

- Convenience translation -

Corporate Governance Declaration of Biofrontera AG pursuant to Sections 289f, 315d of the German Commercial Code (HGB) for the financial year 2022

Dear Shareholders,

Corporate governance is understood to be the legal and factual regulatory framework for the management and supervision of a company. The German Corporate Governance Code ("**Code**") contains principles, recommendations and suggestions for the Management Board and the Supervisory Board of Biofrontera AG (hereinafter also referred to as the "**Company**"), which are intended to help ensure that the Company is managed in the Company's best interests.

The Code clarifies the obligation of the Executive Board and Supervisory Board to ensure the continued existence of the company and its sustainable value creation in accordance with the principles of the social market economy, taking into account the interests of shareholders, the workforce and other groups associated with the company (stakeholders) (corporate interest). These principles require not only legality, but also ethically based, self-responsible conduct (guiding principle of the honorable businessman).

As a listed company, the Company is required to issue a **corporate governance statement within the** meaning of sections 289f, 315d of the German Commercial Code (HGB), including the Group. The Code reflects this in Principle 23, according to which the Supervisory Board and Executive Board report annually on the Company's corporate governance in the corporate governance statement.

Pursuant to Section 289f (1) of the German Commercial Code (HGB), the corporate governance statement is to be included in the management report, where it forms a separate section. It may also be made publicly available on the company's website. In this case, the management report must include a reference to the website. The company has made use of this option, i.e. this corporate governance statement has not been included in the management report for the financial year 2022, but only the website where the corporate governance statement is publicly accessible has been included there.

I. Publication of the Declaration of Conformity pursuant to sections 289 f (2) no. 1, 315d of the German Commercial Code (HGB)

In December 2022, the Executive Board and Supervisory Board issued the following Declaration of Conformity pursuant to Section 161 of the German Stock Corporation Act (AktG):

Pursuant to Section 161 of the German Stock Corporation Act (AktG), the Executive Board and Supervisory Board of a listed company must declare each year the extent to which the recommendations of the "Government Commission on the German Corporate Governance Code" have been and are being complied with.

The following statement refers in the respective period of validity to the Code as amended on December 16, 2019, published in the Federal Gazette on March 20, 2020, and as amended on April 28, 2022, published on June 27, 2022.

The Management Board and the Supervisory Board of Biofrontera AG declare:

"Since issuing the last Declaration of Conformity in November 2021, Biofrontera AG has complied with the recommendations of the German Corporate Governance Code (the "Code") in its respective valid version during the respective period of validity and intends to continue to comply with them in the future, with the following exceptions:

Code recommendations D.2 (Committees and appointment of their members)

In the past, the Company has refrained from naming the committee members and the committee chairman in the corporate governance statement, as the information was publicly available elsewhere. In the future, the Company will also comply with this recommendation.

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

Financial reports, half-yearly reports and interim announcements are not published earlier within the statutory deadlines and for organizational reasons.

Code recommendation G.6 (ratio of LTI to STI)

The Supervisory Board is currently revising the existing compensation system with regard to long-term variable compensation and will submit the adjusted compensation system to the Annual General Meeting for approval. In this context, it has been agreed with the new Executive Board member Pilar de la Huerta Martinez that she will receive a long-term variable compensation component; however, no concrete implementation has yet been agreed, so that the recommendation under G.6 has been deviated from in this respect and will still be deviated from, at least temporarily. For the future, however, it is intended that the share resulting from the achievement of long-term oriented targets will exceed the share resulting from short-term oriented targets.

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

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

Where share-based compensation was granted in the past, a portion of the long-term variable amounts granted was available to the Executive Board prior to the expiry of a four-year vesting period. The Supervisory Board did not consider a waiting period of four years in relation to the total amount to be necessary to promote the sustainable and long-term development of the Company."

Leverkusen, December 2022

*For the Management Board:
Pilar de la Huerta*

*For the Supervisory Board:
William K.T. Zours*

This Declaration of Conformity pursuant to Section 161 of the German Stock Corporation Act (AktG) was supplemented and published again in April 2023. The content is as follows:

Supplement to the Declaration of Conformity 2022

Pursuant to Section 161 of the German Stock Corporation Act (AktG), the Executive Board and Supervisory Board of a listed company must issue an annual declaration on the extent to which the recommendations of the Government Commission on the German Corporate Governance Code have been and are being complied with.

The wording of the declaration last issued in December 2022 is published on the Company's website at https://www.biofrontera.com/fileadmin/files/PDFs/Corporate-Governance/Biofrontera_AG_Entsprechenserklaerung_November_2022_DE.pdf ("Declaration of Conformity 2022").

Regarding the Declaration of Conformity 2022, the Management Board and Supervisory Board of Biofrontera AG declare:

"Biofrontera AG deviates from the recommendations of the German Corporate Governance Code (the "Code") in its respective valid version during its respective period of validity beyond the declaration of conformity issued by the company in December 2022 in one further point:

Code Recommendations A.5 (Description of the main features of the control and risk management system and statement on the adequacy and effectiveness of these systems in the management report)

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 Executive Board and Supervisory Board have not identified any objections with regard to the appropriateness and effectiveness. An additional opinion would further increase the scope of the management report without, in the opinion of the Board of Management and the Supervisory Board, adding significant further insight."

Leverkusen, April 2023

*For the Management Board:
Pilar de la Huerta*

*For the Supervisory Board:
William K.T. Zours*

II. Further disclosures pursuant to §§ 289f (2), 315d HGB

1. General information on the management structure

With its Executive Board and Supervisory Board, the Company has a two-tier management and supervisory structure. The Executive Board and Supervisory Board are committed to the interests of the shareholders and the welfare of the Company. The Annual General Meeting is the third body of the company. Biofrontera AG is subject to the provisions of German stock corporation and capital market law as well as the provisions of the Articles of Association and the rules of procedure for the Management Board and Supervisory Board. The rules of procedure of the Management Board and Supervisory Board are published on the company's website at <https://www.biofrontera.com/de/investoren/corporate-governance>.

2. Availability of compensation report and auditor's report, compensation system, and compensation resolution

The compensation report for the last financial year and the auditor's report pursuant to Section 162 AktG, the applicable compensation system pursuant to Section 87a (1) and (2) sentence 1 AktG and the last compensation resolution pursuant to Section 113 (3) AktG are publicly available on the Company's website at <https://www.biofrontera.com/de/investoren/corporate-governance>.

3. Disclosures on corporate governance practices

At the heart of our management culture for the company and its subsidiaries are values that are anchored in statutory regulations as well as internal guidelines and organizational directives. Of particular importance in this regard are certifications and quality requirements in the area of the manufacture and sale of pharmacological products, compliance with which requires considerable effort. In addition, there is a common understanding among management and employees to combine sustainable growth with economic success and, at the same time, to create added value for society through effective and compatible pharmacological products. To achieve this goal, every employee should be aware of his or her contribution to the company's success and value creation and be able and allowed to assume responsibility for results. Personal responsibility and initiative presuppose knowledge of the company's content and strategic alignment. Management therefore regularly informs employees about corporate goals, current business developments and the market and competitive environment. In addition, clearly defined corporate structures, areas of responsibility and processes form an essential basis for efficient corporate management and cooperation. In conjunction with defined processes that are subject to ongoing optimization, such a structure enables management to be aligned with corporate objectives and regular monitoring of target achievement.

Particular importance is also attached to motivation and appreciation for the company's employees. After all, special commitment, high productivity and efficiency can only be achieved in a working environment perceived as positive and with a high level of identification with the company and its goals. For this reason, the company promotes a balance between the expected, highly qualified and concentrated work performance in a dynamic market on the one hand and the necessities and needs of private life on the other. Due to its international orientation, it is essential to also take appropriate account of the special features of the individual markets with their respective framework conditions, cultural imprints and expectations, while at the same time maintaining the necessary homogeneity within the Group as a whole.

Compliance

The Biofrontera Group's business activities must comply with the legal systems of various countries. The Biofrontera Group conducts its business responsibly and in compliance with the legal requirements and official rules of the countries in which it operates. This applies in particular due to the sales activities in foreign markets, especially since the distribution of pharmaceuticals is subject to special requirements regarding the integrity of the players. Violations in this environment in particular can result in serious disadvantages.

The Biofrontera Group therefore expects its employees to behave in a legally and ethically impeccable manner in their day-to-day business. This is because, especially as a developer and manufacturer of pharmaceutical products, the highest level of integrity is essential to justify the trust of our partners and, above all, of the patients treated with our products.

Employees are familiarized with the relevant codes of conduct as well as legal and regulatory requirements in training sessions involving the responsible compliance officers. The core statements of the Biofrontera Group's compliance are adherence to antitrust regulations, integrity in business dealings, commitment to product responsibility and sustainability, adherence to the quality management system established in the company, and the avoidance of or appropriate handling of conflicts of interest. Our employees have the opportunity and are encouraged to provide information on any legal violations in the companies of the Biofrontera AG Group (also anonymously).

Details are set out in a Code of Conduct entitled "Behavior in Business: Integrity, Innovation, Respect and Responsibility," compliance with which is required of all employees and governing bodies. This Code of Conduct is publicly available on the company's website at <https://www.biofrontera.com/en/investors/corporate-governance>.

Against the background of the stock exchange listing of Biofrontera AG shares, ensuring market integrity is an essential part of our compliance structure. This includes processes for the group-wide recognition of insider information and for dealing with it in a legally compliant manner, as well as informing our employees about their existing tasks and duties in this context.

Sustainability

We strive for sustainable corporate development. Therefore, we also regularly review our positioning with regard to environment, social, governance ("ESG"). Our main product, Ameluz® , is manufactured in Switzerland under contract. The main ingredients, in particular the active ingredient used, are produced in the EU. As a supplier of pharmaceutical products, we and our production partners are subject to a large number of strict regulations and requirements. These also include environmental regulations. We therefore use manufacturers or suppliers who are themselves committed to high ESG standards. The relevant environmental protection and employment standards apply at all our sites. Equal treatment of our employees regardless of origin, gender, religion or ideology, disability, age or sexual orientation is part of our corporate culture.

With the Act Implementing the Second Shareholders' Rights Directive, the legislator stipulated in Section 87 of the German Stock Corporation Act (AktG) that the compensation structure of the Executive Board members must be geared to the sustainable and long-term development of the Company. In order to take account of the sustainability concept in this respect as well, the compensation arrangements provided for with the members of the Management Board stipulate that assessment factors for variable compensation components include financial and non-financial performance criteria, including criteria such as integrity, employee satisfaction and diversity, as well as sustainability/environmental social governance (ESG) aspects.

4. Description of the working methods of the Executive Board and Supervisory Board and the composition and working methods of their committees

Board of Directors

The Management Board represents the Company externally and manages it in accordance with the law, the Articles of Association and the Rules of Procedure for the Management Board.

The Executive Board ensures appropriate risk management within the Company and risk controlling. The aim is to identify at an early stage any developments that might jeopardize the continued existence of the Company. It develops the strategic direction of the company, agrees it with the Supervisory Board and ensures its implementation. The Executive Board is responsible for ensuring compliance with legal requirements and internal company policies and works towards their observance by the Group companies (compliance).

The Management Board of Biofrontera AG currently consists of one member. The members of the Management Board, if more than one is appointed, bear joint responsibility for the overall management of the company. Notwithstanding the overall responsibility of all members of the Management Board, the individual members manage the areas assigned to them on their

own responsibility within the framework of Management Board resolutions.

The Supervisory Board has issued rules of procedure for the Executive Board. Accordingly, the Executive Board as a whole decides on matters of fundamental importance and in other cases specified therein or by law. Unless unanimity is required by law, the Articles of Association or the Rules of Procedure, the Executive Board shall adopt resolutions by a simple majority of the votes cast. In the event of a tie, the Chairman shall have the casting vote. Measures and transactions of fundamental importance by the Board of Management require the approval of the Supervisory Board in accordance with the Board of Management's Rules of Procedure.

The Supervisory Board appoints the members of the Board of Management for a maximum of five years. A repeated appointment or extension of the term of office, in each case for a maximum of five years, is permissible. It requires a new resolution of the Supervisory Board, which may be adopted no earlier than one year before the expiry of the previous term of office.

In its Rules of Procedure, the Supervisory Board has set an **age limit** such that the Personnel Committee shall only propose to the full Supervisory Board for appointment as a member of the Executive Board persons who have not yet reached the statutory retirement age (currently 67).

The Supervisory Board concludes the Executive Board service contracts with the members of the Executive Board. When determining the total compensation of the individual members of the Executive Board (salary, profit-sharing, expense allowances, insurance compensation, commissions, incentive-based compensation commitments such as stock options, and fringe benefits of all kinds), the Supervisory Board ensures that these are commensurate with the duties and performance of the Executive Board member and the situation of the Company, and do not exceed the customary compensation without special justification. In the case of listed companies, the compensation structure shall be geared to sustainable and long-term corporate development. Variable compensation components shall therefore have a multi-year assessment basis; for extraordinary developments, the Supervisory Board shall agree on a possibility of limitation (cap).

In accordance with the statutory provisions, the system for the compensation of Executive Board members adopted pursuant to § 87a AktG was submitted to the Annual General Meeting in 2021.

Pursuant to Section 120a (4) of the German Stock Corporation Act (AktG), the Annual General Meeting of the listed company also resolves on the approval of the audited compensation report for the past financial year prepared in accordance with Section 162 of the German Stock Corporation Act (AktG), unless a resolution can be dispensed with pursuant to Section 120a (5) of the German Stock Corporation Act (AktG). A corresponding resolution was adopted by the Annual General Meeting of the Company in 2022. The compensation report and the report on the audit of the compensation report shall be made available free of charge on the Company's website for a period of ten years from the date specified in Section 162 (4) AktG.

The compensation report for the past fiscal year, the auditor's report pursuant to Section 162 AktG and the applicable compensation system pursuant to Section 87a AktG are available on the Company's website at <https://www.biofrontera.com/en/investors/corporate-governance>. The report is also available on the Company's website. The other aforementioned documents relating to compensation are also published there. The further aforementioned documents to be published on the subject of compensation can also be accessed there.

Further details of the Board of Management's working procedures can be found in the Rules of Procedure for the Board of Management, which are publicly available at <https://www.biofrontera.com/de/investoren/corporate-governance>.

Supervisory Board

The Supervisory Board appoints the members of the Executive Board, advises the Executive Board on the management of the Company and monitors its conduct of business. In accordance with Sections 95, 96 (1), 101 (1) of the German Stock Corporation Act (AktG) in conjunction with the Articles of Association, the Supervisory Board of the Company is composed of six members, all of whom are elected by the Annual General Meeting. The members of the Supervisory Board are elected for the period until the end of the Annual General Meeting which resolves on their discharge for the fourth fiscal year after the beginning of their term of office, unless the Annual General Meeting specifies a shorter term of office at the time of election. The fiscal year in

which the term of office begins is not included in this calculation. The Supervisory Board currently consists of six members, none of whom previously served on the Company's Executive Board.

The Supervisory Board elects a Chairman and at least one Vice Chairman. The Chairman of the Supervisory Board organizes the work of the body, convenes the meetings and chairs them. He is also the contact person for the Board of Management, in particular for reports on important occasions. The Supervisory Board has adopted rules of procedure. The principles of the Supervisory Board's cooperation are set out in the Supervisory Board's Rules of Procedure. The Supervisory Board's Rules of Procedure are available to the public at <https://www.biofrontera.com/en/management>.

The Supervisory Board is involved in all decisions of fundamental importance to the Company. The Supervisory Board can make certain transactions subject to its approval. The Supervisory Board's main duties also include proposing candidates to the Annual General Meeting for election to the Supervisory Board and for appointment as auditors. The Executive Board has no right of nomination in this respect. According to the Rules of Procedure of the Supervisory Board, only persons who have not yet reached the statutory retirement age (currently 67) shall be proposed for election as members of the Supervisory Board (**age limit**).

Pursuant to Section 87a AktG, the Supervisory Board shall adopt a clear and comprehensible system for the compensation of the members of the Executive Board. Pursuant to § 120a AktG, the Annual General Meeting of the listed company shall resolve on the approval of the compensation system for the members of the Executive Board presented by the Supervisory Board whenever there is a significant change to the compensation system, but at least every four years. The resolution and the compensation system shall be published without delay on the Company's website and shall be made publicly available free of charge for the duration of the effectiveness of the compensation system, but at least for ten years.

The members of the Supervisory Board may be granted remuneration for their activities. The remuneration may be specified in the Articles of Association or resolved by the Annual General Meeting. It shall be commensurate with the duties of the Supervisory Board members and the situation of the Company. Currently, the compensation of Supervisory Board members is regulated in the Articles of Association. In the case of listed companies, a resolution on the compensation of Supervisory Board members must be adopted at least every four years in accordance with § 113 (3) AktG. The 2022 Annual General Meeting adopted the current compensation system for Supervisory Board members.

The applicable compensation system for the Supervisory Board pursuant to Section 113 of the German Stock Corporation Act (AktG) is available on the Company's website at <https://www.biofrontera.com/de/investoren/corporate-governance>.

Committees of the Supervisory Board

In accordance with the provisions of its Rules of Procedure, the Supervisory Board currently has a Personnel Committee, an Audit Committee and a Nomination Committee.

In addition, a further committee was set up to deal with all matters relating to the action for rescission brought by Deutsche Balaton AG in order to avoid conflicts of interest on the part of the Chairman of the Supervisory Board in this matter.

Personnel Committee

The Personnel Committee prepares the decisions of the Supervisory Board on the appointment and dismissal of Executive Board members, including the conclusion, amendment, extension and termination of employment contracts. As the Supervisory Board is also responsible for compensation decisions, the Personnel Committee also acts exclusively in a preparatory capacity here. The Personnel Committee also deals with long-term succession planning for the Executive Board. The Personnel Committee held 2 meetings in fiscal year 2022.

As of December 31, 2022, the Personnel Committee consisted of the following members: Dr. Helge Lubenow (Chair), Mr. Wilhelm K.T. Zours (Vice Chair) and Dr. Heikki Lanckriet.

Further information on the members of the Supervisory Board and their memberships, which must be disclosed in accordance with Section 285 No. 10 of the German Commercial Code (HGB), can be found in the curricula vitae of the members of the

Supervisory Board on the Company's website at <https://www.biofrontera.com/de/about-us/management-und-aufsichtsrat>.

Audit Committee

The Audit Committee is concerned in particular with monitoring the accounting process, the effectiveness of the internal control system, the risk management system and the internal auditing system, as well as the audit of the financial statements, in particular the selection and independence of the auditor and the additional services provided by the auditor. The Audit Committee may make recommendations or proposals to ensure the integrity of the financial reporting process. In the case of companies that are public-interest entities as defined in Section 316a sentence 2 of the German Commercial Code, at least one member of the Supervisory Board must have expertise in the field of accounting and at least one other member of the Supervisory Board must have expertise in the field of auditing; the members must be familiar with the sector in which the company operates.

As of December 31, 2022, the Audit Committee was composed of the following members: Mr. Karlheinz Schmelig (Chairman since February 22, 2022), Dr. Helge Lubenow and, since February 22, 2022, Dr. Jürgen Tielmann. Until February 22, 2022, when she resigned from office, Prof. Dr. France Ruhwedel was a member and Chair of the Committee.

The Supervisory Board and its Audit Committee each have at least one member, Mr. Karlheinz Schmelig, with expertise in the field of accounting, and at least one other member, Dr. Helge Lubenow, with expertise in the field of auditing. According to the Code, the Chairman of the Audit Committee should have appropriate expertise in at least one of the two areas and be independent. The Chairman of the Audit Committee, Mr. Karlheinz Schmelig, meets these requirements.

More detailed information on the members of the Supervisory Board and their memberships, which must be disclosed in accordance with Section 285 No. 10 of the German Commercial Code (HGB), can be found in the curricula vitae of the members of the Supervisory Board on the Company's website at <https://www.biofrontera.com/de/about-us/management-und-aufsichtsrat>.

Nominating Committee

The Nomination Committee proposes suitable candidates to the Supervisory Board for its election proposals to the Annual General Meeting. In doing so, the Nomination Committee pays attention to the balance and diversity of knowledge, skills and experience of all Supervisory Board members and prepares candidate profiles. . In addition, the Nomination Committee shall make proposals to the Supervisory Board regarding and communicate the results of a regular assessment of the knowledge, skills and experience of both the individual members and the Supervisory Board as a whole. In performing its duties, the Nomination Committee may draw on resources of the Company it deems appropriate and may also engage external consultants as appropriate.

As of December 31, 2022, the Nomination Committee consisted of the following members: Dr. Helge Lubenow (Chair), Mr. Wilhelm K.T. Zours (Vice Chair) and Dr. Heikki Lanckriet.

More detailed information on the members of the Supervisory Board and their memberships, which must be disclosed pursuant to Section 285 No. 10 of the German Commercial Code (HGB), can be found in the curricula vitae of the members of the Supervisory Board on the Company's website at <https://www.biofrontera.com/de/about-us/management-und-aufsichtsrat>.

Special Committee in the matter of Deutsche Balaton AG ./ Biofrontera AG

On December 13, 2021, Deutsche Balaton AG, Heidelberg, filed an action for a declaratory judgment against Biofrontera AG with the Cologne Regional Court, which was decided by the Cologne Regional Court on December 9, 2022. Mr. Wilhelm K.T. Zours indirectly holds the majority of shares in Deutsche Balaton AG via VV Beteiligungen AG and is Chairman of the Supervisory Board of Deutsche Balaton AG. There is a de-entitlement agreement between VV Beteiligungen AG and Deutsche Balaton AG. Since December 14, 2021, Mr. Zours has also been a member of the Company's Supervisory Board and its Chairman. In essence,

the lawsuit is about the fact that Deutsche Balaton AG - as well as the Regional Court of Cologne - is of the opinion that the IPO of Biofrontera Inc. together with capital measures would have required the approval of the Annual General Meeting of Biofrontera AG. The action is directed against Biofrontera AG, represented by the Management Board and represented by the Supervisory Board. After taking note of the lawsuit, the Supervisory Board decided that a committee would be formed for further decisions in connection with the lawsuit. Mr. Zours did not participate in the deliberations and resolutions in connection with the lawsuit. The committee will remain in place for the duration of the ongoing proceedings.

As of December 31, 2022, the Claims Committee consisted of the following members: Dr. Helge Lubenow, Mr. Karlheinz Schmelig and Dr. Jörgen Tielmann (Chairman).

The Supervisory Board may form further committees as required and assign tasks to them to the extent permitted. Further details on the committees can be found in the Report of the Supervisory Board for the fiscal year 2022 (available at: <https://www.biofrontera.com/de/investors>) and in the Rules of Procedure of the Supervisory Board (available at: <https://www.biofrontera.com/de/investors/corporate-governance>).

Implementation of targets for the composition of the Supervisory Board and the Executive Board (diversity)

Objectives for the composition of the Supervisory Board / competence profile

The Supervisory Board shall specify concrete objectives for its composition and develop a competence profile for the entire body. In doing so, the Supervisory Board shall pay attention to diversity. Proposals of the Supervisory Board to the Annual General Meeting shall take these objectives into account and at the same time aim to fulfill the competence profile for the entire body. The status of implementation shall be published in the corporate governance declaration. This shall also provide information on how many independent shareholder representatives are represented on the Supervisory Board, insofar as the shareholder representatives consider this to be appropriate, and the names of these members. Diversity encompasses a number of aspects, including age, gender, origin, educational or professional background.

The Supervisory Board agrees with the contents of the Code that, in addition to balanced professional qualifications, appropriate internationality and adequate representation of women on the Supervisory Board should always be achieved with due regard for diversity. Diversity" in this context means international origin (not nationality), education or professional activity, as well as gender and age diversity. In principle, however, no one is eliminated as a candidate for the Supervisory Board or proposed for the Supervisory Board solely because he or she possesses or does not possess a certain characteristic.

In the case of companies within the meaning of Sections 316a Sentence 2, 264d of the German Commercial Code (HGB), i.e. also in the case of Biofrontera AG, at least one member of the Supervisory Board must have expertise in the field of accounting and at least one other member of the Supervisory Board must have expertise in the field of auditing (financial expert), in accordance with the requirements of Section 100 (5) of the German Stock Corporation Act (AktG). In April 2022, the Supervisory Board set the following targets for its composition ("diversity targets"):

- Experience and knowledge as a supervisory board in appointing members of the management board, advising and monitoring them
- Experience and skills in business development and strategic alignment of successful companies
- Participation in the implementation of the guiding principle of the honorable businessman in the company and its bodies
- Knowledge and experience in financing, research and/or sales of pharmaceutical companies.
- Independence of at least half of the Supervisory Board members within the meaning of the German Corporate Governance Code
- Presence of at least one member of the Supervisory Board who has accounting expertise
- Presence of at least one other member of the Supervisory Board with expertise in the field of auditing the financial

statements

- Availability and readiness
- Consideration of the age limit specified in the Rules of Procedure of the Supervisory Board
- The Supervisory Board will include two women until December 31, 2026

The competence profile therefore includes industry and market knowledge, understanding of the business model and basic knowledge of the (legal) framework, basic knowledge of compliance, finance and accounting, and of course the ability to understand and critically scrutinize reports and submissions by the Board of Management and to draw their own conclusions, including the ability to assess the propriety, economic efficiency, expediency and legality of the entrepreneurial decisions to be evaluated or to check them for plausibility. Each member of the Supervisory Board must also meet certain minimum personal requirements that are essential for the efficient work of the Supervisory Board, such as time availability, integrity, discretion, discussion skills, interaction skills and the ability to work in a team.

Assess current goal achievement and complete the competency profile.

		Prof. Dr. Franca Ruhwedel July 10 2019 - February 22 2022	Wilhelm K.T. Zours December 14, 2021	Dr. Jörgen Tielmann December 14, 2021	Dr. Heikki Lanckriet December 14, 2021	Prof. Dr. Karin Lergenmüller December 14, 2021	Dr. Helge Lubenow December 14, 2021	Karlheinz Schmelig December 14, 2021
Duration of membership	Member since							
Personal suitability	Independence	√	√	√	√	√	√	√
	No overboarding	√	√	√	√	√	√	√
Diversity	Year of birth	1973	1961	1969	1977	1959	1968	1965
	Gender	female	male	male	male	female	female	male
	Nationality	German	German	German	Belgium	German	German	German
International experience	Europe	√	√	√	√	√	√	√
	Latin America	—	—	—	—	—	—	√
	China	—	√	—	√	—	√	—
	Asia/Pacific	—	√	—	√	—	√	√
Professional suitability	Experience as a manager	√	√	√	√	—	√	√
	Technology	—	—	—	√	—	√	√
	Sustainability	√	√	√	√	√	√	√
	Conversion	—	√	√	√	√	√	√
	Procurement/ Production/Sales/R &D	—	—	—	√	—	√	√
	Finance	√	√	—	√	√	√	√
	Financial expert	√	√	—	—	√	—	√
	Risk Management	√	√	√	√	√	√	√
	Legal/Compliance	√	√	√	√	√	√	√
	Personal	—	—	√	√	—	√	√
	Business field/industry knowledge	—	—	√	√	—	√	√

Criterion met, based on self-assessment by the Supervisory Board. One point means at least "good knowledge" and thus the ability to act on the basis of existing qualifications, the knowledge and experience acquired in the course of their work as Supervisory Board members (e.g., many years of service on the Audit Committee), or the continuing education regularly attended by all Supervisory Board members.

In the view of the Supervisory Board as a whole, the status of implementation with regard to these objectives is positive in relation to the members currently serving on the Supervisory Board.

- Mr. Wilhelm K. T. Zours, Chairman of the Supervisory Board, has many years of experience in financing companies, including in the pharmaceutical industry. He combines this with a high level of expertise in capital market law. Mr. Zours has been a member of the Supervisory Board since December 2021.
- Dr. Jürgen Tielmann is a lawyer and partner at Luther Rechtsanwaltsgesellschaft mbH, Cologne. He is the Deputy Chairman of the Supervisory Board. The focus of his professional activities is on corporate law. He has been a member of the Supervisory Board since December 2021.
- Dr. Heikki Lanckriet is CEO of 4basebio PLC, Cambridge, UK. He holds an M. Eng Chemical Engineering degree from Ghent University (Belgium) and a PhD in Chemical Engineering from Cambridge University (UK). He has been a member of the Supervisory Board since December 2021.
- Prof. Dr. Karin Lergenmüller is Professor of Business Administration and Marketing at RheinMain University of Applied Sciences, Wiesbaden. Since 2000 Prof. Karin Lergenmüller is Global Equity Investor, specialized in Digital World, Technology companies, NFT's and Crypto. Prof. Lergenmüller has been a member of the Supervisory Board since August 2022.
- Dr. Helge Lubenow is Chief Executive Officer of Proteomedix AG, Zurich, Switzerland. She studied biology at the Justus Liebig University in Giessen and genetics at the University of Cologne. She has been a member of the Supervisory Board since December 2021.
- Mr. Karlheinz Schmelig is Managing Director of Creathor Venture Management GmbH, Bad Homburg. He studied business administration at the Duale Hochschule Mannheim and completed an MBA at the Kelley School of Business, Indiana University, USA. He has been a member of the Supervisory Board since December 2021.

With respect to the qualifications of the named members, we additionally refer to the resumes provided at <https://www.biofrontera.com/de/about-us/management-und-aufsichtsrat>.

As already described in the explanations on the Supervisory Board committees, all essential required specialist competencies are represented on the Supervisory Board, in particular with regard to industry-related requirements and also with regard to other professional fields (Financial Expert). All Supervisory Board members have sufficient time to perform their duties.

Independence

According to the Code (Recommendation C.6 et seq.), the Supervisory Board should include an appropriate number of independent members on the shareholder side, taking into account the ownership structure.

The Code formulates two aspects of independence: Accordingly, a member of the Supervisory Board is to be regarded as independent if he or she

- independent of the Company and its Management Board and
- is independent of a controlling majority shareholder.

At present, in the opinion of the Supervisory Board, all members are to be regarded as independent of the Company and the Executive Board. Also, to its knowledge, the Company has no controlling shareholder. The Supervisory Board therefore has what it considers to be an appropriate number of independent members.

Self-evaluation of the Supervisory Board and its committees

The Supervisory Board regularly reviews how efficiently it and its committees perform their duties.

Succession planning

Against the background of the professional and personal requirements placed on the members of the Company's Executive Board, the Personnel Committee regularly discusses - also with the incumbent Executive Board - which individuals (including incumbent Executive Board members) might be considered for future terms of office. The personal and professional development of executives in the Group is also taken into account.

As part of the long-term succession planning for the Executive Board, the Supervisory Board regularly discusses with the Executive Board the need to expand or restructure the Executive Board; particular attention is also paid to the second management level of the Company to be created below the existing first management level below the Executive Board. If necessary, the Supervisory Board also consults external consultants in the search for suitable candidates.

The aim of the composition of the Management Board is to entrust the management of the company to persons who meet the necessary professional and personal requirements within the framework of collegial cooperation while maintaining the efficiency of human resources. In the present case, it must also be taken into account that Biofrontera AG, as a holding company, has the task of managing its subsidiaries, but does not itself conduct any operational business. Economic expertise and business and industry-specific knowledge, including knowledge of the regulatory framework for the development, approval and distribution of drugs, are also required at Management Board level. In addition, due to the business orientation of the Biofrontera Group, a high level of international experience is desirable.

5. Report on equal participation of women and men; gender quota

Proportion of women in the two management levels below the Executive Board

Pursuant to Section 76 (4) of the German Stock Corporation Act (AktG), the Management Board of a listed company must set targets for the proportion of women in the two management levels below the Management Board. At Biofrontera AG, there are currently no two management levels below the Executive Board within the meaning of the provision of Section 76 (4) AktG, but only one. Due to the lack of two management levels below the Management Board, the target figures for the proportion of women in accordance with Section 76 (4) AktG were set in April 2022 only for the one existing management level below the Management Board. The proportion of women in this first and only management level below the Executive Board was around 55% as of December 31, 2022. The target for the proportion of women in the existing management level below the Executive Board was set at 30% in April 2022. A higher target was not set, as otherwise even the slight expansion of the existing first management level below the Executive Board could result in the target not being met. The deadline for achieving the target was set at December 31, 2026. At the time this report was prepared, the target had been achieved.

The Board

The target for the proportion of women on the Executive Board that applied for the 2022 financial year was set at 0% in April 2022 if there is only one member. If the Executive Board consists of only one person, no higher quota was set, as otherwise a woman would have to be appointed as the sole Executive Board member. However, such an approach would not be in the interests of the Company, as participation by different genders is simply not possible with only one Executive Board member. The deadline for achieving the target figure was set at December 31, 2026.

For the past fiscal year, the target has been achieved since September 2022. Ms. Pilar de la Huerta has been the sole member of the Executive Board since September 2022.

Supervisory Board

In April 2022, the Supervisory Board set the target for the proportion of women on the Supervisory Board at 1/3, i.e. two seats out of the current six. The deadline for achieving the target was set at December 31, 2026. Since the appointment of Prof. Karin Lergenmüller as the sixth member of the Supervisory Board, this quota is currently being met.