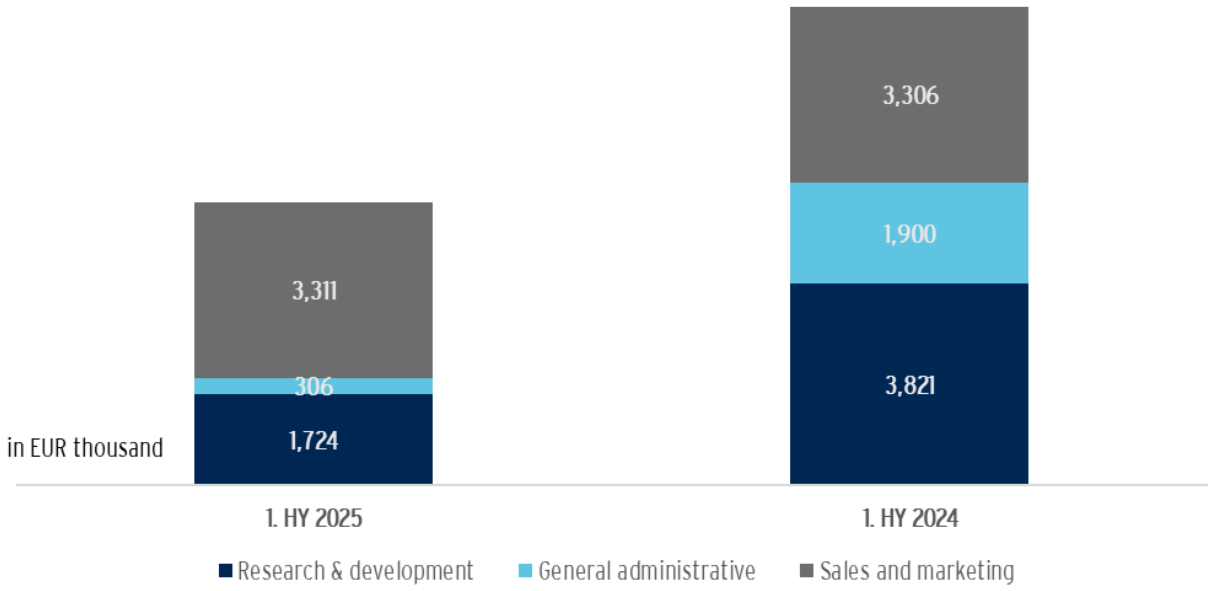
Research and development expenses decreased significantly by 54.9%, from EUR 3,821 thousand in the first half of 2024 to EUR 1,724 thousand in the first half of 2025. The main reason for this reduction was the transfer of the entire U.S. clinical trial program to Biofrontera Inc. as of June 1, 2024. Research and development expenses also include, among other things, costs for regulatory affairs, such as obtaining, maintaining, and expanding our approvals, expenses for patents, pharmacovigilance activities, and personnel costs for employees working in these departments.

General and administrative costs

General administrative expenses amounted to EUR 306 thousand in the first half of 2025 (first half of 2024: EUR 1,900 thousand), representing a decrease of EUR 1,594 thousand compared to the previous year. The main reason for this decline was the reversal of provisions no longer required for legal disputes with Sun Pharma, following the binding agreement on the strategic restructuring of the collaboration between Biofrontera AG and Biofrontera Inc. signed on June 30, 2025.

Sales and marketing costs

Sales and marketing expenses amounted to EUR 3,311 thousand in the first half of 2025, thus remaining at the level of the previous year's period (first half of 2024: EUR 3,306 thousand).



EBITDA and EBIT

The Group's EBITDA represents earnings before interest, taxes, depreciation of property, plant and equipment, and amortization of intangible assets. EBITDA increased significantly by EUR 5,628 thousand to a positive EUR 2,071 thousand in the first half of 2025, compared to the previous year's period (first half of 2024: EUR -3,557 thousand). This positive EBITDA was mainly due to the significant reduction in research and development expenses, the improvement of the gross profit on sales and the reversal of provisions no longer required for legal disputes with Sun Pharma, following the binding agreement on the strategic restructuring of the collaboration between Biofrontera AG and Biofrontera Inc. signed on June 30, 2025.

EBIT, which represents earnings before interest and taxes, also increased compared to the previous year's period, amounting to EUR 1,642 thousand (first half of 2024: EUR -3,965 thousand).

Financial result

The financial result amounted to EUR -181 thousand (first half of 2024: EUR -1,379 thousand) and, in addition to interest income and expenses, mainly includes the impairment of the investment in Biofrontera Inc. of EUR -177 thousand (first half of 2024: EUR -1,383 thousand).

Other income and expenses

Other income and expenses totaled EUR 508 thousand in the reporting period (first half of 2024: EUR 461 thousand). This mainly includes income and expenses from currency translation and the reversal of provisions from prior years. In addition, other income includes recharges to Biofrontera Inc. in connection with the binding agreement on the strategic restructuring of the collaboration between Biofrontera AG and Biofrontera Inc. signed on June 30, 2025.

Income taxes

This item includes expenses from current income taxes amounting to EUR 60 thousand (previous year: EUR 0 thousand) as well as expenses from deferred taxes amounting to EUR 5,093 thousand (previous year:EUR 0 thousand). The primary reason for this significant write-off of deferred tax assets is the revised projection of future profits by the Group's companies. Future projections have been adjusted in line with the conditions of the new license agreement. During the negotiations of this agreement, and following the liquidity problems experienced by Biofrontera Inc. in May 2025 – when Inc. was unable to meet its payment obligations to us – we identified material risks regarding its financial situation and liquidity capacity. Taking into account the evolution of its results over the past months, we believe that the risk associated with income from the U.S. market has increased materially. This significant

increase in risk, jointly with the new royalty conditions have had a considerable impact on the income projections of the companies and, consequently, on their results.

The increased financial risk associated with our U.S. partner, Biofrontera Inc., jointly with the new royalty conditions, alters the probability of the Company's future income and, consequently, its ability to utilize accumulated tax loss carryforwards in the coming years

Similarly, these changes in future scenarios are likely to negatively affect the valuation of subsidiaries in the individual balance sheet of Biofrontera AG, which may result in a significant reduction in Equity compared with its value at year-end 2024.

Net assets of the Biofrontera Group

The net assets position as of June 30, 2025 is as follows:

in EUR thousands	June 30, 2025	December 31, 2024
Non-current assets	5,396	13,399
Current financial assets	6,955	9,797
Other current assets	9,386	6,458
Total assets	**21,736**	**29,654**
Equity	15,144	18,856
Non-current liabilities	122	329
Current financial liabilities	3,471	2,608
Other current liabilities	2,999	7,861
Total equity and liabilities	**21,736**	**29,654**

Non-current assets

Non-current assets as of June 30, 2025, amounted to a total of EUR 5,396 thousand (December 31, 2024: EUR 13,399 thousand). These include recognized deferred tax assets on tax loss carryforwards at Biofrontera Pharma GmbH and Biofrontera Bioscience GmbH of EUR 3,936 thousand (December 31, 2024: EUR 9,029 thousand), property, plant and equipment of EUR 1,199 thousand (December 31, 2024: EUR 2,934 thousand), and intangible assets of EUR 1,199 thousand (December 31, 2024: EUR 1,001 thousand). Also included is the minority interest in Biofrontera Inc., amounting to EUR 243 thousand (December 31, 2024: EUR 420 thousand). The reasons for the reduction in deferred tax assets are explained above. The decrease in property, plant and equipment and intangible assets is primarily attributable to the reclassification to other current assets as a result of the agreement signed with Biofrontera Inc.

Current financial assets

Current financial assets amounted to EUR 6,955 thousand as of June 30, 2025 (December 31, 2024: EUR 9,797 thousand). This includes cash and cash equivalents of EUR 3,424 thousand (December 31, 2024: EUR 3,124 thousand), trade receivables of EUR 3,466 thousand (December 31, 2024: EUR 6,452 thousand), other current financial assets of EUR 45 thousand (December 31, 2024: EUR 202 thousand), and current contract assets of EUR 19 thousand (December 31, 2024: EUR 19 thousand).

Other current assets

Other current assets mainly comprise inventories, which decreased by EUR 1.240 thousand to EUR 4,308 thousand as of June 30, 2025 (December 31, 2024: EUR 5,548 thousand). No impairments on inventories were recognized during the reporting period (December 31, 2024: EUR 155 thousand). Other current assets also include short-term receivables of EUR 40 thousand (December 31, 2024: EUR 11 thousand) as well as prepaid expenses totaling EUR 688 thousand (December 31, 2024: EUR 686 thousand). Another

significant item in other assets is current assets held for sale. These arose from negotiations with Biofrontera Inc. that began before the reporting date of 30 June 2025. As of the reporting date, this item had a value of EUR 4,261 thousand.

Equity

In accordance with IFRS, the Group reported equity of EUR 15,144 thousand (December 31, 2024: EUR 18,856 thousand). The equity ratio increased from 63% to 70%.

Non-current liabilities

The financial liabilities reported under non-current liabilities (EUR 122 thousand; December 31, 2024: EUR 329 thousand) contain the liabilities from leases to be recognized in accordance with IFRS 16 in the amount of EUR 122 thousand (December 31, 2024: EUR 329 thousand).

Current financial liabilities

Current financial liabilities mainly include trade payables of EUR 3,022 thousand (December 31, 2024: EUR 2,124 thousand) as well as current financial debt of EUR 418 thousand (December 31, 2024: EUR 436 thousand). The current financial debt includes current lease liabilities to be recognized in accordance with IFRS 16 in the amount of EUR 418 thousand (December 31, 2024: EUR 436 thousand).

Other current liabilities

Other current liabilities amounted to EUR 2,999 thousand (December 31, 2024: EUR 7,861 thousand) and mainly include provisions of EUR 910 thousand (December 31, 2024: EUR 5,253 thousand), other accrued liabilities of EUR 1,648 thousand (December 31, 2024: EUR 2,226 thousand), and income tax liabilities of EUR 441 thousand (December 31, 2024: EUR 382 thousand).

Financial position of the Biofrontera Group

The Company's capital management body regularly reviews the equity ratio of both the Biofrontera Group and the parent company. The 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 Group's Management Board ensures that all Group companies have sufficient liquidity at their disposal.

in EUR thousands	01.01. - 30.6.2025	01.01. - 30.06.2024
Cash flow from/in operating activities	576	(3,819)
Cash flow from/in operating activities	(49)	(27)
Cash flow from/in financing activities	(227)	2,981
Cash and cash equivalents	3,424	2,214
Non-current financial liabilities	122	466
Current financial debt	418	461
Net liquidity	2,884	1,287

Net cash flow from operating activities amounted to EUR 576 thousand, an increase of EUR 4,395 thousand compared to the previous year's figure of EUR -3,819 thousand.

Net cash flow from investing activities was EUR -49 thousand (December 31, 2024: EUR -27 thousand) and includes investments in property, plant and equipment as well as intangible assets.

Net cash flow from financing activities was EUR 0 thousand, a decrease compared to the previous year's figure (December 31, 2024: EUR 2,981 thousand), which was mainly due to the one-off effect of the capital increase carried out in the 2024 financial year.

Cash and cash equivalents

Cash and cash equivalents in the Group amount to EUR 3,424 thousand as of June 30, 2025 (December 31, 2024: EUR 3,124 thousand).

Outlook and forecast

On May 27, 2025, Biofrontera AG announced to the market that it could no longer maintain the sales and earnings guidance for 2025 that it had published in April 2025. The financial difficulties of Biofrontera Inc. and the failure to settle invoices at maturity led the Company to enter into negotiations to restructure their relationship, seeking a sustainable situation for both parties.

After several weeks of negotiations, the companies signed a binding Term Sheet to restructure their commercial relationship, transferring all assets and liabilities associated with the U.S. market to Biofrontera Inc. in exchange for a percentage of shares in Biofrontera Inc. and a new royalty arrangement. The agreement was subject to a number of conditions precedent related to the injection of new capital into Biofrontera Inc., which were fulfilled in due course.

Following the restructuring, the Company published new sales and EBITDA guidance on August 1, 2025, reflecting the newly agreed terms. This guidance indicated a sales range for 2025 of between EUR 17,000 thousand and EUR 20,000 thousand, and an EBITDA range of between EUR 1,500 thousand and EUR 3,500 thousand. This guidance remains valid as of today.

After the new restructuring, and if Inc pays all its commitments on time, the cash forecast at the end of the year will improve. We estimate a range between EUR 1,000 thousand to EUR 3,000 thousand

Forecast of key figures relevant to management (as of April 2025)

Key Figure	Forecast 2025
Group sales	EUR 20 – 24 million
EBITDA	EUR 0 million to +3 million
Cash and cash equivalents at 31. Dezember 2025	EUR 0,5 – 1 million
Non-financial key figures	
Employees	Decrease in the number of employyes
Trainings	constant
External and internal audits	constant

The changes done in August 2025 in the forecast key performance indicators are shown below:

Key Figure	Revised forecast 2025
Group sales	EUR 17 – 20 million
EBITDA	EUR 0,5 million to +1,5 million
Cash and cash equivalents at 31. Dezember 2025	EUR 0,5 – 3 million

As of June 30, 2025, the Biofrontera Group had cash and cash equivalents in the amount of EUR 3,424 thousand. Based on the current corporate planning for 2025, the Group will have sufficient liquidity to meet all obligations for a further 12 months from the date of preparation. Assuming expenses and income develop as planned and Biofrontera Inc. fulfills its obligations as agreed in the binding term sheet, the Group plans to have cash and cash equivalents of between EUR 1 million and EUR 3,5 million as of December 31, 2025.

Consolidated financial statements as of June 30, 2025

Consolidated balance sheet as of June 30, 2025

Assets

in EUR thousands	June 30, 2025	December 31, 2024
Non-current assets		
Tangible assets	1,199	2,934
Intangible assets	13	1,001
Deferred tax	3,936	9,029
Other Investments		
Non-current lease receivables	5	14
Total non-current assets	**5,396**	**13,399**
Current assets		
Financial assets		
Trade receivables	3,466	6,452
Other financial assets	45	202
Cash and cash equivalents	3,424	3,124
Current lease receivables	19	19
Total financial assets	**6,955**	**9,797**
Other assets		
Inventories	4,308	5,548
Other assets	5,077	910
Total other assets	**9,386**	**6,458**
Total current assets	**16,340**	**16,255**
Total assets	**21,736**	**29,654**

Equity and liabilities

in EUR thousands	June 30, 2025	December 31, 2024
Equity		
Subscribed capital	6,077	6,077
Capital reserve	137,497	137,497
Capital reserve from foreign currency conversion adjustments	2	22
Loss carried forward	(124,739)	(120,390)
Loss for the period	(3,692)	(4,350)
Total equity	**15,144**	**18,856**
Non-current liabilities		
Financial debt	122	329
Total non-current liabilities	**122**	**329**
Current liabilities		
Financial liabilities		
Trade payables	3,022	2,124
Current financial debt	418	436
Other financial liabilities	31	48
Total financial liabilities	**3,471**	**2,608**
Other liabilities		
Income Tax	441	382
Other provisions	910	5,253
Other liabilities	1,648	2,226
Total other liabilities	**2,999**	**7,861**
Total current liabilities	**6,470**	**10,469**
Total equity and liabilities	**21,736**	**29,654**

Consolidated statement of comprehensive income for the first Half Year 2025

in EUR thousands	01.01.-30.6.2025	01.01.-30.06.2024
Sales revenue	8,762	7,206
Cost of sales	(2,286)	(2,605)
Gross profit from sales	**6,476**	**4,601**
Operating expenses		
Research and development costs	(1,724)	(3,821)
General administrative costs	(306)	(1,900)
Sales costs	(3,311)	(3,306)
Result from operations	**1,135**	**(4,426)**
Depreciation and amortization	429	408
Other Expenses	(164)	(67)
Other Income	672	529
EBITDA	**2,071**	**-3,557**
Depriciation and amortization	(429)	(408)
EBIT	**1,642**	**-3,965**
Interest expenses	(3)	(6)
Interest Income	(1)	9
Profit/loss before income tax	**1,461**	**(5,344)**
Income tax	(5,153)	0
Profit/loss for the period	**(3,692)**	**(5,344)**
Profit attributable to owners of the parent company	(3,692)	(5,344)
Other comprehensive income after income taxes		
Translation differences resulting from the conversion of foreign business operations	-20	17
Total profit/loss for the period	**(3,712)**	**(5,327)**
Basic earnings per share in EUR	(0.61)	-0,88
Diluted earnings per share in EUR	(0.61)	-0,88

Consolidated statement of changes in equity for the first half-year 2025

	Ordinary shares	Subscribed capital	Capital reserve	Reserve from foreign currency conversion adjustment (OCI)	Loss carried forward Loss for the period	Total
	Number of shares	in EUR thousands	in EUR thousands	in EUR thousands	in EUR thousands	in EUR thousands
Balance as of January 01, 2024	**63,807,058**	**63,807**	**137,330**	**1**	**-181,158**	**19,980**
Loss for the period	0	0	0	0	-4,350	-4,350
Foreign currency conversion	0	0	0	21	0	21
Total loss for the period	**0**	**0**	**0**	**21**	**-4,350**	**-4,329**
Capital decrease / reverse-split	-60,768,627	-60,769	0	0	60,769	0
Capital increase	3,038,431	3,038	305	0	0	3,343
Conversion of stock options from the stock option program	0	0	0	0	0	0
Cost of equity procurement	0	0	0	0	0	0
Increase in capital reserve from the stock option program	0	0	-138	0	0	-138
Disposal scope of consolidation	0	0	0	0	0	0
Balance as of December 31, 2024	**6,076,862**	**6,077**	**137,497**	**22**	**-124,739**	**18,856**

	Ordinary shares	Subscribed capital	Capital reserve	Reserve from foreign currency conversion adjustment (OCI)	Loss carried forward Loss for the period	Total
	Number of shares	in EUR thousands	in EUR thousands	in EUR thousands	in EUR thousands	in EUR thousands
Balance as of December 31, 2024	**6,076,862**	**6,077**	**137,497**	**22**	**-124,739**	**18,856**
Loss for the period	0	0	0	0	-3,692	-3,692
Foreign currency conversion	0	0	0	-20	0	-20
Total loss for the period	**0**	**0**	**0**	**-20**	**-3,692**	**-3,712**
Capital decrease / reverse-split	0	0	0	0	0	0
Capital increase						
Conversion of stock options from the stock option program	0	0	0	0	0	0
Cost of equity procurement	0	0	0	0	0	0
Increase in capital reserve from the stock option program	0	0	0	0	0	0
Balance as of June 30, 2025	**6,076,862**	**6,077**	**137,497**	**2**	**-128,431**	**15,144**

Consolidated cash flow statement for the first half-year of 2025

in EUR thousands	01.01.-30.6.2025	01.01.-30.6.2024
Cashflows from operations		
Loss before income tax	1,461	-5,344
Adjustments to reconcile loss before income tax to cash flow into operations		
Financial result	181	1,388
Depreciation	429	308
Non-cash (income) and expenses	199	-140
Changes in operating assets and liabilities		
Trade receivables	2,986	3,313
		9
Other assets and income tax assets	-85	-22
Inventories	-547	726
Trade payables	898	-3,298
Provisions	-4,344	-552
Other liabilities	-612	-207
Net cash flow from/in operational activities	**576**	**-3,819**
Cash flow from investment activities		
Purchase of intangible and tangible assets	-49	-27
Net cash flow from/in investment activities	**-49**	**-27**
Cashflows from financing activities		
Costs of equity procurement	0	3,204
Leasing payments	-215	-222
Interest paid	-12	-1
Net increase/(decrease) in cash and cash equivalents	300	-865
Cash and cash equivalents at the beginning of the period	3,124	3,080
Cash and cash equivalents at the end of the period	**3,424**	**2,214**

Notes to the consolidated financial statements as of June 30, 2025

Information about the Company

The Biofrontera AG (hereinafter also referred to as "Biofrontera" or the "Company"), registered in the Commercial Register of the Local Court of Cologne, Section B under No. 49717, and its wholly owned subsidiaries Biofrontera Bioscience GmbH, Biofrontera Pharma GmbH, Biofrontera Development GmbH, and Biofrontera Neuroscience GmbH, all with registered offices at Hemmelrather Weg 201, 51377 Leverkusen, Germanyand the wholly owned subsidiary Biofrontera UK Ltd. with registered office in Reading (Berkshire, United Kingdom) as a wholly owned subsidiary of Biofrontera Pharma GmbH and the Spanish branch Biofrontera Pharma GmbH sucursal en España with registered office in Cornellá de Llobregat research, develop and distribute dermatological products.

The declarations on the German Corporate Governance Code required by Section 161 of the German Stock Corporation Act have been submitted and made available to shareholders via Biofrontera's website (www.biofrontera.com).

The investment in Biofrontera Inc., based in Woburn (Massachusetts), USA, amounted to 4.23 % on the reporting date and is reported under investments in associates using the equity method.

Biofrontera AG is fully consolidated in its financial statements of Deutsche Balaton AG due to the majority interest of the company.

Segment reporting

Biofrontera's main business activity is the sale of pharmaceuticals and medical products and the associated research and development activities to optimize their market potential. The Biofrontera Group is essentially a single-product company. Accordingly, segmentation is based exclusively on geographical aspects and only with regard to sales revenues, as internal reporting to management and corporate controlling are also based exclusively on these criteria. Internal reporting to management is a condensed presentation of the consolidated statement of comprehensive income. The results of the companies are monitored separately by management in order to be able to measure and assess their performance.

For further information, please refer to our comments in the notes on „Sales revenue".

Summary of significant accounting policies

Basis for preparation of the consolidated financial statements

Summary of significant accounting policies

Basis of preparation of the consolidated financial statements

The consolidated financial statements of Biofrontera AG for the financial year from 1 January 2025 to 30 June 2025 were 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). In addition, the commercial law provisions applicable under Section 315e (1) of the German Commercial Code (HGB) have been observed.

The consolidated financial statements have been prepared on a going concern basis.

Biofrontera AG is the ultimate controlling company that prepares consolidated financial statements for the group of companies. For Biofrontera Pharma GmbH, Leverkusen, which is included in the consolidated financial statements, the exemption provisions pursuant to Section 264 (3) HGB are applied.

The consolidated financial statements as at 30 June 2025 are prepared in EUR and TEUR. Commercial rounding may result in rounding differences in the tables.

This half-year financial report was approved for publication by resolution of the Management Board on 30 September 2025.

Changes in accounting policies

The accounting and valuation methods used to prepare the consolidated financial statements as at 31 December 2024 were applied unchanged to the preparation of the condensed interim consolidated financial statements. The new IFRS regulations, which are mandatory for the first time from 1 January 2024, have no material impact on the interim consolidated financial statements.

Consolidation principles

The consolidated financial statements as at 30 June 2025 include the financial statements of the parent company, Biofrontera AG, and the subsidiaries controlled by the parent company. Control exists when Biofrontera is exposed to variable returns from its involvement with the investee and has rights to those returns and the ability to affect those returns through its power over the investee.

The basis for the consolidation of the companies included in the consolidated financial statements was the annual financial statements (or HBII in accordance with IFRS) of these companies as at 30 June 2025, prepared in accordance with uniform principles. The consolidated financial statements as at 30 June 2025 were prepared on the basis of uniform accounting and valuation principles (IFRS).

Subsidiaries are fully consolidated from the date of acquisition. The date of acquisition is the date on which the parent company obtained control of these group companies. Subsidiaries are included in the consolidated financial statements until control of these companies ceases to exist.

All intra-group receivables and liabilities as well as income and expenses were eliminated in the course of consolidation.

Associated companies in which the companies of the Biofrontera Group hold between 20% and 50% of the voting rights or where relevant indicators point to significant influence are accounted for using the equity method. For investments that are included in the consolidated financial statements at equity, the carrying amounts are increased or decreased by the changes in equity corresponding to Biofrontera's share of capital. Changes in the proportionate equity that affect profit or loss are recognised in the result from investments accounted for using the equity method.

Notes to the consolidated balance sheet

Intangible and tangible assets

As in the previous year, no impairment losses were recognized on property, plant and equipment or intangible assets during the first half-year of 2025. Biofrontera uses external and internal sources of information to determine at each reporting date whether there are any indications of impairment or a reversal of impairment losses.

Financial assets accounted for using the equity method

Financial assets include the carrying amount of the investment in Biofrontera Inc. of EUR 0 thousand (previous year: EUR 0 thousand), which is included and measured in the consolidated financial statements using the equity method:

Deferred income tax

Deferred tax assets amount to EUR 3,936 thousand (previous year: EUR 6,818 thousand) concern both Biofrontera Pharma GmbH and Biofrontera Bioscience GmbH.

These loss carryforwards have an unlimited carryforward period under current German law.

in EUR thousands	June 30, 2025		June 30, 2024	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Loss carried forward	4,017		6,818	0
Non-current assets				
- Intangible assets	0	0	0	0
- Tangible assets	0	0	0	0
-Receivables and other assets	1	0	0	0
Current assets				
- Receivables and other assets	0	(82)	0	0
Non-current and current financial liabilities	0	0	0	0
Current liabilities				
- Liabilities and other	0	0	0	0
Total	4,018	(82)	6,818	0
Netting of deferred tax assets and liabilities	(82)	82	0	0
As recognized on balance sheet	**3,936**		**6,818**	**0**

Deferred taxes on loss carryforwards are capitalized to the extent that there are substantial indications that they can probably be offset against future profits or that they are offset by deferred tax liabilities to the same extent. Due to the lack of predictability of future taxable profits, taking into account the loss history, the remaining deferred tax assets from loss carryforwards of EUR 31,447 thousand (previous year: EUR 21,759 thousand) have not been recognized in accordance with IAS 12.34.

The following is a reconciliation of the expected income tax expense to the income tax expense actually recognized, using the applicable income tax rate of 24.575% (previous year: 24.575%) of the parent company as the starting point.

in EUR thousands	June 30, 2025	June 30, 2024
Consolidated loss before tax	1,461	(5,344)
Expected income tax reimbursement	**(365)**	**1,313**
Differences arising from different tax rates	0	0
Share of result of associated companies	0	(333)
Tax increases due to non-deductible expenses		
- from impairment of at-equity investments	0	439
- other non-deductible expenses	0	0
Changes in unrecognized deferred tax assets	0	0
- from active temporary differences	305	0
- from loss carryforwards	(5,093)	(1,419)
Other effects	0	0
Income taxes per statement of comprehensive income	**(5,153)**	**0**

Equity

Share capital

The fully paid-in share capital of the parent company, Biofrontera AG, amounted to EUR 6,076.862 thousand as of June 30, 2025. It consisted of 6,076,862 registered shares with a nominal value of EUR 1.00 each. On December 31, 2024, the share capital amounted to EUR 6,076.862 thousand.

The shares of Biofrontera AG were listed on the Regulated Market of the Düsseldorf Stock Exchange in 2006. In August 2012, at the request of the Company, admission to trading on the Regulated Market of the Frankfurt Stock Exchange was also granted. The shares are also traded on the Xetra computer trading system and on all other German stock exchanges. On June 03, 2014, the shares were admitted to the Prime Standard of the Frankfurt Stock Exchange.

The share capital was held as follows on June 30, 2025:

	June 30, 2025	December 31, 2024
Maruho Co., Ltd., Osaka Japan		
The total share of voting rights is assigned to Maruho Co., Ltd, Osaka, through the company Maruho Deutschland GmbH, Düsseldorf, which is controlled by the former. In an accompanying voting rights notification, Mr. Takagi reported "acting in concert" over the entire voting rights of Maruho.	897,665	897,665
Wilhelm Konrad Thomas Zours		
The voting rights through the chain of subsidiaries listed below are attributed to Mr. Zours. DELPHI Unternehmensberatung AG, Deutsche Balaton AG, SPARTA AG, Deutsche Balaton Biotech AG and Heidelberger Beteiligungsholding AG are parties to a voting pool agreement: • DELPHI Unternehmensberatung Aktiengesellschaft; • VV Beteiligungen Aktiengesellschaft • Deutsche Balaton Aktiengesellschaft; • Heidelberger Beteiligungsholding AG; • SPARTA AG; • Deutsche Balaton Biotech AG	3,781,739	3,781,739
Biofrontera Inc., Woburn, USA	0	0
Free float	1,397,458	1,397,458
Total	**6,076,862**	**6,076,862**

Only those shareholders are listed who are subject to reporting requirements under the German Securities Trading Act (WpHG) and the Securities and Exchange Commission (SEC) and have made a corresponding notification. This includes all shareholders who hold at least 3% of the outstanding shares or voting rights. The number of shares listed here refers to the last notification of the respective shareholders, since then they may have changed their holdings within the respective notification thresholds without informing the Company.

Financial liabilities

in EUR thousands	June 30, 2025	December 31, 2024
Non-current financial liabilities		
Leasing liabilities	122	329
Total non-current financial liabilities	**122**	**329**
Current financial liabilities		
Leasing liabilities	418	436
Other current liabilities	0	0
Total current financial liabilities	**418**	**436**

Income taxes

Income tax liabilities amounting to EUR 441 thousand (previous year: EUR 382 thousand) relate to liabilities from corporation tax (EUR 285 thousand, previous year: EUR 257 thousand) and local tax (EUR 157 thousand, previous year: EUR 124 thousand) at Biofrontera Pharma GmbH and Biofrontera Bioscience GmbH.

Other provisions

The development of other provisions of the Biofrontera Group is as follows:

in EUR thousands	December 31, 2024	Utilized	Released	Added	Reclassified	June 30, 2025
Provisions for litigation costs	5,181	2,505	2,475	663	0	864
Other provisions	72	27	0	0	0	45
Total	**5,253**	**2,532**	**2,475**	**663**	**0**	**909**

Other provisions relate to various identifiable individual risks and uncertain obligations. The provisions classified as current are expected to result in an outflow of economic benefits within the subsequent financial year.

The reversal of the provision established at year-end 2024 for the pending litigation with SunPharma is due to the fact that, following the signing of the binding agreement with Biofrontera Inc. on June 30, 2025, all legal expenses related to these proceedings from June 1, 2025 onwards will be fully covered by Biofrontera Inc.

The companies included in the consolidated financial statements of Biofrontera AG face pending legal proceedings at the time of reporting, the outcome of which either cannot be determined or cannot be predicted due to the uncertainty associated with such legal proceedings. For passive lawsuits, provisions for litigation costs have been recognized in the amount of the expected payments; for active lawsuits, provisions have solely been recognized in the amount of the legal services rendered to date. For further details, please refer to our disclosures on litigation in the Group management report.

Other current liabilities

in EUR thousands	June 30, 2025	December 31, 2024
Liabilities from SAR program	0	0
Total other non-current liabilities	**0**	**0**
Accrual for employee bonuses	382	675
Accrual for outstanding vacation	54	134
Payroll tax	187	157
Accruals for outstanding invoices	425	691
Accruals for financial statement and audit costs	116	194
Other accruals	672	375
Total other current liabilities	**1,836**	**2,226**

Reporting on financial instruments

The following tables present the carrying amounts and fair values of the individual financial assets and liabilities for each category of financial instrument in accordance with IFRS 9:

Financial assets

in EUR thousands	Valuation category according to IFRS 9	Fair value as of June 30, 2025	Carrying amount as of June 30, 2025	Fair value as of June 30, 2024	Carrying amount as of June 30, 2024	Hierarchy level
Cash and cash equivalents	AC	3,424	3,424	2,214	2,214	-
Trade receivables	AC	3,466	3,466	2,102	2,102	-
Receivables from associated companies	AC	0	0	1,723	1,723	0
Receivables from leases	AC	19	19	18	18	0
Other financial asstes	AC	45	45	1,633	1,633	-
Total		**6,954**	**6,954**	**7,690**	**7,690**	

	Valuation category according to IFRS 9	Fair value as of June 30, 2025	Carrying amount as of June 30, 2025	Fair value as of June 30, 2024	Carrying amount as of June 30, 2024	Hierarchy level
Financial liabilities, current	AC	418	418	461	461	0
Trade payables	AC	3,022	3,022	1,722	1,722	0
Liabilities to associated companies current	AC	0	0	321	321	0
Other financial liabilities	AC	31	31	64	64	0
Financial liabilities, non-current	AC	122	122	466	466	0
Liabilities to associated companies non-current	AC	0	0	0	0	0
Total		**3,593**	**3,593**	**3,034**	**3,034**	

Based on the input factors used at the valuation methods fair values are divided into different steps of the fair value hierarchy:

Level 1: Fair value valuations using prices listed on active markets (not adjusted) for identical assets or liabilities.

Level 2: Fair value valuations using inputs for the asset or liability that are either directly observable (as prices) or indirectly observable (derived from prices), but which do not constitute listed prices pursuant to Level 1.

Level 3: Fair value valuations using inputs for the asset or liability that are not based on observable market data (unobservable input data).

No reclassifications were made between the individual levels of the fair value hierarchy during the 2023 financial year. For further details, please refer to the disclosures in the general accounting policies and the notes to the statement of financial position and statement of comprehensive income (Notes 11 and 12).

Due to the generally short maturity of trade receivables and trade payables as well as receivables from associates, other financial receivables and liabilities and cash and cash equivalents, the carrying amounts on the balance sheet date do not differ significantly from the fair values.

Notes to the consolidated statement of comprehensive income

Sales revenue

	01.01.-30.6.2025				01.01.-30.6.2024			
in EUR thousands	Product revenues	Service revenues	Licensing revenues	Total	Product revenue	Development revenues	Licensing revenues	Total
Germany	4,424	-	-	4,424	3,554	-	-	3,554
Spain	988	-	-	988	923	-	-	923
U.K.	515	-	-	515	465	-	-	465
Other European countries	-	-	321	321	-	-	1,148	1,148
Total Europe (excluding Germany)	1,503	-	321	1,824	1,388	-	1,148	2,536
Total Europe	5,927	-	321	6,248	4,942	-	1,148	6,091
U.S.A.	-	19	2,481	2,500	-	18	1,006	1,024
Other regions	-	-	14	14	-	-	92	92
Total	**5,927**	**19**	**2,816**	**8,762**	**4,942**	**18**	**2,246**	**7,207**

All sales revenues result from contracts with customers.

As in the previous year, no license income from downpayments of license agreements was received in the current financial year.

Provisions for manufacturer rebates amount to 1.5 % of total sales in fiscal 2025 (previous year: 0.54 %), while provisions for return obligations amount to 0.48 % of total sales (previous year: 0. 83%).

Additional information to the consolidated statement of comprehensive income

Personnel costs

in EUR thousands	June 30, 2025	December 31, 2024
Wages and salaries	3,287	6,722
Social security charges	554	1,168
Cost for pension schemes	34	90
Total	**3,875**	**7,980**

Information on related relationship

Within the framework of the underlying holding structure, Biofrontera AG assumes the administrative and management tasks. In addition, Biofrontera AG finances the divisions that are currently still loss-making, as it has the best access to the capital market as

a listed company. Given the close cooperation between the Group companies, internal accounting performed and regulary adjusted in line with requirements.

All contracts with related parties are concluded at arm's length.

The following relationships exist with Biofrontera Inc:

in EUR thousands	June 30, 2025	December 31, 2024
Sales revenues	2,500	9,483
Other income	19	98
Clinical trial expenses	0	325
Other expenses	0	0
Trade receivables	2,191	5,095
Trade payables	0	0
Payables from DUSA settlement	0	0

Biofrontera Inc. was founded to market the products in the USA. A 15-year license and supply agreement governs the cooperation between the subsidiaries Biofrontera Pharma GmbH, Biofrontera Bioscience GmbH and Biofrontera Inc. It can be extended by a further 5 years in each case, provided that US sales meet the specified expectations. Under the terms of the agreement, Biofrontera Inc. will purchase Ameluz® and the PDT lamps from Biofrontera AG at a fixed transfer price. In the original agreement, Biofrontera AG undertook to maintain FDA approval, to manufacture the products, to provide a pharmacovigilance database and to conduct pre-defined clinical trials. Following the amendment of the license agreement with Biofrontera Inc. in February, the entire clinical development was transferred to Biofrontera Inc. as of June 1, 2024. Previously, Biofrontera AG bore the responsibility and costs for the implementation of this program and in return received a transfer price of 50 % or 30 % of the US sales price of Ameluz®, depending on annual sales. The now agreed transfer of responsibilities will be temporarily compensated by a decrease in revenues for Biofrontera AG. This year and next year, Biofrontera AG will receive 25 % of the US sales price, with this share rising again to between 30 % and 35 % in subsequent years.

On June 30th, Biofrontera Inc and Biofrontera AG companies signed a binding term sheet for a strategic restructuring that reorganized key aspects of the collaboration (see events after the balance sheet date).

Furthermore, services that were previously invoiced as part of the Group's internal invoicing are now performed and invoiced on the basis of corresponding service agreements with Biofrontera Inc..

The following relationships exist with the Maruho Group:

in EUR thousands	June 30, 2025	December 31, 2024
Revenue from patent transfer	0	0
Revenue from license agreements	14	115
Trade receivables	0	0

In April 2020, Biofrontera entered into an exclusive license agreement with Maruho Co., Ltd, Osaka, Japan (Maruho) for the development and commercialization of Ameluz® for all indications in East Asia and Oceania. The agreement has a term of 15 years

from the start of sales in the countries covered by the agreement. Under the terms of the agreement, Maruho receives exclusive development and marketing rights, including permission to sublicense Ameluz® in Japan, China, Korea, India, Pakistan, Vietnam, the Philippines, Australia, New Zealand and the surrounding countries and islands (territory). Maruho is entitled, with the consent of Biofrontera, to conduct its own research and development under the license agreement. Maruho will grant the company a free and unlimited license to all results of such research and development activities conducted by Maruho for commercialization outside the Territory. Under the license agreement, Biofrontera will supply Ameluz® to Maruho at cost plus 25 %, while Maruho has the obligation to use commercially reasonable efforts to develop, register and commercialize Ameluz® in all countries in the territory. Under the terms of the license agreement, Maruho made a one-time payment of EUR 6 million to Biofrontera AG in 2020. Further future payments will be due upon achievement of certain regulatory and sales milestones. Maruho will also pay royalties of initially 6 % of net sales in the countries of scope, which may increase to 12 % depending on sales volumes and will decrease in the event of the launch of generics in these countries. In the reporting period, revenue from this license agreement is recognised for method transfer and stability studies by charging on associated costs.

In the reporting period until June 30, 2025, there were no further reportable transactions or relationships with related parties other than those mentioned above.

Events after the balance sheet date

Restructuration agreement with Biofrontera Inc

On June 30, 2025, Biofrontera AG and its German subsidiaries entered into an agreement with Biofrontera Inc. restructuring the entire existing commercial and operational relationship between the companies. The parties signed a binding Term Sheet pursuant to which all assets and liabilities associated with the commercialization of Ameluz and the lamps in the U.S. are transferred to Biofrontera Inc., together with the entire structure required for operations related to production, regulatory, and quality matters concerning the U.S. market.

The agreement was subject to two conditions precedents: (i) The payment by Biofrontera Inc. to Biofrontera AG in the amount of approx. EUR 2.6 million (ii) a third-party investment of USD 8.5 million in new equity capital in Biofrontera Inc. with an additional USD 2.5 million commitment by one or several shareholder(s) or investors to be invested before the end of 2025 - the two conditions were met on June 30th.

The consideration for the transfer consists of:

(a) Preferred shares of Biofrontera Inc., which, after the issuance of the preferred shares described above to third-party investors, will represent 10% of the equity of Biofrontera Inc. (but before the issuance of the shares to Biofrontera AG).

(b) Ongoing monthly license fees on US sales of Ameluz®. The license fees amount to 12% p.a. as long as the annual US sales of Ameluz® do not exceed USD 65 million, thereafter 15% p.a.

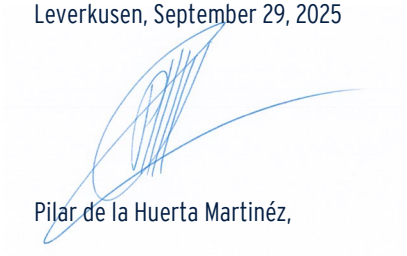
Until the earlier of (1) the cumulative license fees paid before 2031 have not reached a total of USD 50 million or (2) the transferred patent protection has expired, Biofrontera Inc. is obliged to sell a minimum of 80,000 tubes of Ameluz® per year .

The final Assets Transfer Agreement (ATA) was planned to be signed before September 30th, 2025. At the date of the publication of this report, the ATA has not been signed yet, and the management estimates it will be signed before the end of October 2025.

The Company remains positive regarding Biofrontera Inc.'s ability to overcome its current financial situation.

There were no other events after the balance sheet date.

Leverkusen, September 29, 2025



Pilar de la Huerta Martinéz,

CFO

Responsibility statement

Responsibility statement pursuant to section 297 (2) sentence 4 HGB and section 315 (1) sentence 5 HGB

We affirm that, to the best of our knowledge and in accordance with the applicable accounting principles, the consolidated financial statements give a true and fair view of the Group assets, financial position and results of operations of the Group and that the combined management and group management report presents the course of business, including the business results and the position of the Biofrontera Group and Biofrontera AG, in such a way that a true and fair view is given and that the main opportunities and risks of the expected future development of the Biofrontera Group and Biofrontera AG are described.

Leverkusen, September 29, 2025

Biofrontera AG

Pilar de la Huerta Martínez
CFO