

Statement by the Management Board and Supervisory Board of Biofrontera AG (the Company) concerning the German Corporate Governance Code, pursuant to Section 161 of the German Stock Corporation Act (AktG)

Pursuant to Section 161 of the German Stock Corporation Act (*AktG*), the Management Board and Supervisory Board of a listed company are required to issue an annual declaration on the extent to which the recommendations of the Government Commission on the German Corporate Governance Code (the “Code”) have been and are being complied with. The wording of the declaration is published on the Company's website under <https://www.biofrontera.com/en/investors/corporate-governance> .

The following declaration refers to the Code in its version of April 28, 2022, which was published in the Federal Gazette on June 27, 2022.

The Management Board and Supervisory Board of Biofrontera AG state:

- “1.) Since issuing the last declaration of conformity in December 2022 (updated and published in April 2023), Biofrontera AG has complied with the recommendations of the German Corporate Governance Code, with the following exceptions:

Code recommendations A.5 (Description of the main characteristics of the entire internal control system and risk management system, and comment upon the appropriateness and effectiveness of these systems)

The management report of Biofrontera AG complies with the legal requirements and describes the main features of the internal control system and the risk management system. However, it has been refrained from commenting on the appropriateness and effectiveness of these systems, as the Management Board and Supervisory Board have not identified any objections with regard to the appropriateness and effectiveness. An additional comment upon the appropriateness and effectiveness would further increase the scope of the management report without, in the opinion of the Management Board and the Supervisory Board, adding significant further insight.

Code Recommendation F.2 (Publication of financial information during the year)

Financial reports, half-yearly reports and interim announcements are published within the statutory deadlines and not earlier due to organizational circumstances.

Code recommendation G.6 (ratio of long-term and short-term targets)

The Supervisory Board is currently revising the existing remuneration system with regard to the long-term variable remuneration and will submit the adjusted remuneration system to the Annual General Meeting for approval.

In this respect, it has been agreed with the new member of the Management Board, Pilar de la Huerta Martinez, that she will receive a long-term variable; however, no concrete implementation has yet been agreed on, with the result that Company does not and will not comply with recommendation under G.6 at least temporarily.

Code recommendation G.10 (mainly share-based variable remuneration components)

The new Management Board member, Pilar de la Huerta Martinez, was not granted a variable remuneration amount in the form of shares or share-based remuneration. There are no plans for variable remuneration amounts to be granted in the form of shares or share-based components under the existing management board service agreement: In the opinion of the Supervisory Board, in order to encourage the Management Board to ensure the long-term and sustainable development of the Company, there is no need for a remuneration amount based on the performance of the Company's shares. Due to the size of the Company and the tasks the Company's Management Board is currently facing, the Supervisory Board believes that there are other components that are better suited to promoting the sustainable and long-term development of the Company.

To the extent that a share-based remuneration amount was granted in the past, part of the granted long-term variable amounts were accessible to the Management Board prior to the expiry of a period of four years. The Supervisory Board did not consider a waiting period of four years regarding the total amount to be necessary to promote the sustainable and long-term development of the Company.

- 2.) Biofrontera AG will not comply with the Code as a whole in future, without this meaning that the Company's practice will necessarily deviate from all the recommendations of the Code.

In view of the size and market capitalisation of the Company, the application of the regulations would involve an unreasonable amount of time and thus costs for the Company that are disproportionate to the benefits. When deciding whether to apply or reject the Code, the Management Board and Supervisory Board have therefore decided for the future, not to follow the recommendations of the Code overall, taking into account appropriateness and cost-effectiveness.

In addition, the Management Board and Supervisory Board are of the opinion that proper corporate governance is already ensured through compliance with the provisions of the German Stock Corporation Act on the management and supervision of the company. "

Leverkusen, December 2023

For the Management Board:

For the Supervisory Board:

Pilar de la Huerta

Wilhelm K.T. Zours