

# Quarterly announcement for the first quarter of 2022

## Summary of the business performance in the first quarter 2022

Following the deconsolidation of Biofrontera Inc. in December, the revenue share of the US business was recognized as revenue with an external license partner for the first time in the first quarter.

Biofrontera generated revenues of EUR 6,566 thousand in the first quarter, which corresponds to an increase of 20% compared to the previous year's figure (Q1-2021: EUR 5,479 thousand). This included revenues of EUR 4,761 thousand from the former subsidiary Biofrontera Inc. In the same period of the previous year, the revenue contribution from the USA was EUR 3,811 thousand, which represents an increase of almost 25%.

In contrast, sales in Germany of EUR 1,169 thousand were 17% below the previous year's figure of EUR 1,404 thousand, with mainly reimports having a negative impact in particular. While a new quarterly record was set in the German market on the basis of Ameluz® tubes sold, these included re-imports to a certain extent, which is why the sales revenue generated by the company here did not yet increase in line with tubes sold. However, with the reversal of the reduction of the Spanish selling price, reimports are expected to normalize and lead to corresponding sales of Ameluz® in the German market.

Sales of EUR 636 thousand generated in Europe in the reporting period represent a significant increase of 140% over the previous year's figure of EUR 265 thousand. In the Spanish market, a new all-time record in monthly sales was recorded in January and February 2022, enabling Biofrontera to clearly outperform its main competitor for the first time. The market in the United Kingdom also recovered significantly.

In our European markets, the United Kingdom, Spain, and Germany, very motivated sales forces are working together with the marketing and sales team in Germany to take advantage of the market opportunities and expected catch-up effects in our European markets following the end of the Corona lockdown to create a successful year for Ameluz® in 2022.

There was also further progress on the regulatory side in the first quarter of this year. The inclusion of the recently granted patent around the new RhodoLED® XL in the FDA Orange Book and the recognition of Biofrontera Pharma GmbH as a contract laboratory for batch control and stability testing for Ameluz® by the FDA are important steps towards improving quality assurance and brand protection for Ameluz.

Patents listed in the Orange Book are patents that protect products approved by the FDA. By doing so, the FDA has confirmed that the patent stands in the way of generic companies launching generic products. The protection against generic products resulting from the entry in the Orange Book will strengthen our market presence over the next decades until 2040. The recognition of Biofrontera Pharma as a contract laboratory by the FDA, and previously by the European Medicines Agency (EMA), puts the quality assurance of Ameluz® on a wider foundation. Previously, quality assurance was carried out entirely by Biofrontera's contract manufacturer in collaboration with third-party providers. Now Biofrontera Pharma can carry out part of this necessary inspection of production batches in Leverkusen itself. This reduces dependence on external suppliers and the risk of production downtime.

In the clinical development program, encouraging progress was made with the BCC study in particular. Following a considerable delay in patient recruitment due to the demanding protocol of the Phase III study, 70% of the planned 186 patients were enrolled in the study at the beginning of the year; patient recruitment is expected to be completed by the end of 2022.

## Highlights 2021

- Revenue increase of around 20% compared to the same period of the previous year 2021; revenues from the US business of the deconsolidated Biofrontera Inc. was recognized as licensing income for the first time
- Positive EBITDA and EBIT from operations due to the restructuring of the Biofrontera Group and the associated cost reductions
- Progress in patient recruitment for the phase III clinical trial in the USA for the treatment of superficial basal cell carcinoma (sBCC)
- Recognition of Biofrontera Pharma as a contract laboratory for batch control and stability testing for Ameluz® by the FDA
- Inclusion of the granted patent around the new RhodoLED® XL in the FDA Orange Book
- Conducting of PDT workshop in Hamburg with more than 300 participants in livestreams and more than 50 visitors on site
- Lifting of the regulatory price decree for Ameluz in Spain
- Delisting of ADS from Nasdaq combined with suspension of SEC reporting requirements and commencement of trading of ADS in the US over-the-counter market

## Key figures in accordance with IFRS

unaudited	01.01.-31.3.2022		01.01.-31.3.2021	
	EUR thousands	% of sales	EUR thousands	% of sales
Results of operations				
Sales revenue	6,566	100.00%	5,479	100.00%
Gross profit on sales	5,455	83.08%	4,578	83.56%
Result from operations	1,152	17.55%	(4,090)	(74.64)%
EBITDA	1,278	19.46%	(3,158)	(57.64)%
EBIT	1,093	16.65%	(3,971)	(72.48)%
Profit/loss before income tax	(28,100)	(427.97)%	(4,877)	(89.00)%
Profit/loss for the period	(28,100)	(427.97)%	(4,878)	(89.02)%

in EUR thousands	December 31, 2022	December 31, 2021
	unaudited	
Net assets		
Total assets	45,053	76,699
Non-current assets	33,063	62,322
Cash and cash equivalents	4,918	6,908
Other current assets	7,073	7,056
Non-current liabilities	14,009	17,467
Current liabilities	1,132	1,235
Equity	29,911	57,997

	December 31, 2022	December 31, 2021
Number of employees	95	99
Biofrontera Shares		
Number of shares outstanding	56,717,385	56,717,385
Share price (Xetra closing price in EUR)	1.00	1.00

## Biofrontera Group financial position and performance

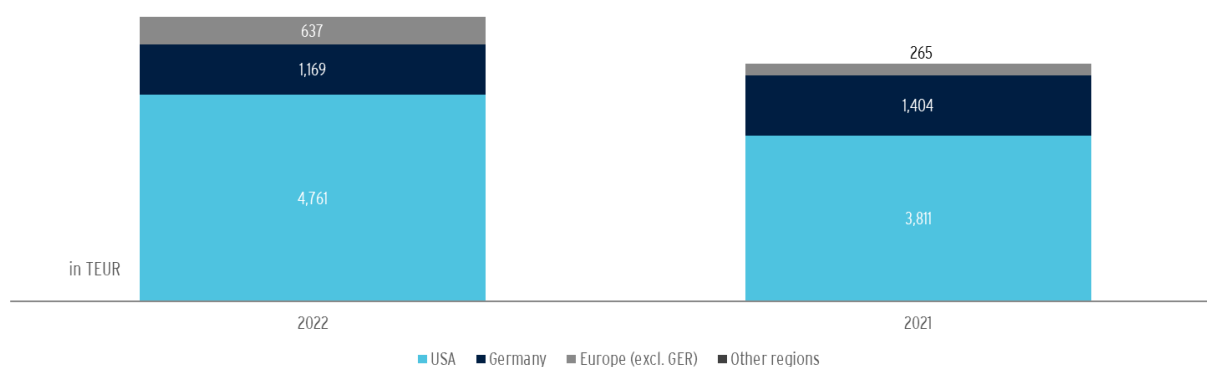
### Results of operations of the Biofrontera Group

#### Sales revenue

The Biofrontera Group generated a total of EUR 6,566 thousand in revenues in the first quarter of 2022, which corresponds to an increase of 20% compared to the previous year's figure (previous year: EUR 5,479 thousand), whereby the previous year's revenues included the consolidated revenues of the former subsidiary Biofrontera Inc. in the amount of EUR 3,811 thousand, while the total revenues in the reporting period include deconsolidated revenues with Biofrontera Inc. in the amount of EUR 4,761 thousand.

Revenue from pure product sales decreased by EUR 3,674 thousand year-on-year to EUR 1,805 thousand (previous year: EUR 5,480 thousand), mainly due to the deconsolidation of the sales of Biofrontera Inc. in the amount of EUR 3,811 thousand in the previous year. On the other hand, revenues from product deliveries to Biofrontera Inc. under license agreements were recognized as license revenues in the amount of EUR 4,573 thousand in the fiscal year.

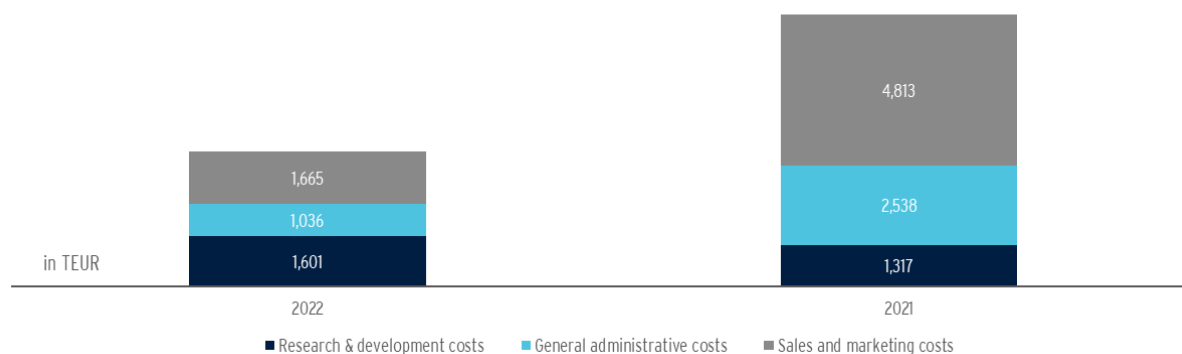
Revenues in Germany decreased by 17% to EUR 1,169 thousand compared to the same period of the previous year (previous year: EUR 1,404 thousand). This decrease in sales is mainly due to re-imports. Also due to these re-imports, product sales in other European countries increased by a total of 140% to EUR 637 thousand (previous year: EUR 265 thousand).



#### Gross profit on sale

Gross profit increased by EUR 877 thousand in the first three months of the year to EUR 5,455 thousand compared to EUR 4,578 thousand in the prior-year period. The gross margin decreased slightly to 83% compared to 84% in the prior-year period.

## Operating expenses



### Research and development costs

Research and development costs increased by 22% to EUR 1,601 thousand in the reporting period compared to EUR 1,317 thousand in the previous year, mainly due to increased clinical research activities. In addition to clinical trial costs, research and development costs also include regulatory expenses, i.e., the costs of obtaining, maintaining, and expanding our regulatory approvals.

### General and administrative costs

General and administrative cost amounted to EUR 1,036 thousand in the first quarter of 2022 (previous year: EUR 2,538 thousand) and thus decreased by a total of EUR 1,502 thousand compared to the previous year. This was mainly due to the elimination of the general and administrative costs of the former subsidiary Biofrontera Inc. in the amount of EUR 1,169 thousand in the previous year, as well as the reduced costs for legal disputes, among other factors due to the out-of-court settlement of the legal dispute with DUSA Pharmaceuticals Inc.

### Sales and marketing costs

Sales and marketing expenses amounted to EUR 1,665 thousand in the first three months and thus decreased by EUR 3,148 thousand compared to the previous year (EUR 4,813 thousand), mainly due to the deconsolidation of Biofrontera Inc. as of December 31, 2021, whose cost contribution of EUR 3,448 thousand was included in the previous year's figure. Selling expenses include the costs for our own sales force in Germany, Spain, and the United Kingdom as well as marketing expenses.

## Other income and expenses

Other expenses and income totaled EUR -59 thousand in the reporting period (previous year: EUR 119 thousand) and mainly include expenses and income from currency translation.

## EBITDA and EBIT

The Group's EBITDA includes earnings before interest, taxes, depreciation of property, plant and equipment and amortization of intangible assets and improved by EUR 4,436 thousand to EUR 1,278 thousand in the first quarter of 2022 compared to the prior-year period (loss of EUR 3,158 thousand), mainly due to the previously described effects from the deconsolidation of Biofrontera Inc. as of December 31, 2021.

These effects also had a corresponding impact on EBIT, which improved year-on-year to EUR 1,093 thousand (prior-year period: loss of EUR 3,971 thousand). EBIT includes earnings before interest and taxes.

## Financial result

The financial result totaling a loss of EUR 29,193 thousand (previous year: loss of EUR 905 thousand) mainly includes expenses from the fair value change of the carrying amount of the investment in Biofrontera Inc. amounting to a loss of EUR 29,139 thousand (previous year: loss of EUR 0 thousand). In addition, the interest result amounting to a loss of EUR 54 thousand (previous year: EUR

905 thousand) is reported here and mainly includes interest expenses for the liability to Biofrontera Inc. arising from the DUSA settlement payment.

## Result before tax

Earnings before income taxes amounted to a loss of EUR 28,100 thousand in the first three months of 2021, a decrease of EUR 23,223 thousand compared with a loss of EUR 4,877 thousand in the same period of the previous year.

## Net assets of the Biofrontera Group

Total assets decreased from EUR 76,699 thousand as of December 31, 2021 to EUR 45,053 thousand as of March 31, 2021, mainly due to the decrease in the carrying amount of the investment in Biofrontera Inc.

The fully paid-in share capital of the parent company, Biofrontera AG, amounted to EUR 56,717 thousand as of March 31, 2022. It was divided into 56,717,385 registered shares with a nominal value of EUR 1.00 each. Total equity as of March 31, 2022 amounted to EUR 29,911 thousand compared to EUR 57,997 thousand as of December 31, 2021.

## Financial position of the Biofrontera Group

Cash and cash equivalents in the Group amounted to EUR 4,918 thousand as of March 31, 2022, compared to EUR 6,908 thousand as of December 31, 2021.

Taking into account the earnings expectations, the capital increase resolved on April 07, 2022 and the holding of 8 million liquid shares in Biofrontera Inc. as well as the possibility of raising debt capital Biofrontera Group has sufficient liquid funds or funds that can be liquidated short term to implement the Group's strategy in the coming 12 months. An appeal against the capital increase resolved by the Annual General Meeting on April 7, 2022 was filed by Maruho Deutschland GmbH with the Local Court of Cologne. The action was served to the Company on May 16<sup>th</sup>, 2022.

## Outlook and forecast

Business development in the first quarter of 2022 is in line with the expectations of the Management Board. Therefore, the Management Board fully maintains its forecast for the financial year 2022 published on April 29, 2022. Specifically, the Management Board anticipates annual sales of EUR 24 to 27 million, EBITDA close to break-even, and a negative EBIT in the low single-digit million range. Details on the forecast can be found in the Annual Report 2021, which is published on the website of Biofrontera AG at <http://www.biofrontera.com/en/investors/financial-reports>.

## Consolidated interim balance sheet as of March 31, 2022

### Assets

in EUR thousands	March 31, 2022 unaudited	December 31, 2021
<b>Non-current assets</b>		
Tangible assets	2,182	2,281
Intangible assets	1,119	1,139
Deferred tax	5,747	5,747
Investments accounted for using the equity method	24,015	53,154
<b>Total non-current assets</b>	<b>33,063</b>	<b>62,322</b>
<b>Current assets</b>		
<b>Financial assets</b>		
Trade receivables	793	793
Receivables from associated companies	192	413
Other financial assets	390	57
Cash and cash equivalents	4,918	6,908
<b>Total financial assets</b>	<b>6,292</b>	<b>8,171</b>
<b>Other assets</b>		
Inventories	4,890	4,814
Income tax	0	0
Other assets	808	1,392
<b>Total other assets</b>	<b>5,698</b>	<b>6,206</b>
<b>Total current assets</b>	<b>11,990</b>	<b>14,377</b>
<b>Total assets</b>	<b>45,053</b>	<b>76,699</b>

## Equity and liabilities

in EUR thousands	March 31, 2022 unaudited	December 31, 2021
<b>Equity</b>		
Subscribed capital	56,717	56,717
Capital reserve	137,346	137,332
Capital reserve from foreign currency conversion adjustments	0	0
Loss carried forward	(136,052)	(169,909)
Loss for the period	(28,100)	33,857
<b>Total equity</b>	<b>29,911</b>	<b>57,997</b>
<b>Non-current liabilities</b>		
Financial debt	779	851
Other financial liabilities	353	384
<b>Total non-current liabilities</b>	<b>1,132</b>	<b>1,235</b>
<b>Current liabilities</b>		
Financial liabilities		
Trade payables	1,294	2,735
Liabilities to associated companies	5,190	5,279
Current financial debt	498	2,449
Other financial liabilities	21	14
<b>Total financial liabilities</b>	<b>7,003</b>	<b>10,478</b>
Other liabilities		
Income Tax	0	0
Other provisions	772	1,012
Other liabilities	6,235	5,977
<b>Total other liabilities</b>	<b>7,006</b>	<b>6,990</b>
<b>Total current liabilities</b>	<b>14,009</b>	<b>17,467</b>
<b>Total equity and liabilities</b>	<b>45,053</b>	<b>76,699</b>

## Consolidated interim statement of comprehensive income for the first three months ended March 31,2022

in EUR thousands	01.01.-31.3.2022	01.01.-31.3.2021
	unaudited	unaudited
Sales revenue	6,566	5,479
Cost of sales	(1,111)	(901)
<b>Gross profit from sales</b>	<b>5,455</b>	<b>4,578</b>
<b>Operating expenses</b>		
Research and development costs	(1,601)	(1,317)
General administrative costs	(1,036)	(2,538)
Sales costs	(1,665)	(4,813)
<b>Result from operations</b>	<b>1,152</b>	<b>(4,089)</b>
Depreciation and amortization	184	813
Other Expenses	(137)	(101)
Other Income	78	220
<b>EBITDA</b>	<b>1,278</b>	<b>(3,158)</b>
Depriciation and amortization	(184)	(813)
<b>EBIT</b>	<b>1,093</b>	<b>(3,971)</b>
Effective interest expenses	0	(95)
Interest expenses	(54)	(815)
Interest Income	0	4
Income from investments accounted for using the equity method	(29,139)	0
<b>Profit/loss before income tax</b>	<b>(28,100)</b>	<b>(4,876)</b>
Income tax	0	(1)
<b>Profit/loss for the period</b>	<b>(28,100)</b>	<b>(4,877)</b>
<b>Other comprehensive income after income taxes</b>		
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	0	(412)
<b>Total profit/loss for the period</b>	<b>(28,100)</b>	<b>(5,289)</b>
Basic and diluted earnings per share in EUR	(0.50)	(0.09)