Biofrontera

Deep in dermatology

Biofrontera AG

6M half-year report 2024

OPERATIONAL HIGHLIGHTS 2024

- BIOFRONTERA'S EUROPEAN BUSINESS GROWS BY 21 %
- CLINICAL RESEARCH IS TRANSFERRED TO BIOFRONTERA INC.
- BIOFRONTERA ENTERS INTO COOPERATION AGREEMENTS TO MARKET THE MULTILITE® DAYLIGHT LAMP AND THE INDOORLUX® CONCEPT FOR PDT TREATMENT WITH ARTIFICIAL DAYLIGHT
- AMELUZ® RECEIVES APPROVAL EXTENSION FOR USE WITH ARTIFICIAL DAYLIGHT IN THE EU AND UK
- IMPLEMENTATION OF A CAPITAL REDUCTION AT A RATIO OF 21:1
- SUCCESSFUL CAPITAL INCREASE BY 3,038,431 NEW SHARES WITH GROSS PROCEEDS OF EUR 3.3 MILLION EUR
- AS EXPECTED, DUE TO BIOFRONTERA INC. CHANGE IN STOCKPILING POLICY, THERE WERE NO AMELUZ® SALES TO BIOFRONTERA INC. DURING HY1 2024

Key figures in accordance with IFRS

	01.01.-30.6.2024		01.01.-30.6.2023	
	KEUR	% of turnover	KEUR	% of turnover
Results of operation				
Sales revenue	7.206	100,00%	17.784	100,00%
- thereof US revenues	1.024	14,21%	12.699	71,41%
- thereof European revenues	6.091	84,53%	5.051	28,40%
Gross profit on sales	4.601	63,85%	14.217	79,94%
Profit/loss from operating activities	-4.426	-61,42%	3.187	17,92%
EBITDA	-3.557	-49,36%	3.743	21,05%
EBIT	-3.965	-55,02%	3.357	18,88%
Profit/loss before income taxes	-5.344	-74,16%	-2.179	-12,25%
Profit/loss after income taxes	-5.344	-74,16%	-3.145	-17,68%

in TEUR	30.6.2024	31.12.2023
Key balance sheet figures		
Total Assets	24.176	30.732
Non-current assets	11.339	13.012
Cash and cash equivalents	2.214	3.080
Other current assets	10.623	14.641
Balance sheet total Liabilities	24.176	30.732
Equity	17.857	19.980
Non-current liabilities	466	678
Current liabilities	5.853	10.073

	30.6.2024	31.12.2023
Number of employees (FTE)	79,73	87,91
Biofrontera share		
Outstanding shares (number)	6.076.862	63.807.058
Share price (closing price Xetra in EUR, 28.06.2024 and 29.12.2023)	2,995	0,400

Interim Group management report for the first half of the 2024 financial year

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, 2024. 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 research, development, regulatory and quality control tasks for the Biofrontera Group and is the owner of patents and approvals for Ameluz®. According to a license agreement with Biofrontera Bioscience GmbH, Biofrontera Pharma GmbH, which also holds the CE certificate for BF-RhodoLED®, bears the responsibility for the production and further licensing and marketing of the Biofrontera Group's approved 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.

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 € 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 the 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 on the basis of marketing partnerships, as well as the licensing of Ameluz® in other regions.

Biofrontera has received 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. governs the responsibilities between the companies. The agreement was concluded for 15 years and will be extended for a further 5 years if a minimum turnover in the USA of 80,000 Ameluz tubes or 75 % of the turnover of the last 4 years is achieved.

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 keratoses (AK) on the face and scalp in December 2011. Actinic keratoses are 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 photodynamic therapy (PDT) by applying it to the affected areas of skin and then activating it with special red-light lamps. This combination 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 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 or artificial 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, 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.

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 dispensing with propylene glycol, this improved Ameluz® formulation eliminates potential risks, particularly regarding the formation of impurities and allergic reactions. This formulation may be available in Europe as early as the third quarter of 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.

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.

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 still be determined prior to market launch, which can be a very lengthy process. 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 retail prices for Ameluz® range from EUR 135 to approx. EUR 220 per 2g tube.

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 Scandinavian 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® will be possible towards the middle of 2025.

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.

Markets

Actinic keratosis (AK)

Light skin cancer and its precursor 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 carcinomatization. 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 light skin cancer (squamous cell carcinoma, also known as prickle cell cancer) can develop from such a skin change or in its vicinity. Even AK that is not yet visible carries a high 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 older 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, partly because men in particular often work outdoors and are therefore usually exposed to the sun without protection. For example, 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 makes them more sensitive to light and destroys them 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 PDT). Compared to conventional PDT with red-light or another suitable light source, the treatment time for 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 2023, a total of 1,089,054 prescriptions were issued for the treatment of AK (previous year: 965,848). Superficially applied medications such as prescription creams and gels containing active ingredients (topicals) are primarily used, which also accounted for a constant market share of 93.9 % in the reporting year, followed by PDT (the combination of a superficially applied medication with light therapy) with 6.1 % (previous year: 93.9 % and 6.1 %). The main growth in the AK market was triggered by two topical drugs, whose growth rates were around 50 %, meaning that the overall AK market grew by 13 % in 2023. Within the PDT segment, Ameluz® grew by 16 %, while our direct competitor only grew by 3 %.

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®, the market share in the PDT drugs segment increased from 64 % to 66 % in 2023. Above all, the further establishment of daylight PDT enabled Ameluz® to continue to prove itself as a strong market leader in the PDT market compared to competing products. We estimate that the expansion of daylight PDT to include artificial daylight will enable it to capture further market share in the future, which was previously reserved for self-applied topical creams. This is primarily due to the reimbursement of daylight PDT by statutory health insurers, which means that the number of patients who have access to treatment with Ameluz® has multiplied as a result of this possible application. In the first half of 2024, Ameluz® sales in Germany increased by approx. 18% 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 year-on-year decline of 23.3 % in 2023, the number of packs sold in Spain stabilized at the previous year's level (- 0.5 %) in the first half of the year.

Ameluz® recorded significant sales growth of 30.8 % in the UK market. We were able to increase sales to customers in the UK from 1,852 packs in the first half of 2023 to 2,422 packs in the same period of 2024. Market figures on the competitive situation are not available.

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, can look back on a mixed performance in the first half of 2024. While Scandinavia and Poland recorded significant growth rates in their sales to the markets, sales in Austria and Switzerland declined compared to the same period of the previous year. Overall, sales of over 13,500 packs to our partners in the first half of the year contributed to the positive product development.

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, around 58 million people in the USA suffer from actinic keratosis. According to the Grand View Research Report (01/2023), the market size for this indication was USD 2.3 billion in 2022. The US market differs from the European market in that cryotherapy dominates the market here with a market share of over 80 %. PDT only has a relatively small market share. An expansion of the segment is forecast for the coming years, but this is based on general market growth and less on a proportional redistribution within the therapy options. Cryotherapy is expected to remain the dominant form of therapy.

The PDT segment currently has a share of less than 2 %, although Ameluz® PDT has been able to further expand 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. To this end, our US licensing partner further expanded its US sales force and marketing expenses also increased significantly. According to Biofrontera Inc., sales of Ameluz® increased by just under 10 % in the first half of the year, although this is not reflected in our financials as they are decreasing their stock levels to cover their customer needs

Personal details

Employees

As of June 30, 2024, the Biofrontera Group had 89 employees (December 31, 2023: 95) with 79.73 full-time equivalents (FTEs) (December 31, 2023: 87.9 FTEs), distributed as follows

	30.6.2024	31. 12.2023
Employees	79,73	87,91
thereof full-time	69,00	73,00
of which with a PhD	13,00	20,30
By business division	79,73	87,91
Production (pharmaceutical & medical device production, QC laboratory)	12,55	9,75
Medical and regulatory tasks (medical & regulatory affairs)	5,55	6,55
Research & development (IP, laboratory and pharmaceutical development)	9,40	18,80
Marketing and sales	28,68	27,78
Quality management	5,25	6,85
Management, business development, finance, human resources, administration	18,30	18,18
By country	79,73	87,91
Germany	67,10	77,28
Spain	9,63	7,63
Great Britain	3,00	3,00

Research and development projects

All of the Biofrontera Group's research and development activities relating to the nanoemulsion and Ameluz® are carried out by Biofrontera Bioscience GmbH, which is responsible for pharmaceutical development, conducting preclinical and clinical studies and also for obtaining, maintaining and extending our marketing authorizations. Pharmaceutical development and project management of further development activities are handled internally; individual studies (e.g. preclinical studies) are outsourced. The development of the new RhodoLED® XL red-light lamp was the responsibility of Biofrontera Pharma GmbH. All ongoing clinical trials were being conducted in the USA by Biofrontera Bioscience GmbH until June 2024 as part of the agreement previously in place with Biofrontera Inc. The aim is expanding labeling for the US market. Research and development costs for both the approved drug Ameluz® and the other research and development projects, with the exception of the further development of the new red-light lamp RhodoLED® XL, are recognized as expenses in the period in which they are incurred. As of May 31, 2024, 20.75 FTEs were employed in the areas of research and development and regulatory (previous year: 25.30 FTEs). In February 2024, Biofrontera Inc. and Biofrontera agreed on an amendment to the existing license and supply agreement. On June 1, 2024, Biofrontera Discovery GmbH took over the entire clinical development program on behalf of Biofrontera Inc. Biofrontera Bioscience will continue to be responsible for managing the approval and sponsorship of clinical trials with Ameluz® after May 31, 2024, meaning that 9.95 FTEs will continue to work in this area.

Update on approval changes:

Optimized formulation for Ameluz®

The new Ameluz® formulation approved in the US and EU last year was also approved in the UK in May 2024. The new, improved formulation does not contain propylene glycol, a component commonly found in semi-solid formulations. This may have a positive impact on the gel's safety profile, as the absence of propylene glycol eliminates potential risks, particularly with regard to the formation of impurities and allergic reactions.

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

The Medicines and Healthcare Products Regulatory Agency (MHRA), the regulatory authority for medicinal products in the UK, has also approved the extension of the marketing authorization for Ameluz® to include use with artificial daylight in February 2024.

The update on the ongoing clinical development program in the reporting period refers to the status as of 31 May 2024 before the transfer of clinical development to Biofrontera Inc:

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). Until June 01, 2024, 94 patients were enrolled in the study.

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

In order to further increase growth opportunities in the US market in the medium term, the company is conducting 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. The last patient was treated in March 2024. All patients are now in the follow-up phase. As the FDA has also requested results from the first year of the follow-up phase, a submission is not expected until 2026.

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. By June 1, 2024, 101 patients had been enrolled and treated in the study.

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, 2024, the patent portfolio consisted of 27 granted patents and 32 pending patent applications, including international patent applications. 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 report

Presentation of the course of business

Sales revenues in the first half of 2024 decreased significantly compared to the first half of 2023 due to a change in the inventory policy of our US licensee, Biofrontera Inc. Since Biofrontera Inc. accounts for the largest share of our total sales at more than 60 %, any change in its business strategy has a significant impact on Biofrontera AG.

Total sales in the first six months amounted to a total of EUR 7,206 thousand a decrease of 59 % compared to the previous year period (EUR 17,784 thousand). Fortunately, the European business recorded an increase of 21 % compared to the same period of the previous year. In the first six months of 2024, sales of EUR 6,091 thousand was achieved, compared to EUR 5,051 thousand. The overall weaker revenue side has a direct impact on EBITDA, which has shifted into negative territory due to comparable cost burdens with falling revenue. EBITDA decreased in the first half of the current financial year to EUR -3,557 EUR compared to EUR 3,743 thousand in the first half of the previous year. EBIT amounted to EUR -3.965 thousand compared to EUR 3,357 thousand in the same period of the previous year.

The reduction in EBITDA and EBIT will continue into the third quarter, as Biofrontera Inc. will not order any further Ameluz® sales in the first three quarters of 2024. The US revenue generated to date is attributable to sales of BF-RhodoLED® XL lamps.

As a result of the amendment to the license agreement with Biofrontera Inc. in February, the entire clinical development was transferred to Biofrontera Inc. as of June 1, 2024. The clinical study program, which includes studies to expand the market for Ameluz® in the USA, was already defined in the original license agreement. Until now, 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 transfer of responsibilities leads to a reduction of the cost burden on Biofrontera AG and to a temporary decrease in revenues. This year and next, Biofrontera AG will receive 25 % of the US sales price, with this share rising again to between 30 % and 35 % in subsequent years.

Business in Europe increased significantly in the first half of 2024 compared to the same period of the previous year, with the German market continuing to show pleasing growth with an 18 % increase in sales. In Germany EUR 3,554 thousand were generated in Germany, compared to EUR 3,021 thousand in the same period of the previous year. The Spanish market was not yet able to develop significantly in terms of sales in the first half of the year and, at EUR 923 thousand at a comparable level to the same period of the previous year (H1 2023: EUR 956 thousand). In the United Kingdom, on the other hand, with an increase of 30 % sales of EUR 465 thousand were achieved. In addition to the German market, which is the main driver of European sales growth, all European license partners also ordered Ameluz® in the first half of the year, resulting in a 61 % increase in sales. Turnover amounted to EUR 1,148 thousand compared to EUR 715 thousand in the same period of the previous year. As Biofrontera Inc. did not place any orders for Ameluz® in the first half of the year, as explained above, revenue in the USA fell significantly. In the first half of the year, we were able to generate only EUR 1,024 thousand compared to EUR 12,699 thousand in the first half of 2023.

Thanks to the central European approval of Ameluz® PDT for use with artificial daylight, Biofrontera has a product that has been continuously adapted to the needs of patients and doctors and now offers an even broader range of possible applications. The Medicines and Healthcare Products Regulatory Agency (MHRA), the regulatory authority for medicinal products in the UK, also approved the extension of the marketing authorization for Ameluz® for use with artificial daylight in February.

The reorganization of the license and supply agreement with Biofrontera Inc. was an important step that supports the company's realignment with a focus on the European business, which will also have a significant impact on the expenditure side.

General administrative expenses in the first half of the year amounted to EUR 1,900 thousand compared to EUR 3,433 thousand in the same period of the previous year. This corresponds to a decrease of 45 %. This is mainly due to the one-off increase in consulting costs in the previous year.

The research and development costs incurred in the reporting period remained unchanged at EUR 3,821 thousand compared to EUR 3,936 thousand in the previous year period.

Selling expenses decreased in the reporting period to a total of EUR 3,306 thousand compared to EUR 3,661 thousand in the same period of the previous year, a decrease of 10 %.

In the current financial 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. Through such measures, Biofrontera AG aims to free itself from its dependence on the US business in terms of sales and thus become more independent of the business development of Biofrontera Inc.

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

The positive development of the European business and, in particular, the extremely pleasing performance in the German domestic market are the first important milestones in this long-term corporate reorganization. The cooperation agreement signed in August with Leo Pharma Germany for the co-marketing of two established dermatological products is another important milestone for Biofrontera to be perceived as a dermatological player within Europe and thus to optimize the existing structures.

Marketing of Ameluz® in Europe

Sales development in Germany was very pleasing compared to the previous year. German product sales amounted to EUR 3,554 thousand compared to EUR 3,021 thousand in the first half of 2023, which represents an increase of 18 %. The share of Ameluz® PDT grew in the PDT segment in the first half of 2024 from 66 % in the previous year to 67 % in 2024.

In the remaining European countries, Biofrontera achieved product sales of EUR 2,536 thousand compared to EUR 2,029 thousand in the first 6 months of 2023, an increase of 25 %. In the Spanish market, sales of Ameluz® fell slightly compared to the previous year period from EUR 956 thousand to EUR 923 thousand in the first half of 2024. In the UK market, Ameluz® showed dynamic growth of 30 %. On a sales basis, revenue increased from EUR 358 thousand in the first half of 2023 to EUR 465 thousand in the first 6 months of 2024.

Marketing by our European license partners Galenica AB for the Nordic countries, Louis Widmer for Switzerland, Pelpharma for Austria and Medac Gesellschaft für klinische Spezialpräparate mbH for Poland has consistently developed positively in terms of market sales and was able to increase sales by 61 % compared to the same period of the previous year (1HY 2024: EUR 1.148 thousand; 1HY 2023: EUR 715 thousand).

Marketing of Ameluz® in the USA

With Biofrontera Inc. in the reporting period EUR 1,024 thousand compared to the same period in the previous year, a decrease of 92 %. The revenue generated is attributable to lamp sales and services, as no further Ameluz® sales products were ordered in the reporting period.

According to Biofrontera Inc.'s financial reporting for the first half of 2024, the company achieved sales growth of just under 10 % and thus lagged the growth rates of 2023 in its efforts to expand the market.

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.

An improved Ameluz® formulation was approved in both the USA and the EU during the reporting period. The new formulation does not contain propylene glycol. This can have a positive effect on the safety profile of the gel and avoid potential risks regarding the formation of impurities and allergic reactions.

In the EU and UK, the approval extension for the photodynamic treatment of mild and moderate actinic keratoses (AK) with artificial daylight was positively assessed. Photodynamic therapy with artificial daylight combines the advantages of the original daylight therapy, which significantly reduces treatment pain, with the controlled environment of a doctor's surgery, so that daylight PDT with Ameluz® can now also be used regardless of the prevailing weather conditions.

Implementation of the capital reduction resolved on April 04

At the Extraordinary General Meeting on April 4, 2024, it was resolved to reduce the share capital of Biofrontera AG from EUR 63,807,058.00 to EUR 3,038,431.00, with a merger ratio of 21:1. On May 13, 2024, trading in Biofrontera shares under the previous ISIN DE0006046113 was discontinued. Of the original 63,807,058 no-par value shares held in collective custody, 7 shares, which were provided free of charge by a shareholder, were initially withdrawn. The remaining 63,807,051 shares were combined by the custodian banks and Clearstream Banking AG at a ratio of 21:1 to 3,038,431 converted shares on the record date of May 15, 2024. On May 16, 2024, the shareholders received one converted share (ISIN DE000A4BGGM7) for every 21 old shares (ISIN DE0006046113) with a pro rata amount of the reduced share capital of EUR 1.00. The previous percentage share of a shareholder in the share capital of Biofrontera AG remained unchanged. From May 14, 2024, the converted shares were listed under the new ISIN DE000A4BGGM7 (WKN A4BGGM, share code BF8K).

Implementation of the capital increase resolved on April 04

Following the Extraordinary General Meeting in April 2024, the Management Board and the Supervisory Board of Biofrontera AG decided to carry out a capital increase from the authorized capital. The basis for this was the reduction of the share capital to EUR 3,038,431.00 previously resolved at the Annual General Meeting. This reduced share capital was increased at a ratio of 1:1 by issuing 3,038,431 new shares. The subscription price for each new share was EUR 1.10. Shareholders were granted statutory subscription rights and the possibility of oversubscription. Trading in subscription rights was organized on the Hamburg Stock Exchange.

The subscription offer took the form of a public offer which, in accordance with the applicable regulations, did not require a securities prospectus. Shareholders who subscribed to shares as part of the public subscription offer received existing shares that could be traded on the stock exchange after the capital increase was entered in the commercial register. This was made possible by a share loan from the Balaton Group, which received new, non-tradable shares in return. This ensured that marketable shares could be delivered to the subscribers immediately. The new shares, delivered to repay the share loan, initially received the separate ISIN DE000A409625, will only be admitted to trading on the regulated market after the approval of a securities prospectus by the German Federal Financial Supervisory Authority (BaFin) and the holding of the Annual General Meeting for the fiscal year 2023. The Management Board of the company intends to implement the admission of the new shares within the one-year period stipulated in Section 69 of the Börsenzulassungs-Verordnung (BörsZulV).

The capital measure was placed in full, generating gross proceeds of approximately EUR 3.3 million for the company.

Legal proceedings

In two lawsuits before the Regional Court of Cologne, Mr. Ludwig Lutter objected to his dismissal as a member of the Management Board and the termination of his employment contract and asserted the (partial) continued payment of his remuneration until the ordinary end of his contract (28 February 2024). In the declaratory action proceedings, the Cologne Regional Court ruled on 22 March 2024 that the employment relationship between the company and Mr. Lutter, which was based on the employment contract, was not terminated by the extraordinary termination. The company has not lodged an appeal against this, meaning that the decision has since become legally binding. On March 22, 2024, the Cologne Regional Court issued a conditional judgement in the documentary proceedings regarding the (partial) continued payment of remuneration and ordered the company to pay the fixed remuneration of the Management Board minus other earnings and reserved the right for the company to enforce its rights in the subsequent proceedings. The company has paid the corresponding amounts to Mr. Lutter. Mr. Lutter filed an appeal against this decision, which is currently pending before the Cologne Higher Regional Court. The company still has the option of asserting the deduction of any other income earned by Mr. Lutter in subsequent proceedings relating to the document proceedings.

In the matter with Deutsche Balaton, the subject of which was the legal examination and determination of a so-called unwritten responsibility of the Annual General Meeting for the IPO of Biofrontera Inc., since December 2023 there are no further information.

In proceedings before the Regional Court of Cologne, Biofrontera Inc. and others obtained a preliminary injunction in January 2023 prohibiting Biofrontera AG from accessing data from certain email accounts relating to a former employee and a former member of the Management Board, among others. The parties to the lawsuit are currently in settlement negotiations.

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, Mrs 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 2023 until December 31, 2025.

Supervisory Board

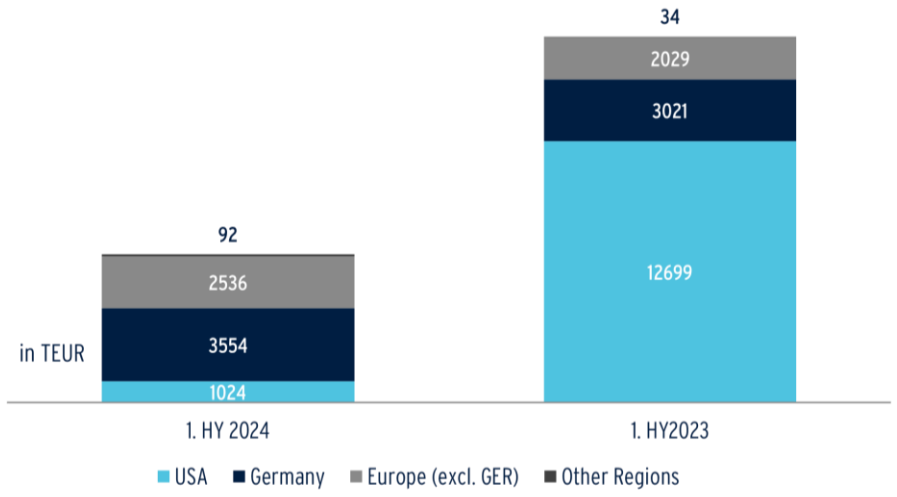
Mr. Wilhelm K. T. Zours resigned from his position as member and Chairman of the Supervisory Board with immediate effect on 6 May 2024 for important personal reasons. The Deputy Chairman, Dr. Jörgen Tielmann, then assumed the duties of Chairman on an interim basis until a successor was appointed. On 10 May 2024, Dr. Helge Lubenow was appointed as the new Chairman of the Supervisory Board of Biofrontera AG and held this office until the Annual General Meeting on 28 August 2024.

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

Earnings position of the Group

The results of operations as of June 30, 2024 as follows:

in TEUR (unaudited)	01.01.-30.06. 2024	01.01.-30.06. 2023
Sales revenue	7.206	17.784
- thereof US revenues	1.024	12.699
- thereof European revenues	6.091	5.051
Gross profit on sales	4.601	14.217
Research and development costs	-3.821	-3.936
General administrative costs	-1.900	-3.433
Sales costs	-3.306	-3.661
Result from operating activities	**-4.426**	**3.187**
Other expenses and income	461	170
EBITDA	**-3.557**	**3.743**
EBIT	**-3.965**	**3.357**
Financial result	-1.379	-5.536
Earnings before income taxes	**-5.344**	**-2.179**
Result after income taxes	**-5.344**	**-3.145**



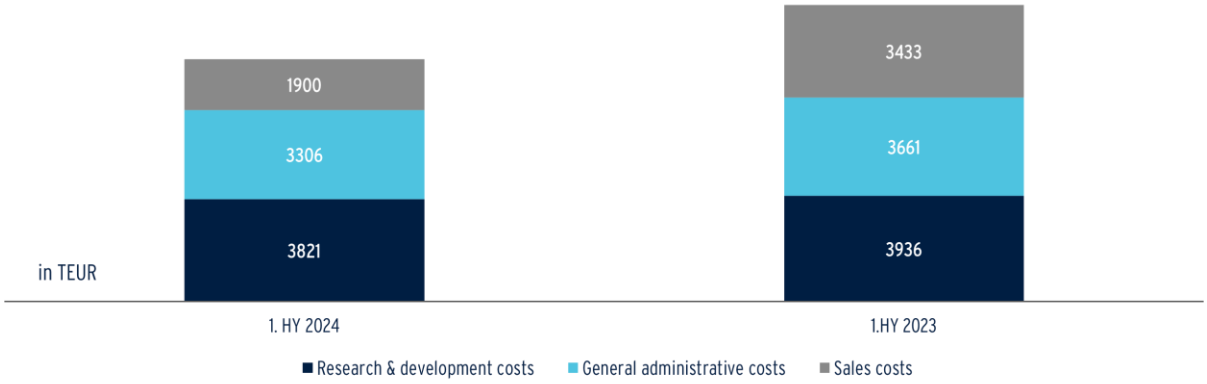
Sales revenues

In the first half of 2024, the Biofrontera Group generated total sales of EUR 7,206 thousand, a decrease of 59 % compared to the previous year (previous year period: EUR 17,784 thousand).

Total sales in Europe increased compared to the same period of the previous year by 21 % to EUR 6,091 thousand (previous period: EUR 5,051 thousand). In Germany, sales increased by 18 % year-on-year to EUR 3,554 thousand (previous period: EUR 3,021 thousand) and total sales in the rest of Europe also increased slightly by just under 25 % to a total of EUR 2,536 thousand (previous period: EUR 2,029 thousand).

We generated revenue of EUR 1,024 thousand with our licensee in the USA in the first half of 2024 compared to EUR 12,699 thousand in the same period of the previous year, a significant decrease of 92 %. This includes services from service agreements in the amount of EUR 18 thousand (previous period: EUR 132 thousand).

Revenue from other regions amounted to EUR 92 thousand in the reporting period (previous period: EUR 34 thousand) and includes costs for stability studies and analytical method transfer to Maruho.



Gross profit on sales

Gross profit fell by EUR 9,616 thousand and amounted to EUR 4,601 thousand in the first half of 2024 compared to EUR 14,217 thousand in the same period of the previous year. The gross margin fell from 80 % to 64 % in the first half of 2024. This decline is due to the fact that only lamp sales were recorded in the US market, which have a significantly lower margin compared to Ameluz® sales. This led to this relevant change in the sales structure in this reporting period.

Research and development costs

Research and development costs fell slightly in the reporting period due to the transfer of the clinical department to Biofrontera Inc. in June. Expenses amounted to EUR 3,821 thousand in the reporting period compared to EUR 3,936 thousand in the same period of the previous year. In addition to the costs for clinical trials, research and development costs also include expenses for regulatory affairs, i.e. for obtaining, maintaining and extending our approvals, expenses for patents, quality control activities and personnel costs for employees working in these departments.

General administrative costs

General administrative expenses amounted to EUR 1,900 thousand in the first half of 2024 (prior-year period: EUR 3,433 thousand), a year-on-year decrease of EUR 1,533 thousand in total. The decrease was more pronounced because expenses for one-off and extraordinary legal and consulting costs were incurred in the prior-year period.

Sales costs

Selling expenses amounted to EUR 3,306 thousand in the first six months of 2024, down slightly on the previous year period (EUR 3,661 thousand). In the previous reporting period, increased marketing expenses were incurred in connection with the expansion of approval to include artificial daylight and exploratory costs for market expansion in other European countries.

EBITDA and EBIT

The Group's EBITDA includes earnings before interest, taxes, depreciation of property, plant and equipment and amortization of intangible assets and fell significantly by EUR 7,300 thousand to a negative EBITDA of EUR -3,557 thousand in the first half of 2024 compared to the same period of the previous year (previous period: EUR 3,743 thousand). The sharply negative EBITDA is largely due to the significant reduction in US sales. The change in Biofrontera Inc.'s inventory policy means that no Amluz merchandise was ordered in the first two quarters of 2024.

EBIT includes earnings before interest and taxes and fell year-on-year to EUR -3,965 thousand (previous period: EUR 3,357 thousand).

Financial result

The financial result totaling EUR -1,379 thousand (previous period: EUR -5,536 thousand) includes, in addition to the interest result, primarily the adjustment of the carrying amount of the at-equity investment in Biofrontera Inc. by the share of earnings in the amount of EUR 0 thousand (previous period: EUR -5,529 thousand).

Other expenses and income

Other expenses and income in the reporting period totaled EUR 461 thousand (previous year period: EUR 170 thousand), which primarily includes expenses and income from currency translation and the reversal of provisions.

Income taxes

This item includes income from current income taxes in the amount of EUR 0 thousand (same period of the previous year: EUR -426 thousand) and income from deferred taxes in the amount of EUR 0 thousand (previous period: EUR -540 thousand).

Financial position of the Group

The financial position as of June 30, 2024 is as follows

in TEUR	30.6.2024	31.12.2023
Non-current assets	11.339	13.012
Current financial assets	7.690	11.792
Other current assets	5.147	5.928
Total assets	**24.176**	**30.732**
Equity capital	17.857	19.980
Non-current liabilities	466	678
Current financial liabilities	2.568	5.879
Other current liabilities	3.285	4.194
Total liabilities	**24.176**	**30.732**

Non-current assets

The non-current assets as of June 30, 2024 in the total amount of EUR 11,339 thousand (December 31, 2023: EUR 13,012 thousand) include the recognized deferred tax assets on tax loss carryforwards at Biofrontera Pharma GmbH and, in the 2024 financial year, also at Biofrontera Bioscience GmbH in the amount of EUR 6,818 thousand (December 31, 2023: EUR 4,375 thousand), property, plant and equipment in the amount of EUR 3,095 thousand (December 31, 2023: EUR 3,290 thousand) and intangible assets (EUR 1,066 thousand; December 31, 2023: EUR 1,152 thousand). In the previous year, this included the investment in Biofrontera Inc. accounted for using the equity method, which is now valued at EUR 0 thousand (December 31, 2023: EUR 1,718 thousand) is reported.

Current financial assets

Current financial assets amounted to a total of EUR 7.690 thousand as of June 30, 2024. (December 31, 2023: EUR 11,792 thousand). This includes cash and cash equivalents in the amount of EUR 2,214 thousand (December 31, 2023: EUR 3,080 thousand), trade receivables in the amount of EUR 2,102 thousand (previous period: EUR 774 thousand), receivables from associated companies in the amount of EUR 1.723 thousand (previous period: EUR 6,365 thousand) and other current financial assets in the amount of EUR 1,633 thousand (previous period: EUR 1,556 thousand) and current contractual assets in the amount of EUR 18 thousand (previous period: EUR 18 thousand).

Other current assets

Other current assets mainly comprise inventories. These decreased as of June 30, 2024 to EUR 4,352 thousand (previous period: EUR 5,077 thousand). No impairment losses were recognized on inventories in the reporting year (previous period: EUR 155 thousand).

Other current assets also include current receivables in the amount of EUR 149 thousand (previous period: EUR 207 thousand) and prepaid expenses totaling EUR 645 thousand (previous period: EUR 643 thousand).

Equity capital

In accordance with IFRS, the Group's equity amounted to EUR 17,857 thousand (December 31, 2023: EUR 19,980 thousand). The equity ratio increased from 65 % to 74 %.

Non-current liabilities

The financial liabilities reported under non-current liabilities (EUR 466 thousand, previous period: EUR 856 thousand) include the liabilities from leases to be recognized in accordance with IFRS 16 in the amount of EUR 466 thousand (previous period: EUR 856 thousand).

Current financial liabilities

Current financial liabilities include, in particular, trade payables in the amount of EUR 1,722 thousand (previous period: EUR 2,594 thousand) as well as current financial liabilities in the amount of EUR 461 thousand (previous period: EUR 448 thousand). Also included are liabilities to associated companies of EUR 321 thousand (previous period: EUR 2,747 thousand); the due tranche of the liability from the DUSA settlement had been reported here prior year.

Current financial liabilities include current liabilities from leases in accordance with IFRS 16 in the amount of EUR 422 thousand (previous period: EUR 417 thousand).

Other current liabilities

Other current liabilities amounted to EUR 3,285 thousand (previous period: EUR 4,194 thousand) and include in particular provisions in the amount of EUR 615 thousand (previous period: EUR 895 thousand) and other accrued liabilities in the amount of EUR 1,912 thousand (previous period: EUR 2,458 thousand) and income tax liabilities in the amount of EUR 758 thousand (previous period: EUR 841 thousand).

Financial position of the Group

The company's capital management regularly reviews the equity ratio of the Group and the AG. The aim is to ensure an adequate equity base in line with capital market expectations and to maintain creditworthiness vis-à-vis national and international business partners. The Group's Management Board ensures that sufficient liquidity is available to all Group companies.

in TEUR	01.01. - 30.6.2024	01.01. - 30.06.2023
Net cash flow from/used in operating activities	-3.819	-1.300
Net cash flow from/used in investing activities	-27	-408
Net cash flow from/used in financing activities	2.981	-390
Liquidity/cash and cash equivalents	2.214	4.279
Non-current financial liabilities	466	856
Current financial liabilities	461	448
Net liquidity	1.287	2.975

The net cash flow from operating activities in the amount of EUR -3.819 thousand decreased by EUR -2.519 thousand compared to the previous year's figure of EUR -1,300 thousand.

The net cash flow from investing activities amounted to EUR 27 thousand (previous period: EUR -408 thousand) and includes investments in property, plant and equipment and intangible assets.

The net cash flow into financing activities amounted to EUR 2,981 thousand and increased compared to the previous year (previous period: EUR 390 thousand) due to the proceeds from the capital increase.

Cash and cash equivalents

Cash and cash equivalents in the Group as of June 30, 2024 amounted to EUR 2,214 thousand (December 31, 2023: EUR 3,080 thousand).

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

Outlook and forecast

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

Forecast of key figures relevant to management (as of April 2024)

Key figure	Forecast 2024
Group sales	EUR 20-23 million
EBITDA	EUR -1 million to +1 million
EBIT	EUR -2 million - 0 million
Cash and cash equivalents until December 31, 2024	EUR 3 -4 million*
Non-financial key figures	
Employees	Decrease in the number of employees
Training measures	constant
External and internal audits	constant

*assuming that the planned capital measure is placed in full

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

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

Key figure	Revised forecast 2024
Group sales	EUR 20-23 million
EBITDA	EUR -2 million to EUR 0 million
EBIT	EUR -3 million - -1 million
Cash and cash equivalents until December 31, 2024	EUR 1-3 million

As of June 30, 2024, the Biofrontera Group had cash and cash equivalents in the amount of EUR 2,214 thousand. Based on the current corporate planning for 2024, the Group will have sufficient liquidity to meet all obligations for a further 12 months from the date of preparation. Assuming expenses and income develop as planned and the capital measure described above, the Group plans to have cash and cash equivalents of between EUR 1 million and EUR 3 million as of December 31, 2024.

Consolidated financial statements as of June 30, 2024

Assets

in TEUR	30.6.2024	31.12.2023
Non-current assets		
Property, plant and equipment	3.095	3.290
Intangible assets	1.066	1.152
Deferred taxes	6.818	6.818
Financial assets accounted for using the equity method	0	1.718
Non-current receivables from leases	24	33
Total non-current assets	**11.339**	**13.012**
Current assets		
Financial assets		
Trade receivables	2.102	774
Receivables from associated companies	1.723	6.365
Other financial assets	1.633	1.556
Cash and cash equivalents	2.214	3.080
Current receivables from leases	18	18
Total financial assets	7.690	11.792
Other current assets		
Inventories	4.352	5.077
Other assets	795	850
Total other assets	5.147	5.928
Total current assets	**12.837**	**17.720**
Total assets	**24.176**	**30.732**

Liabilities

in TEUR	30.6.2024	31.12.2023
Equity		
Subscribed capital	6.077	63.807
Capital reserve	137.497	137.330
Currency translation reserve	17	1
Cumulative result from previous years	-120.390	-180.789
Annual result	-5.344	-369
Total equity	**17.857**	**19.980**
Non-current liabilities		
Financial liabilities	466	678
Other liabilities	0	0
Total non-current liabilities	**466**	**678**
Current liabilities		
Financial liabilities		
Liabilities from deliveries and services	1.722	2.594
Liabilities to associated companies	321	2.747
Financial liabilities	461	468
Other financial liabilities	64	71
Total financial liabilities	2.568	5.879
Other liabilities		
Income taxes	758	841
Other provisions	615	895
Other liabilities	1.912	2.458
Total other liabilities	3.285	4.194
Total current liabilities	**5.853**	**10.073**
Total liabilities	**24.176**	**30.732**

Consolidated statement of comprehensive income for the first half of the 2024 and 2023 financial years

in TEUR	01.01.-30.6.2024	01.01.-30.06.2023
Sales revenue	7.206	17.784
Cost of sales	-2.605	-3.567
Gross profit on sales	**4.601**	**14.217**
Operating expenses:		
Research and development costs	-3.821	-3.936
General administrative costs	-1.900	-3.433
Sales costs	-3.306	-3.661
Result from operating activities	**-4.426**	**3.187**
Depreciation**	408	386
Other expenses	-67	-79
Other income	529	250
EBITDA	**-3.557**	**3.743**
Depreciation and amortization	-408	-386
EBIT	**-3.965**	**3.357**
Other interest expense	-6	-7
Interest income	9	0
Earnings before income taxes	**-5.344**	**-2.179**
Income taxes	0	-966
Result after income taxes	**-5.344**	**-3.145**
Profit attributable to the owners of the parent company	-5.344	-3.145
Other comprehensive income after income taxes		
Items that will be reclassified to the income statement in future under certain conditions.		
Exchange rate differences from currency translation	17	1
Overall result	**-5.327**	**-3.146**
Basic earnings per share in EUR	-0,09	-0,05
Diluted earnings per share in EUR	-0,88	-0,05

** Addition of depreciation and amortization to transparently determine the EBITDA performance indicator

Consolidated statement of changes in equity for the first half of 2024 and the 2023 financial year

	Ordinary shares	Subscribed capital	Capital reserve	Currency translation reserve (OCI)	Accumulated earnings Earnings after taxes	Total
	Quantity	in TEUR	in TEUR	in TEUR	in TEUR	in TEUR
Balance as of January 01, 2023	**63.807.058**	**63.807**	**137.318**	**0**	**-180.789**	**20.336**
Result after income taxes	0	0	0	0	-369	-369
Currency conversion	0	0	0	1	0	1
Overall result	**0**	**0**	**0**	**1**	**-369**	**-368**
Capital increase	0	0	0	0	0	0
Conversion of employee stock options	0	0	0	0	0	0
Costs of raising capital	0	0	0	0	0	0
Increase in capital reserves from the share option program	0	0	12	0	0	12
Disposal of scope of consolidation	0	0	0	0	0	0
Balance as of December 31, 2023	**63.807.058**	**63.807**	**137.330**	**1**	**-181.158**	**19.980**

	Ordinary shares	Subscribed capital	Capital reserve	Currency translation reserve (OCI)	Accumulated earnings Earnings after taxes	Total
	Quantity	in TEUR	in TEUR	in TEUR	in TEUR	in TEUR
Balance as of December 31, 2023	**63.807.058**	**63.807**	**137.330**	**1**	**-181.158**	**19.980**
Result after income taxes	0	0	0	0	-5.344	-5.344
Currency conversion	0	0	0	17	0	17
Overall result	**0**	**0**	**0**	**17**	**-5.344**	**-5.327**
Capital increase	3.038.431	3.038	0	0	0	3.038
Capital reduction	-60.768.627	-60.769	0	0	60.769	0
Conversion of employee stock options	0	0	0	0	0	0
Costs of raising capital	0	0	166	0	0	166
Increase in capital reserves from the share option program	0	0	0	0	0	0
Balance as of June 30, 2024	**6.076.862**	**6.076**	**137.496**	**18**	**-125.733**	**17.857**

Consolidated cash flow statement for the first half of the financial years 2024 and 2023

in TEUR	01.01.-30.6.2024	01.01.-30.6.2023
Cash flows from operating activities		
Earnings before income taxes	(5.344)	(2.179)
Adjustments to reconcile the result for the period to the cash flow from operating activities		
Income taxes	0	(966)
Financial result	1.388	5.536
Depreciation and amortization	308	386
(Gains)/losses from the disposal of assets	0	11
Other non-cash expenses and income	(140)	482
Changes in operating assets and liabilities		
Trade receivables and receivables from associated companies	3.313	(2.459)
Receivables from leases	9	18
Other assets and income taxes	(22)	(359)
Inventories	726	(154)
Trade payables and liabilities to associated companies	(3.298)	907
Provisions	(552)	57
Other liabilities	(207)	(2.580)
Net cash flow from/used in operating activities	**(3.819)**	**(1.300)**
Cash flows from investing activities		
Purchase of intangible assets and property, plant and equipment	(27)	(408)
Net cash flow from/used in investing activities	**(27)**	**(408)**
Cash flows from financing activities		
Equity procurement costs	3.204	(142)
Lease payments	(222)	(237)
Interest paid	(1)	(11)
Net cash flow from/used in financing activities	**2.981**	**(390)**
Net increase (decrease) in cash and cash equivalents	(866)	(2.098)
Cash and cash equivalents at the beginning of the period	3.080	6.376
Cash and cash equivalents at the end of the period	**2.214**	**4.278**

Notes to the consolidated financial statements as of June 30, 2024

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 7.9 % on the reporting date and is reported under investments in associates using the equity method.

Segment reporting

Biofrontera's main business activity is the distribution 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. Segmentation is therefore based exclusively on geographical aspects and only with regard to sales revenues, as internal reporting to company management and corporate management are also based exclusively on these criteria. Internal reporting to the company management is a condensed presentation of the consolidated statement of comprehensive income. The results of the individual companies are monitored separately by the company management to measure and assess their earnings power.

For further information, please refer to our explanations in the notes on sales.

Summary of significant accounting and valuation principles

Basis of preparation of the consolidated financial statements

The consolidated financial statements of Biofrontera AG for the financial year from January 01 2024 until June 30 2024 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) valid on the reporting date and recognized by the European Union (EU). In addition, the commercial law provisions to be applied in accordance with Section 315e (1) HGB have been observed.

The consolidated financial statements are prepared on a going concern basis.

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

The consolidated financial statements as of June 30, 2024 are presented in EUR or EUR thousand. Due to commercial rounding, rounding differences may occur in the tables.

This half-year financial report was approved for publication by resolution of the Executive Board on September 30, 2024.

Changes in accounting standards

For the preparation of the condensed interim consolidated financial statements, the accounting and valuation methods used for the preparation of the consolidated financial statements as of December 31, 2023 were applied unchanged. The new IFRS regulations to be applied for the first time from January 1, 2024 have no material impact on the interim consolidated financial statements.

Consolidation principles

In the consolidated financial statements as of June 30, 2024, the financial statements of the parent company, Biofrontera AGand the subsidiaries that the parent company controls are included. Control exists when Biofrontera is exposed, or has rights, to variable returns from its involvement with the investee and has 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 were the annual financial statements (or HBII in accordance with IFRS) prepared in accordance with uniform principles as of June 30 2024 of these companies. The consolidated financial statements as of June 30, 2024, were prepared on the basis of uniform accounting and valuation principles (IFRS).

The subsidiaries are fully consolidated from the date of acquisition. The date of acquisition is the date on which the parent company obtains control of these Group companies. Subsidiaries are included in the consolidated financial statements until the parent company no longer controls these companies.

All intragroup receivables and liabilities as well as income and expenses were eliminated during 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. In the case of investments included at equity in the consolidated financial statements, the carrying amounts are increased or reduced by the changes in equity corresponding to the Biofrontera capital share. The changes in the pro rata equity affecting the income statement are considered in the result from investments accounted for using the equity method.

Notes to the consolidated balance sheet

Property, plant and equipment, intangible assets

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

Financial assets accounted for using the equity method

The carrying amount of the investment in Biofrontera Inc. is EUR 0 thousand (previous period: EUR 3,453 thousand), valued using the equity method. Due to the significant reduction in the shareholding, valuation using the equity method will no longer be necessary in future.

Deferred taxes

Deferred tax assets amount to EUR 6,818 thousand (previous period: EUR 3,835 thousand) and relate to both Biofrontera Pharma GmbH and Biofrontera Bioscience GmbH.

The following table explains the deferred tax assets from tax loss carryforwards as they have developed in the Group:

in TEUR	30.6.2024		30.6.2023	
	Loss carryforward	Deferred tax assets	Loss carryforward	Deferred tax assets
Corporation tax, including solidarity surcharge	120.390	19.052	180.789	28.610
Trade income tax	108.862	9.525	169.261	14.810
Total		**28.577**		**43.420**

These loss carryforwards can be carried forward indefinitely due to the legal regulations currently applicable in Germany.

in TEUR	30.6.2024		30.6.2023	
	Active	Passive	Active	Passive
Loss carryforwards	6.818	0	3.835	0
Non-current assets				
- Intangible assets	0	0	0	0
-Property, plant and equipment	0	0	0	01
-Receivables and other assets	0	0	0	0
Current assets				
-Receivables and other assets	0	0	0	0
Non-current and current financial liabilities	0	0	0	0
Current liabilities				
-Liabilities	0	0	0	0
Total	6.818	0	3.835	0
Offsetting deferred tax assets and liabilities	0	0	0	0
Balance sheet disclosure	**6.818**		**3.835**	

Deferred taxes on loss carryforwards are capitalized if there is substantial evidence that they can probably be offset against future profits or if they are offset to the same extent by deferred tax liabilities. In accordance with IAS 12.34, the remaining deferred tax assets from loss carryforwards of EUR 21,759 thousand (previous period: EUR 39,585 thousand) were not recognized due to the unpredictability of future taxable profits taking into account the loss history.

The following is a reconciliation of the expected income tax expense to the income tax expense actually reported, based on the parent company's applicable income tax rate of 24.575 % (previous year: 24.575 %).

in TEUR	30.6.2024	30.6.2023
Consolidated earnings before income taxes	-5.344	-2.179
Expected income tax	**1.313**	**535**
Differences from different tax rates	0	0
Share of profit or loss of associates	-333	-1.540
Tax increases due to non-tax-deductible expenses		
- from impairment of at-equity investments	439	1.414
- Other non-deductible expenses	0	0
Change in valuation allowances on deferred tax assets		
- from temporary differences on the assets side	0	0
- from losses carried forward	-1.419	557
Other effects	0	0
Income taxes according to the statement of comprehensive income	**0**	**966**

Equity

Share capital

The fully paid-up share capital of the parent company, Biofrontera AG, amounted to EUR 6,076,862.00 as of June 30, 2024 . It consisted of 6,076,862 registered shares with a notional par value of EUR 1.00 each. On December 31, 2023 the share capital amounted to EUR 63,807,058.00. In June 2024, the company carried out a capital reduction at a ratio of 21:1, meaning that the share capital was reduced by this ratio. The capital reduction was entered in the commercial register on June 7, 2024, at which point the share capital amounted to EUR 3,048,431.00. Afterwards a capital increase was carried out at a ratio of 1:1, which became effective upon registration on June 12, 2024, and led to the new share capital figure.

In 2006, the shares of Biofrontera AG were listed on the regulated market of the Düsseldorf Stock Exchange. In August 2012, at the company's request, 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 3, 2014, the shares were admitted to the Prime Standard of the Frankfurt Stock Exchange.

As a result of the capital reduction process described above, the converted shares are now listed under the new ISIN DE000A4BGGM7. The old ISIN no longer exists. In order to be able to deliver tradable shares as part of the capital measure, the Deutsche Balaton Group had made tradable shares available via a share loan. The new shares, delivered to repay the share loan, initially received the separate ISIN DE000A409625 and will only be admitted to trading on the regulated market after the approval of a securities prospectus by the German Federal Financial Supervisory Authority (BaFin) and the holding of the Annual General Meeting for the fiscal year 2023. The Management Board of the company intends to implement the admission of the new shares within the one-year period stipulated in Section 69 of the Börsenzulassungs-Verordnung (BörsZulV).

The share capital was increased on June 30, 2024 was held as follows:

	30.6.2024	30.6.2023
Maruho Co, Ltd, Osaka Japan		
The entire share of voting rights is attributed to Maruho Co., Ltd. via Maruho Deutschland GmbH, Düsseldorf, which it controls. In an accompanying voting rights notification, Mr. Takagi reported "acting in concert" for the entire voting rights of Maruho.	897.665	13.399.965

Wilhelm Konrad Thomas Zours		
The voting rights are attributed to Mr. Zours via the chain of the subsidiaries listed below. DELPHI Unternehmensberatung AG, Deutsche Balaton AG, SPARTA AG, Deutsche Balaton Biotech AG and Heidelberger Beteiligungsholding AG are parties to a voting trust agreement: - DELPHI Unternehmensberatung Aktiengesellschaft; - VV Beteiligungen Aktiengesellschaft - Deutsche Balaton Aktiengesellschaft; - Heidelberger Beteiligungsholding AG; - SPARTA AG; - Deutsche Balaton Biotech AG	3.719.246	17.021.057
Biofrontera Inc., Woburn, USA	n.a.	6.360.146
Free float	1.459.951	27.025.890
Total*	**6.076.862**	63.807.058

*A capital reduction in the ratio of 21:1 took place in May, leaving the previous percentage share of a shareholder in the share capital of Biofrontera AG unchanged. The change in the shareholding ratios resulted primarily from the subsequent capital increase.

Only those shareholders are listed who are required to report under the WpHG and have made a corresponding notification. This includes all shareholders who hold at least 3 % of the shares or voting rights in circulation. The number of shares listed here relates to the last notification of the respective shareholders; since then, they may have changed their holdings within the respective reporting limits without notifying the company.

Financial liabilities

in TEUR	30.6.2024	31.12.2023
Non-current financial liabilities		
Leasing liabilities	466	678
Total non-current liabilities	**466**	**678**
Current financial liabilities		
Leasing liabilities	422	429
Other current financial liabilities	39	39
Total current financial liabilities	**461**	**468**

Income taxes

Income tax liabilities in the amount of EUR 758 thousand (December 31, 2023: EUR 841 thousand) relate to liabilities from corporation tax (EUR 416 thousand, previous period: EUR 83 thousand) and trade tax (EUR 342 thousand, previous period: EUR 73 thousand).

Other provisions

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

in TEUR	31.12.2023	Utilization	Resolution	Feed	Reclassification	30.6.2024
Provision for litigation costs	805	279	0	0	0	526
Other provisions	89	0	0	0	0	89
Total current provisions	**895**	**279**	**0**	**0**	**0**	**615**

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

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

Other liabilities

in TEUR	30.6.2024	December 31, 2023
Liabilities from SAR program	0	0
Total other non-current liabilities	**0**	**0**
Accrual for bonuses for employees	309	739
Accrual for outstanding vacation	138	138
Wage tax	104	87
Accruals for outstanding invoices	858	1.049
Accruals for acquisition and audit costs	120	216
Other accruals and deferrals	383	230
Total other current liabilities	**1.912**	**2.458**

Reporting on financial instruments

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

Financial assets

	Evaluation category according to IFRS 9	Fair value at 30.6.2024	Carrying amount at 30.6.2024	Fair value at 30.6.2023	Carrying amount at 30.6.2023	Hierarchy level
Cash and cash equivalents	AC	2.214	2.214	4.279	4.279	0
Trade receivables	AC	2.102	2.102	1.144	1.144	0
Receivables from associated companies	AC	1.723	1.723	3.350	3.350	0
Receivables from leases	AC	18	18	35	35	0
Other financial assets	AC	1.633	1.633	1.346	1.346	0
Total		**7.690**	**7.690**	**10.154**	**10.154**	

Financial liabilities

	Evaluation category according to IFRS 9	Fair value at 30.6.2024	Carrying amount at 30.6.2024	Fair value at 30.6.2023	Carrying amount at 30.6.2023	Hierarchy level
Current financial liabilities	AC	461	461	448	448	0
Liabilities from deliveries and services	AC	1.722	1.722	2.068	2.068	0
Liabilities to associated companies current	AC	321	321	0	0	0
Other financial liabilities	AC	64	64	18	18	0
Non-current financial liabilities	AC	466	466	856	856	0
Liabilities to associated companies non-current	AC	0	0	0	0	0
Total		**5.579**	**5.579**	**3.390**	**3.390**	

Based on the input factors used in the valuation techniques, the fair values are categorized into different levels in the fair value hierarchy:

Level 1: Fair value measurements using quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

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

No reclassifications were made between the individual levels of the fair value hierarchy during the reporting period. For further details, please refer to the disclosures in the general accounting policies and the notes to the balance sheet and statement of comprehensive income.

Due to the predominantly short-term maturities of trade receivables and payables as well as receivables from associated companies, 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.-30.6.2024				01.01.-30.6.2023			
in TEUR	Product sales	Service revenues	License revenues	Total	Product sales	Service revenues	License revenues	Total
Germany	3.554	0	0	3.554	3.022	0	0	3.022
Spain	923	0	0	923	956	0	0	956
Great Britain	465	0	0	465	358	0	0	358
Rest of Europe	0	0	1.148	1.148	0	0	715	715
Total Europe (excluding Germany)	1.388	0	1.148	2.536	1.314	0	715	2.029
Total Europe total	4.942	0	1.148	6.091	4.336	0	715	5.051
USA	0	18	1.006	1.024	0	137	12.562	12.699
Other regions	0	0	92	92	0	0	34	34
Total	**4.942**	**18**	**2.246**	**7.206**	**4.336**	**137**	**13.311**	**17.784**

All sales revenues result from contracts with customers.

In the current reporting period, as in the previous year, no license income was received from advance payments from license agreements.

The provisions for manufacturer rebates in the financial year 2024 amounted to 0.54 % of total sales (previous period: 0.11 %), while provisions for take-back obligations amounted to 0.83 % of total sales (previous period: 0.34 %).

Investment result

The investment result reflects the adjustment of the carrying amount of the investment in Biofrontera Inc. by the profit share of EUR (previous period: EUR -7,264 thousand). In the previous year, the investment result also included impairment losses of EUR 42,568 thousand.

Personnel expenses

in TEUR	30.6.2024	31.12.2023
Wages and salaries	3.004	7.652
Social security contributions	457	1.539
Pension costs	44	106
Total	**3.505**	**9.297**

Information on relationships with related companies and persons

Within the framework of the underlying holding structure, Biofrontera AG assumes the administrative and management tasks. Biofrontera AG is also responsible for financing the divisions that are currently still loss-making, as it has the best access to the capital market as a listed company. In view of the close cooperation between the Group companies, internal accounting is carried out, which is adjusted annually in line with requirements.

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

The following relationships exist with Biofrontera Inc:

in TEUR	30.6.2024	December 31, 2023
Sales revenue	1.006	22.224
Other income	14	44
Expenses in the context of clinical studies	325	775
Other expenses	13	61
Trade receivables	1.723	6.365
Liabilities from deliveries and services	314	201
Liabilities from DUSA settlement	0	2.545

Biofrontera Inc. was founded to market the products in the USA. A 15-year license and supply agreement govern 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.

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. In the 2022 financial year, Biofrontera concluded a sublease agreement for business premises and a service agreement for accounting services with Bio-FRI GmbH (now Biofrontera Discovery GmbH), the German subsidiary of Biofrontera Inc.

The following relationships exist with the Maruho Group:

in TEUR	30.6.2024	December 31, 2023
Revenue from patent assignment	0	0
Revenue from license agreements	92	106
Rental income	0	34
Trade receivables	73	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 recognized for method transfer and stability studies by charging on associated costs.

In the reporting period until June 30 2024 there were no further reportable transactions or relationships with related parties other than those mentioned above.

Events after the balance sheet date

Annual General Meeting

At the Annual General Meeting on August 28, 2024, all items on the agenda were approved by a large majority. The Annual General Meeting also elected three new shareholder representatives to the Supervisory Board.

In the elections to the Supervisory Board, the Annual General Meeting elected Mr. Alexander Link, Mr. Hansjörg Plaggemars and Mr. Tobias Reich to the Supervisory Board. Prof. Dr. Karin Lergenmüller and Dr. Tielmann left the Supervisory Board on this day. Dr. Helge Lubenow, Dr. Lanckriet and Mr. Schmelig have been members of the Board since December 2021. At its constituent meeting following the Annual General Meeting, the Supervisory Board elected Mr. Link as its Chairman, while Dr. Lubenow was elected as his deputy. The committees are also composed as follows: The Audit Committee is composed of Dr. Lubenow and Mr. Plaggemars, with Mr. Schmelig as Chairman. The Nomination and Personnel Committee is composed of Mr. Link and Mr. Lanckriet, and Dr. Lubenow remains Chairwoman of this committee.

4,788,699 shares with voting rights were present at the Annual General Meeting, corresponding to 78.8 % of the share capital. The detailed voting results and further information can be viewed on the company's website under "Investors/Annual General Meeting".

Legal issues

Biofrontera AG has been sued by a competitor in the USA on the grounds that Biofrontera is infringing some of the competitor's lamp patents. The competitor has filed two separate lawsuits, one for two patent infringements in front of the district court and a second infront of the ITC (International Trade Commission), with the aim of prohibiting the import of the Biofrontera XL lamp into the USA.

Biofrontera has obtained initial legal advice and is currently in the process of evaluating its legal position. Biofrontera AG and its subsidiaries have signed a joint defense agreement with Biofrontera Inc. to share legal costs. It is expected that the costs of the ITC proceedings will amount to US$5 million over the next 18 months, which will be shared between the two companies. The forecast for the 2024 financial year has been reviewed to these new circumstances (see „Outlook and forecast“ section of the report).

There were no other events after the balance sheet date.

Leverkusen, September 30, 2024

Pilar de la Huerta Martínez

Chief Financial Officer

Balance sheet oath

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

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the combined management and Group management report includes a fair review of the development and performance of the business and the position of the Biofrontera Group and Biofrontera AG, together with a description of the principal opportunities and risks associated with the expected development of the Biofrontera Group and Biofrontera AG.

Leverkusen, September 30, 2024

Biofrontera AG

Pilar de la Huerta Martínez

Chief Financial Officer