

Ad hoc release

Ad-hoc-release pursuant to Art. 17 MAR

Biofrontera AG resolves on capital increase and issue of convertible bonds

Leverkusen, October 31, 2016/23:29 CET – The Management Board of Biofrontera AG (FSE: B8F) has resolved today with the approval of the Supervisory Board, to increase the registered capital of the Company from currently EUR 30,347,813 by up to EUR 5,012,950 to up to EUR 35,360,763 by issuing up to 5,012,950 new no-par registered shares with a calculatory participation in the registered capital of EUR 1.00 („New Shares“). The New Shares are entitled to receive dividends from January 1, 2016.

Shareholders will be offered the statutory subscription right at a ratio of 6:1 via Lang & Schwarz Broker GmbH at a subscription price of EUR 3.00 per New Share.

Furthermore, the Management Board has resolved today, with the approval of the Supervisory Board, to issue up to 49,990 subordinate convertible bonds („**Bonds**“) with a nominal amount of EUR 100 each and in a total nominal amount of EUR 4,999,000. The bonds mature on December 31, 2020. Each Bond may, subject to the terms and conditions of the Bonds, be converted into ordinary shares of the Company at a calculatory participation in the registered capital of EUR 1.00 and dividend rights from the year of the issue. The conversion price will initially be EUR 3.00 per share, from January 1, 2017 EUR 4.00 per share and from January 1, 2018 EUR 5.00 per share.

Shareholders will be offered the statutory subscription right at a ratio of one (1) Bond per 607 old shares via Lang & Schwarz Broker GmbH at a subscription price of 100 % of the nominal value of EUR 100 per Bond.

The Company intends to use the expected net proceeds of approx. EUR 19.5 million for the repayment of the bond due on January 1, 2017 in an amount of approx. EUR 9 million, as well as to finance the commercialization of Ameluz® in the USA and covering ongoing costs of operations.

The Management Board

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Ad-hoc-release pursuant to Art. 17 MAR **Biofrontera AG receives commitments regarding the acquisition of new shares and convertible bonds**

Leverkusen, October 31, 2016– The management board of Biofrontera AG (FSE: B8F) has announced on October 31, 2016, that the registered capital of the company is to be increased against cash contributions by up to 5,012,950 new no-par registered shares with a calculatory participation in the registered capital of EUR 1.00 („New Shares“). Shareholders are offered the statutory subscription right at a ratio of 6:1 at a subscription price of EUR 3.00 per New Share. The News Shares are entitled to receive dividends from January 1, 2016, on.

Furthermore, the Management Board has resolved on October 31, 2016, with the approval of the Supervisory Board, to issue up to 49,990 subordinate convertible bonds („**Bonds**“) with a nominal amount of EUR 100 each and in a total nominal amount of EUR 4,999,000. Shareholders will be offered the statutory subscription right at a ratio of one (1) Bond per 607 old shares at a subscription price of 100 % of the nominal value of EUR 100 per Bond.

Further details are set out in the ad-hoc release pursuant to art. 17 MAR of October 31, 2016, published on [time UTC].

The Company has meanwhile received binding commitments from Investors, under which they undertook to acquire New Shares and/or Bonds pursuant to the communicated conditions in a total amount of EUR 14.8 million.

The management board

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