

Biofrontera AG

Quarterly report for the first quarter of 2025

MEMORIES FADE

OUR SKIN NEVER FORGETS



Interim statement for the first quarter of 2025

Business performance

Biofrontera AG's revenue grew significantly in the first quarter of 2025, increasing by 55.3% compared to the same quarter of the previous year. Following a change in inventory policy implemented by Biofrontera Inc., the company's main customer during 2024, sales to our U.S. customer have now returned to normal levels. It is worth noting that in the first quarter of 2024, Biofrontera Inc. did not place any orders for Ameluz, instead using its existing inventory to meet customer demand. Now that their stock levels have decreased significantly, we are once again supplying product on a regular basis to meet the growing needs of the U.S. market. Our sales to them moved from EUR 327 thousand in Q1 2024 to EUR 2,494 thousand in Q1 2025. However, please note the risks associated with Biofrontera Inc.'s financial situation described below.

Regarding Europe, sales in Germany once again grew by more than 25% during this quarter. Sales went from EUR 1.946 thousand to EUR 2.462 thousand. Ameluz has increased its market share in the PDT segment to 73% (compared to 68% last year), well ahead of its competitor. The main reason for this remarkable development is the strong reception of artificial daylight in this market. The performance in Spain and the UK is in line with last year, although in countries where we operate through distributors, results have been weaker than expected. In these markets, demand is cyclical, as distributors place large orders every two years. In 2024, they placed significant orders that will be used throughout 2025, so we were already aware that sales in these territories would decline in 2025 and are expected to grow again in 2026. Revenues with related partners in EU went down from EUR 739 thousand in Q1 2024 to EUR 159 thousand this quarter. This is in line with other years and in line with the normal restocking procedure of our distributors.

As part of the license agreement concluded with Maruho Ltd., income of EUR 14 thousand was generated from services and the delivery of goods for clinical development in the reporting period (previous year: EUR 39 thousand).

As a consequence of the revenues increase, and also due to the mix of products sold (less weight of the lamps compared with the global revenues figure) our gross profit went up to EUR 4.223 thousand compared to EUR 2.485 thousand in Q1 2024. In terms of percentages the gross margin grew from 66,9% to 73,2%

Due to the increase in revenues, and also the improvement in the gross margin, the operational result amounted to EUR 803 thousand, compared with -1.626 thousand.

In line with this result, EBITDA has improved to EUR 1.011 thousand compared with EUR -1.349 thousand in Q1 2024, EBIT has increased to EUR 803 thousand compared with EUR -1.555 thousand, and the net result also improved to EUR 678 thousand, from EUR -2.708 thousand. This is the first time Biofrontera AG shows a positive net result. This is the consequence of the relevant growth the company had in Europe, and the cost saving policies implemented in the recent years.

On the expenses side, research and development cost went down from EUR -1.762 thousand to EUR -887 thousand. All clinical trials were moved to Biofrontera Inc effective June 1st 2024 as a result of the amendment to the License and supply agreement signed between the two companies in April 2024. The transfer price was reduced from 50% to 25% during 2024 and 2025, and will go up progressively to 35% during the upcoming years. In return, all clinical trials expenses were transferred to Biofrontera Inc, including the staff supporting all these activities.

Sales and marketing expenses are slightly higher compared with last year, increasing from EUR -1.336 thousand to EUR -1.441 thousand, which represents an increase of 7%. The deal signed with LEO Pharma GmbH to co-promote two derma products, Advantan and Skinoren, in August 2024 entails an increase in our marketing expenses especially in this first year. On the other hand, the company is pushing its commercial and marketing activities aiming to expand our market share in the markets where we are operating.

General and administrative expenses amounted to EUR -1.093 thousand in the first three months of the year, representing an increase of 8%, compared with the previous year, EUR -1.011 thousand. Product insurance has been increased due to the increase in our sales volume.

In February 2025 Biofrontera AG was served with a new lawsuit from Sun Pharmaceuticals alleging a breach of contract (a settlement agreement signed between SunPharma, Biofrontera AG and subsidiaries and Biofrontera Inc in 2021) and misleading advertising related to Ameluz in the USA market. The company has retained an outside USA counsel to defend our position. The initial quotation

for our defense has been already provisioned in 2024 financials. There is no relevant update to increase such provision during Q1 2025.

On April 28, 2025, Biofrontera Inc. entered into contract breach due to a payment default regarding a debt owed to our subsidiary Biofrontera Pharma GmbH, amounting to approximately EUR 1,180 thousand.

On May 23, 2025, both companies signed a payment agreement under which Biofrontera Inc. transferred EUR 350 thousand as a partial payment of the overdue debt. The remaining amount, along with the upcoming payment of EUR 821 thousand due at the end of May, has been deferred until June 18, 2025.

Biofrontera AG is currently in negotiations with Biofrontera Inc. The negotiations include also possible amendments of the license agreement with Biofrontera Inc. No assurances can be made that Biofrontera AG and Biofrontera Inc. will enter into any amendment to the license agreement with terms acceptable to Biofrontera AG.

Biofrontera Inc. published in its 1st quarter report 2025 substantial doubts about sufficient capital resources for Biofrontera Inc's ability to continue as a going concern for at least twelve months. Biofrontera Inc. stated that the future viability of the company is dependent on its ability to execute its growth plan and raise additional capital or find alternative methods of financing to fund its operations. There can be no guarantee that Biofrontera Inc. will be successful in raising additional capital or finding alternative methods of financing, and if Biofrontera Inc. is not successful in these endeavors, it would likely have a material adverse effect on Biofrontera Inc.'s business, results of operations and financial condition.

At this stage, the management board cannot estimate what consequences this may have in relation to Biofrontera Inc and in relation to the relationship between Biofrontera AG and Biofrontera Inc. If Biofrontera Inc. fails to pay the amounts due to Biofrontera AG, or if there is additional substantial delay in such payment, it could have a material adverse effect on Biofrontera AG's business, results of operations and financial condition.

Highlights for the 1st Quarter 2025

- BIOFRONTERA AG'S REVENUES INCREASED 55% COMPARED WITH Q1 2024
- SALES IN GERMANY GREW, AGAIN, MORE THAN 25% IN THE FIRST THREE MONTH OF THE YEAR COMPARED WITH THE SAME PERIOD LAST YEAR
- BIOFRONTERA INCREASED ITS PDT MARKET SHARE IN GERMANY FROM 68% TO 73%
- PRODUCT ORDERING WITH BIOFRONTERA INC. IN THE USA RETURNED TO PREVIOUS LEVELS
- BIOFRONTERA AG REACHES, FOR FIRST TIME, POSITIVE NET RESULT
- IN THE FIRST QUARTER, SALES VOLUME IN SPAIN (TUBES SOLD) INCREASED BY 5.7% COMPARED WITH THE SAME PERIOD LAST YEAR.
- AMELUZ GAINED BACK MARKET LEADERSHIP IN THE SPANISH PDT MARKET WITH A MARKET SHARE OF 51.8% IN UNITS AND 51% IN NET SALES
- PATIENT RECRUITMENT COMPLETED FOR PHASE III TRIAL, ALA-AK-CT019, IN US (INDICATION EXTENSION TO TREATMENT OF AK LOCATED IN THE PERIPHERY-EXTREMITIES AND TRUNK)
- START OF PHARMACOKINETIC TRIAL ALA-AK.CT017 FOR AK PERIPHERY IN US
- NEW DISPLAY VERSION FOR SMALL PDT LAMP (BF-RHODOLED) APPROVED BY FDA

Key figures in accordance with IFRS

| unaudited | 01.01.-31.03.2025 | | 01.01.-31.03.2024 | |
|----------------------------------|-------------------|---------------|-------------------|---------------|
| | in EUR thousands | % of revenues | in EUR thousands | % of revenues |
| Results of operations | | | | |
| Sales revenue | 5,768 | 100.00% | 3,713 | 100.00% |
| - thereof Germany | 2,462 | 42.68% | 1,946 | 52.42% |
| - thereof Spain | 477 | 8.27% | 480 | 12.93% |
| - thereof UK | 162 | 2.81% | 182 | 4.90% |
| - thereof Rest of Europe | 159 | 2.76% | 739 | 19.91% |
| - thereof USA | 2,494 | 43.24% | 327 | 8.81% |
| - thereof Other Regions | 14 | 0.24% | 39 | 1.05% |
| Gross profit on sales | 4,223 | 73.22% | 2,485 | 66.92% |
| Result from operating activities | 803 | 13.92% | (1,626) | (43.79)% |
| EBITDA | 1,011 | 17.53% | (1,349) | (36.35)% |
| EBIT | 803 | 13.93% | (1,555) | (41.89)% |
| Profit/loss before income tax | 678 | 11.76% | (2,708) | (72.93)% |
| Profit/loss for the period | 678 | 11.76% | (2,708) | (72.93)% |

| in EUR thousands | March 31, 2025 unaudited | December 31, 2024 |
|---------------------------|-----------------------------|-------------------|
| Key balance sheet figures | | |
| Balance sheet total | 28,519 | 29,654 |
| Non-current assets | 13,110 | 13,399 |
| Cash and cash equivalents | 4,897 | 3,124 |
| Other current assets | 10,512 | 13,131 |
| Current liabilities | 8,747 | 10,469 |
| Non-current liabilities | 226 | 329 |
| Equity | 19,546 | 18,856 |

| | March 31, 2025 unaudited | December 31, 2024 |
|--|-----------------------------|-------------------|
| Number of employees | 87 | 88 |
| Biofrontera Shares | | |
| Number of shares outstanding | 6,076,862 | 6,076,862 |
| Share price (Xetra closing price in EUR) | 2.40 | 2.15 |

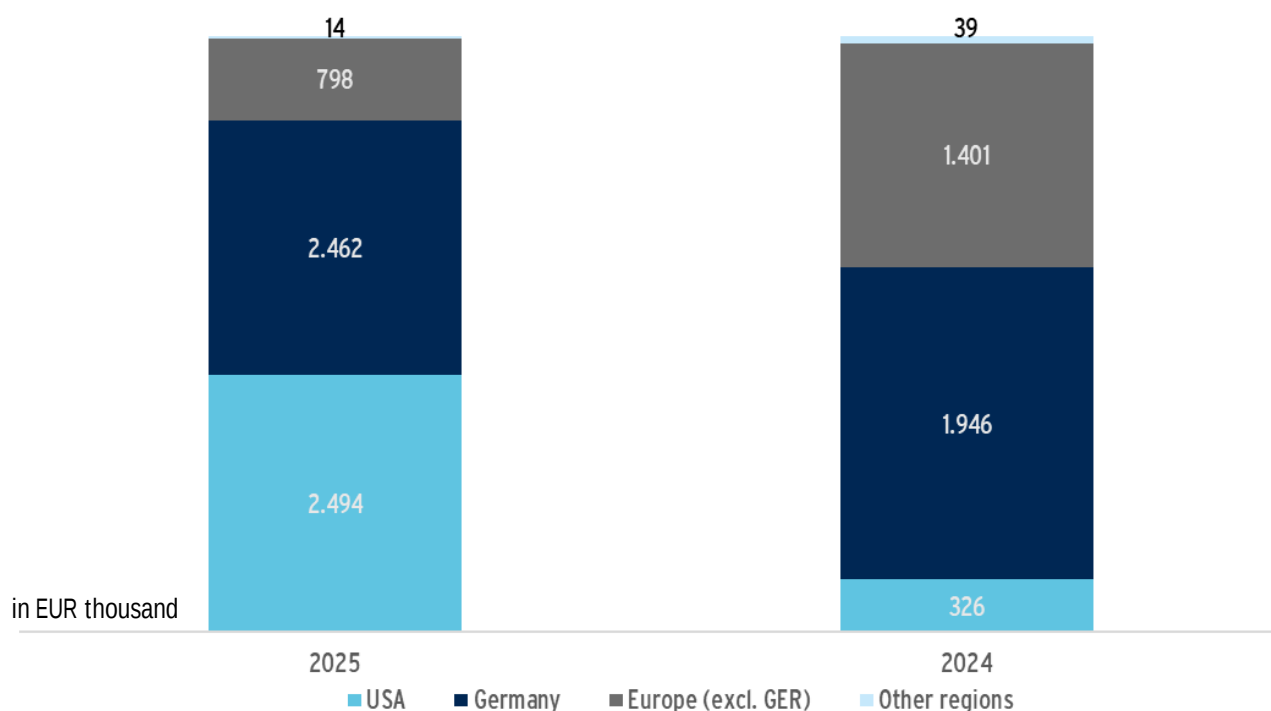
Results of operations, net assets and financial position of the Biofrontera Group

Results of operations of the Biofrontera Group

The results of operations as of March 31, 2025 are as follows:

| in EUR thousands | 01.01.-31.03.2025 | 01.01.-31.03.2024 |
|--------------------------------|-------------------|-------------------|
| | unaudited | unaudited |
| Sales revenue | 5,768 | 3,713 |
| Gross profit on sales | (1,545) | (1,228) |
| Research and development costs | (887) | (1,762) |
| General administrative costs | (1,093) | (1,011) |
| Sales and marketing costs | (1,441) | (1,336) |
| Result on operations | 803 | (1,626) |
| Other expenses and income | 0 | 70 |
| EBITDA | 1,011 | (1,349) |
| EBIT | 803 | -1,555 |
| Financial result | (125) | -1,152 |
| Loss before income tax | 678 | -2,708 |
| Loss after income tax | 678 | -2,708 |

Sales revenue



The Biofrontera Group achieved in the first quarter 2025 total sales of 5,768 TEUR, an increase of 55,34 % compared to the previous year (previous year: 3,713 TEUR).

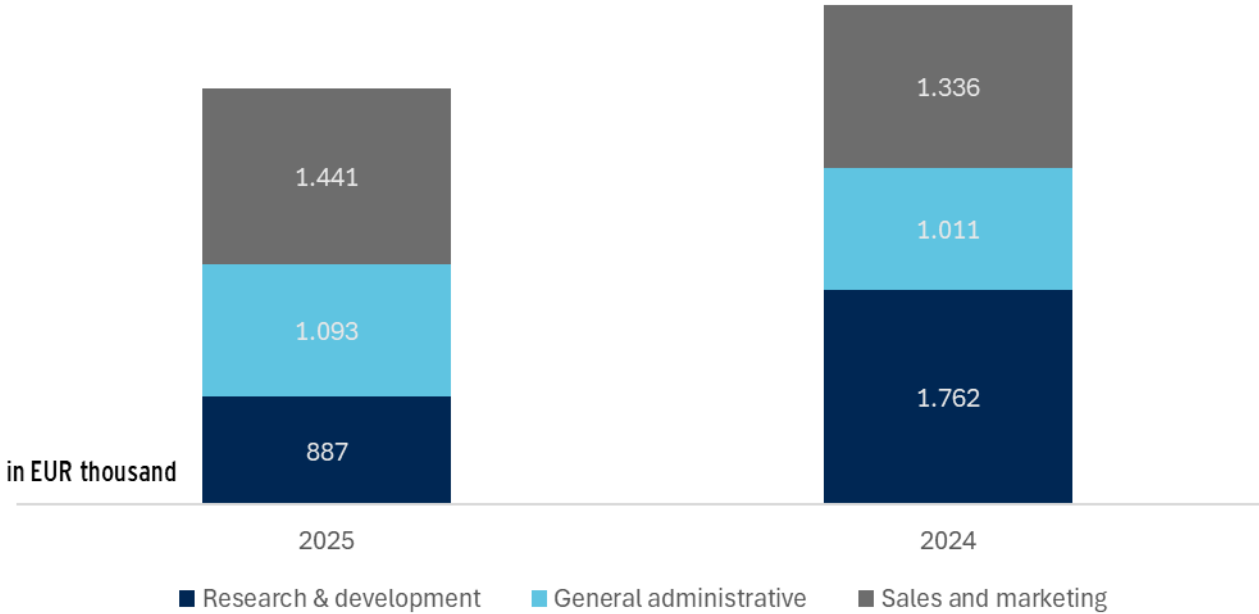
Total sales in Europe decreased slightly by 2.59 % compared to the previous year to EUR 3,260 thousand (previous year: 3,347 TEUR). In Germany, sales in the first quarter improved by 26.52 % to EUR 2,462 thousand compared to EUR 1,946 thousand in the same period of the previous year. Product sales in Spain amounted to EUR 477 thousand and are therefore roughly at the same level as the previous year of EUR 480 thousand. In the UK, on the other hand, sales decreased by 10,99 % to EUR 162 thousand (previous year: EUR 182 thousand). In the other European countries, license revenues in the amount of EUR 159 thousand (previous year: EUR 739 thousand).

Revenue in the USA increased to EUR 2,494 thousand (previous year: EUR 327 thousand). This includes revenue from service agreements in the amount of EUR 13 thousand (same period of the previous year: EUR 18 thousand).

Sales from other regions in the first quarter amounted to EUR 14 thousand (previous year: EUR 39 thousand).

Gross profit on sales

Gross profit increased by EUR 1,738 thousand in the first quarter of 2025 to EUR 4,223 thousand compared to EUR 2,485 thousand in the same period of the previous year. The gross margin increased from 67 % in 2024 to 73% in the first quarter of 2025.



Research and development costs

Research and development costs decreased by EUR 875 thousand to EUR 887 thousand (previous year: EUR 1,762 thousand). The main reason for the decline is the transfer of clinical trials to Biofrontera Inc. In addition to the costs for clinical trials, research and development costs also include expenses for regulatory affairs, i.e. for obtaining, maintaining and expanding our approvals, intellectual property, medical writing and quality assurance.

General and administrative costs

General administrative expenses in the first quarter of 2025 amounted to EUR 1,093 thousand (previous year: EUR 1,011 TEUR) and increased slightly by a total of EUR 82 thousand compared to the previous year.

Sales and marketing costs

Sales and marketing expenses totaled EUR 1,441 thousand in the first quarter of 2025, an increase of EUR 105 thousand compared to the previous year (EUR 1,336 thousand). Sales and marketing costs include the costs of our own sales force in Germany, Spain, and the United Kingdom as well as marketing expenses.

EBITDA and EBIT

The Group's EBITDA includes earnings before interest, taxes, depreciation of property, plant and equipment and amortization of intangible assets and increased by EUR 2,360 thousand to EUR 1,011 thousand in the first quarter of 2025 compared to the prior-year period (previous year: EUR -1,349 thousand) due to the effects of increased sales with increased margin and cost reductions as described above.

EBIT includes earnings before interest and taxes and increased significantly compared to the prior-year period to EUR 803 thousand (previous year: EUR -1,555 thousand).

Financial results

The financial result of a total of EUR -125 thousand (previous year: EUR -1,152 thousand) includes, in addition to net interest income, primarily the impairment of the carrying amount of the investment in Biofrontera Inc. in the amount of EUR -124 thousand (previous year: impairment: EUR -1,148 thousand).

Other income and expenses

Other expenses and income totaled EUR 0 thousand in the reporting period (previous year: EUR 70 thousand) and mainly include expenses and income from currency translation amounting to EUR 0 thousand (previous year: EUR 42 thousand), income from claims for damages amounting to EUR 0 thousand (previous year: EUR 0 thousand) and offset non-cash benefits amounting to EUR 0 thousand (previous year: EUR 25 thousand).

Income taxes

This item includes actual income taxes of EUR 0 thousand (prior-year period: EUR 0 thousand) and deferred tax expenses of EUR 0 thousand (prior-year period: EUR 0 thousand) from the reduction of tax-deductible loss carryforwards at Biofrontera Pharma GmbH.

Net assets of the Group

Total assets decreased from EUR 29,654 thousand as of December 31, 2024, to EUR 28,519 thousand as of March 31, 2025, mainly due to the decrease in the carrying amount of the investment in Biofrontera Inc. and the decrease in non-current and current liabilities.

The fully paid-in share capital of the parent company, Biofrontera AG, amounted to EUR 6,076,862 as of March 31, 2025. It was divided into 6,076,862 registered shares with a notional value of EUR 1.00 each. Total equity as of March 31, 2025, amounted to EUR 19,546 thousand compared to EUR 18,856 thousand as of December 31, 2024.

Financial position of the Biofrontera Group

Cash and cash equivalents in the Group as at March 31, 2025 amounted to 4,897 TEUR compared to 3,124 TEUR as at December 31, 2024.

Outlook and forecast

In April 2025, the company issued a forecast for the fiscal year, anticipating a significant improvement in results compared to the previous year. Due to the current circumstances described above, the company recalls the outlook.

Given the current liquidity constraints faced by Biofrontera Inc. and the material impact this customer has on our consolidated revenue base, management is currently unable to reliably assess the potential implications on our sales and earnings guidance. **Once Biofrontera AG's management has greater visibility into the financial outlook of Biofrontera Inc. and its ability to fulfill its contractual obligations, a revised outlook will be issued to reflect the updated risk profile and operational scenario.**

At the end of June 2024, Biofrontera AG was sued by a competitor in the United States, alleging that the company infringed certain lamp-related patents. Two separate lawsuits were filed: one in the District Court concerning two alleged patent infringements, and another with the International Trade Commission (ITC) seeking to ban the import of the Biofrontera XL lamp into the U.S. Biofrontera AG and its subsidiaries have signed a joint defense agreement with Biofrontera Inc. to share legal costs. All expected legal expenses for this matter were fully provisioned in the 2024 financial statements.

In addition, in February 2025, Biofrontera AG was served with a new lawsuit from Sun Pharmaceuticals, alleging breach of contract relating to a 2021 settlement agreement between SunPharma, Biofrontera AG and its subsidiaries, and Biofrontera Inc., as well as claims of misleading advertising concerning Ameluz in the U.S. market. The company has retained external U.S. counsel to represent its interests. The initial legal costs for the defense have already been provisioned in the 2024 financials.

Future legal developments related to these proceedings could lead to increased legal expenses and may negatively impact the company's financial results. As of the end of Q1 2025, no new information has emerged that would necessitate an increase in the provisions already recorded in 2024.

As of March 31, 2025, the Biofrontera Group held cash and cash equivalents of EUR 4,897 thousand. Based on the current corporate plan for 2025, the Group expects to have sufficient liquidity to meet all financial obligations for at least the next 12 months, assuming revenues and expenses develop in line with projections and Biofrontera Inc. fulfills with its obligations.

Consolidated financial statements as of March 31, 2025

Consolidated balance sheet as of March 31, 2025

Assets

| in EUR thousands | March 31, 2025 unaudited | December 31, 2024 |
|---------------------------------|-----------------------------|-------------------|
| Non-current assets | | |
| Tangible assets | 2,814 | 2,934 |
| Intangible assets | 961 | 1,001 |
| Deferred tax | 9,029 | 9,029 |
| Other Investments | 296 | 420 |
| Non-current lease receivables | 10 | 14 |
| Total non-current assets | 13,110 | 13,399 |
| Current assets | | |
| Financial assets | | |
| Trade receivables | 4,473 | 6,452 |
| Other financial assets | 54 | 202 |
| Cash and cash equivalents | 4,897 | 3,124 |
| Current contractual assets | 19 | 19 |
| Total financial assets | 9,442 | 9,797 |
| Other assets | | |
| Inventories | 5,128 | 5,548 |
| Other assets | 839 | 910 |
| Total other assets | 5,967 | 6,458 |
| Total current assets | 15,409 | 16,255 |
| Total assets | 28,519 | 29,654 |

Equity and liabilities

| in EUR thousands | March 31, 2025 unaudited | December 31, 2024 |
|--|-----------------------------|-------------------|
| Equity | | |
| Subscribed capital | 6,077 | 6,077 |
| Capital reserve | 137,497 | 137,497 |
| Capital reserve from foreign currency conversion adjustments | 34 | 22 |
| Loss carried forward | (124,739) | (120,390) |
| Loss for the period | 678 | (4,350) |
| Total equity | 19,546 | 18,856 |
| Non-current liabilities | | |
| Financial debt | 226 | 329 |
| Total non-current liabilities | 226 | 329 |
| Current liabilities | | |
| Financial liabilities | | |
| Trade payables | 1,605 | 2,124 |
| Current financial debt | 425 | 436 |
| Other financial liabilities | 41 | 48 |
| Total financial liabilities | 2,071 | 2,608 |
| Other liabilities | | |
| Income Tax | 382 | 382 |
| Other provisions | 5,093 | 5,253 |
| Other liabilities | 1,201 | 2,226 |
| Total other liabilities | 6,676 | 7,861 |
| Total current liabilities | 8,747 | 10,469 |
| Total equity and liabilities | 28,519 | 29,654 |

Consolidated statement of comprehensive income for the first three months of the fiscal year 2025

| in EUR thousands | 01.01.- 31.03.2025 unaudited | 01.01.- 31.03.2024 unaudited |
|---|------------------------------------|------------------------------------|
| Sales revenue | 5,768 | 3,713 |
| Cost of sales | (1,545) | (1,228) |
| Gross profit from sales | 4,223 | 2,485 |
| Operating expenses | | |
| Research and development costs | (887) | (1,762) |
| General administrative costs | (1,093) | (1,011) |
| Sales costs | (1,441) | (1,336) |
| Result from operations | 803 | (1,626) |
| Depreciation and amortization* | 208 | 206 |
| Other Expenses | (90) | (99) |
| Other Income | 90 | 170 |
| EBITDA | 1,011 | -1,349 |
| Depreciation and amortization | (208) | (206) |
| EBIT | 803 | -1,555 |
| Interest expenses | (1) | (4) |
| Income from investments accounted for using the equity method | 0 | (1,148) |
| Results from Investments | (124) | 0 |
| Profit/loss before income tax | 678 | (2,708) |
| Profit/loss for the period | 678 | (2,708) |
| Profit attributable to owners of the parent company | 678 | (2,708) |
| Other comprehensive income after income taxes | | |
| Items which may in future be regrouped into the profit and loss statement under certain conditions. | | |
| Translation differences resulting from the conversion of foreign business operations | 12 | -9 |
| Total profit/loss for the period | 690 | (2,717) |
| Basic earnings per share in EUR | 0.11 | (0.45) |
| Diluted earnings per share in EUR | 0.11 | (0.45) |