

Corporate governance report for the financial year 2017 including the corporate governance declaration pursuant to Sections 289 f, 315b of the German Commercial Code (HGB) for Biofrontera AG and the Group

I. Declaration pursuant to Section 161 of the German Stock Corporation Act (disclosure pursuant to Section 289 a (2) No. 1 of the German Commercial Code as part of the corporate governance statement)

The Management Board and Supervisory Board issued the following declaration of conformity in December 2017:

Declaration of the Management Board and the Supervisory Board of Biofrontera AG (Company) on 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 Biofrontera AG are obliged to declare annually that the recommendations of the "Government Commission on the German Corporate Governance Code" ("**Code**") published by the Federal Ministry of Justice in the official section of the electronic Federal Gazette (Bundesanzeiger) have been and are being complied with, or which recommendations have not been or are not being applied and why not ("**Declaration of Conformity**"). The Declaration of Conformity is to be made permanently available to the shareholders. The Management Board and Supervisory Board issue the following Declaration of Conformity:

Since issuing its last declaration of conformity in December 2017, Biofrontera AG has complied with the recommendations of the Code in the version cited therein, taking into account the exceptions therein, and will comply with the Code in the version of February 7, 2017, with the following exceptions:

Deductible for D&O insurance (section 3.8 para. 3)

The Company has a D&O insurance policy that does not provide for a deductible for Supervisory Board members. In the opinion of the Company, such a deductible is not necessary to ensure the motivation and sense of responsibility of the Supervisory Board members. However, a deductible would probably run counter to the Company's efforts to attract outstanding individuals from Germany and abroad to its Supervisory Board. In addition, the Supervisory Board was expressly excluded from the new statutory regulation on deductibles in the Act on the Appropriateness of Management Board Compensation (VorstAG) (§ 116 AktG).

Standard limit to be specified for the length of membership of the Supervisory Board (section 5.4.1)

As part of its diversity objectives, the Supervisory Board shall set a standard limit for the length of membership of the Supervisory Board. However, from today's perspective, setting a regular limit for the length of membership does not appear appropriate in the case of the Company. This is because, in the opinion of the Supervisory Board, it is not possible to determine a time limit that sets a general maximum limit for the term of office in a meaningful way in the abstract. Instead, it must be weighed up in each individual case whether the duration of previous membership of the Supervisory Board could conflict

with the proper and impartial exercise of the mandate.

Structure of the remuneration of the Supervisory Board (section 5.4.6)

Membership of committees is not taken into account in the compensation of Supervisory Board members. In view of the close coordination within the six-member Supervisory Board, it does not appear necessary at present to differentiate Supervisory Board compensation according to committee membership, especially as the members' workload is largely the same due to their membership of the various committees when viewed as a whole.

Reporting (Item 7.1.2)

Financial reports, half-yearly reports and interim announcements are published within the statutory deadlines.

Leverkusen, December **2017**

II. corporate governance report

(including disclosures pursuant to Sections 289 f, 315d of the German Commercial Code (HGB), which together with the declaration pursuant to Section 161 of the German Stock Corporation Act (AktG) under Item I. form the **corporate governance statement**)

Biofrontera Aktiengesellschaft (hereinafter also referred to as the "Company") is a stock corporation under German law. The Company is managed by the Management Board and the Supervisory Board, which work together for the benefit of the Company. The Management Board and Supervisory Board of Biofrontera Aktiengesellschaft are aware of their responsibility towards shareholders, employees and business partners as well as the general public. Corporate governance stands for responsible corporate management and control geared to long-term value creation. The Supervisory Board and the Management Board continuously review and develop corporate governance within the company in order to maintain good and responsible corporate management and to provide transparency for the shareholder. Biofrontera Aktiengesellschaft therefore also largely considers compliance with the recommendations and suggestions of the "German Corporate Governance Code" (hereinafter also referred to simply as the "Code") to be an important component of responsible corporate management.

Pursuant to Section 3.10 of the Code, the Executive Board and Supervisory Board shall report annually on the corporate governance of the company (Corporate Governance Report) and publish this report in connection with the declaration on corporate governance. This also includes an explanation of any deviations from the recommendations of this Code. The further contents of the Corporate Governance Report are: Section 5.4.1: Diversity, the Supervisory Board's objectives regarding its composition and the status of implementation shall be published in the Corporate Governance Report. Section 7.1.3: The Corporate Governance Report shall contain specific information on stock option programs and similar securities-based incentive systems of the company insofar as this information is not already provided in the annual financial statements, consolidated financial statements or compensation report.

The corporate governance statement shall include (i) the declaration of conformity, (ii) relevant information on corporate governance practices, and (iii) a description of the working methods of the Management Board and Supervisory Board and the composition and working methods of their committees, as well as (iv) the stipulations pursuant to Section 76 (4) and Section 111 (5) of the German Stock Corporation Act (target figures for the proportion of women) and an indication of whether the stipulated target figures have been achieved during the reference period, and if not, information on the reasons. Furthermore, (v) a description of the diversity concept pursued with regard to the composition of the body entitled to representation and of the Supervisory Board with regard to aspects such as, for example, age, gender, educational or professional background, as well as the objectives of this diversity concept, the manner of its implementation and the results achieved in the financial year shall be included.

General information on the management structure

Biofrontera Aktiengesellschaft 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. With the executive and supervisory boards, 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.

Information on corporate governance practices

At the heart of our management culture for the company and its subsidiaries are values enshrined in statutory regulations and internal policies and organizational directives. Of particular importance are industry-related certifications and quality requirements, compliance with which requires considerable effort.

In addition, there is a common understanding among the company's 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.

In order 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 require knowledge of the strategic direction of the company. The company's management therefore regularly informs employees about corporate goals, current business developments and the market and competitive environment. Clearly defined corporate structures, areas of responsibility and processes also 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 processes 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.

Compliance

The entrepreneurial activities of the Biofrontera Group must comply with the legal systems of various countries. The Biofrontera Group conducts its business responsibly and in accordance with the legal requirements and official rules of the countries in which it operates. This is particularly true due to the increasing sales activities in foreign markets, including the USA, especially since the sale of pharmaceuticals in particular is subject to special requirements regarding the integrity of the parties involved. Violations in this environment in particular could have serious disadvantages.

The Biofrontera Group therefore expects its employees to act in a legally and ethically impeccable manner in their everyday business activities. This is because, especially as a developer and manufacturer of pharmacological products, the highest degree of integrity is indispensable in order 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 rules in training sessions with the involvement of the responsible compliance officers. The core messages 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 within the company, and the avoidance or proper handling of conflicts of interest. Our employees have the opportunity and are encouraged - if desired, also protected - to provide information on any legal violations in the companies of the Biofrontera AG Group.

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.

Working methods of the Executive Board and Supervisory Board

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 Aktiengesellschaft currently consists of three members, the Chief Executive Officer (CEO), the Chief Financial Officer (CFO) and the Chief Sales and Marketing Officer (CCO). The members of the Management Board 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.

Supervisory Board

The Supervisory Board appoints the members of the Management Board, advises the Management Board on the management of the Company and monitors its management activities. The Supervisory Board of Biofrontera Aktiengesellschaft currently consists of six members, none of whom were previously members of the company's Management Board. The Supervisory Board must elect a Chairman and at least one Deputy 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 Executive Board, in particular for reports on important occasions. The Supervisory Board has adopted rules of procedure.

Annual General Meeting

The shareholders exercise their rights at the Annual General Meeting. In particular, they exercise their voting rights there. The Annual General Meeting is held annually within the first eight months of each fiscal year. The agenda for the Annual General Meeting, including the reports and documents required for the Annual General Meeting, is also published on the Company's website. To facilitate the personal exercise of their rights, the Company provides shareholders with a proxy for Annual General Meetings

who is bound by instructions. In the notice convening the Annual General Meeting or in the notices to shareholders, it is explained how voting instructions can be issued in the run-up to the Annual General Meeting.

The Annual General Meeting resolves on the formal approval of the actions of the Executive Board and the Supervisory Board. It decides on the appropriation of net income and on the election of the auditor. The Annual General Meeting is also responsible for decisions on capital measures and the approval of intercompany agreements as well as amendments to the Articles of Association.

Committees of the Supervisory Board

The Supervisory Board has currently formed a Personnel Committee, an Audit Committee, an R & D & Market Access Committee and a Nominating Committee. The composition of the committees is explained in more detail in the Report of the Supervisory Board.

The Personnel Committee prepares Supervisory Board decisions on the appointment and dismissal of Executive Board members. Unlike in the past, the full Supervisory Board is also responsible for compensation decisions due to the changes introduced by the German Act on the Appropriateness of Management Board Compensation (VorstAG), so the Personnel Committee only prepares decisions in this respect. The Supervisory Board has made a corresponding amendment to its Rules of Procedure. It also discusses long-term succession planning for the Executive Board.

The Audit Committee deals in particular with issues of accounting and risk management, the required independence of the auditor and the issuing of the audit mandate to the auditor, and monitors the audit of the annual financial statements of the Company. In the case of companies within the meaning of Section 264d of the German Commercial Code, i.e. also in the case of Biofrontera Aktiengesellschaft, the proposal of the Supervisory Board for the election of the auditor shall be based on the recommendation of the Audit Committee. In the case of companies within the meaning of Section 264d of the German Commercial Code, at least one member of the Supervisory Board must also have expertise in the fields of accounting or auditing and be a member of the Audit Committee.

The R & D & Market Access Committee deals with key product development issues. After consultation with the Research & Development Committee, it makes recommendations to the Executive Board and Supervisory Board in this regard. It also examines opportunities for licensing transactions and the related contractual terms, advises the Executive Board on specific negotiations and prepares Supervisory Board decisions on transactions requiring approval.

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 shall take into account the balance and diversity of knowledge, skills and experience of all members of the Supervisory Board and shall draft candidate profiles. In addition, the Nomination Committee shall make proposals to the Supervisory Board 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 as it deems appropriate and may also engage external consultants as appropriate.

Targets for the composition of the Supervisory Board and the Board of Management (diversity)

Objectives for the composition of the Supervisory Board

Pursuant to Section 5.4.1 of the Code, the Supervisory Board shall be composed in such a way that its

members as a whole possess the knowledge, skills and professional experience required for the proper performance of its duties. The Supervisory Board shall specify concrete objectives for its composition and develop a competence profile for the entire body. For its composition, it shall, within the framework of the company-specific situation, take appropriate account of the international activities of the company, potential conflicts of interest, the number of independent Supervisory Board members within the meaning of Section 5.4.2 of the Code, an age limit to be specified for Supervisory Board members and a standard limit to be specified for the length of membership of the Supervisory Board, as well as **diversity**. Diversity includes aspects such as age, gender, educational or professional background.

According to Section 5.4.2 of the Code, the Supervisory Board should include what it considers to be an appropriate number of independent members. For the purposes of this recommendation, a Supervisory Board member is not to be regarded as independent in particular if he or she has a personal or business relationship with the Company, its corporate bodies, a controlling shareholder or an enterprise associated with the latter which could give rise to a material and not merely temporary conflict of interest. The Supervisory Board shall not include more than two former members of the Executive Board. Members of the Supervisory Board shall not exercise any executive or advisory functions for significant competitors of the Company.

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 by taking diversity into account. In this context, "diversity" is to be understood as international origin, upbringing, training or professional activity and not as citizenship or as gender and age diversity.

This means that the composition of the Supervisory Board should take appropriate account of the diversity to be found in an open, innovative company such as Biofrontera Aktiengesellschaft, which is likely to become increasingly internationally active in the future. This applies in a special way to Biofrontera Aktiengesellschaft as a biopharmaceutical company, and of course also to the area of research and development as well as the production and distribution of medical cosmetics and new medications for the care and treatment of skin and inflammatory diseases.

However, it also means that 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 equal qualifications and suitability, women are to be given appropriate consideration.

For companies within the meaning of Section 264d of the German Commercial Code, i.e. also for Biofrontera Aktiengesellschaft, the provisions of the German Stock Corporation Act also require at least one member of the Supervisory Board to have expertise in the fields of accounting or auditing (so-called "financial expert" within the meaning of Section 100 (5) AktG). This is therefore a mandatory diversity criterion.

The Supervisory Board of the Company consists of six members to be elected by the shareholders.

In December 2016, the Supervisory Board defined the objectives relating to its composition ("diversity objectives") as follows:

- Consideration of the expected increased international activity of the company and its subsidiaries in the future, particularly in the U.S. market
- Availability and willingness to serve / reasonable maximum number of Supervisory Board mandates

- Consideration of professional/technical expertise and industry knowledge especially in relation to the field of research and development as well as the production of medical cosmetics and new drugs for the care and treatment of skin and inflammatory diseases.
- Consideration of professional / technical expertise and industry knowledge and in relation to the distribution of medical cosmetics and new drugs for the care and treatment of skin and inflammatory diseases, especially in the U.S. market as well as the EU market.
- Consideration of special knowledge and experience in the financing of companies in the pharmaceutical industry
- Consideration of special knowledge and experience in the application of accounting principles and internal control procedures (a so-called financial expert within the meaning of Sec. 100 (5) AktG)
- Independence of at least half of the Supervisory Board members within the meaning of the German Corporate Governance Code / avoidance of conflicts of interest
- Consideration of the age limit specified in the Rules of Procedure of the Supervisory Board
- Inclusion of two women on the Supervisory Board by August 31, 2021

The competence profile thus includes knowledge of the industry and markets, understanding of the business model and basic knowledge of the (legal) framework, fundamental 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 business decisions to be evaluated or to check them for plausibility. Each Supervisory Board member must also meet certain minimum personal requirements that are essential for the efficient work of the Supervisory Board, such as time availability, integrity, discretion, ability to discuss, interact and work in a team.

In the view of the Supervisory Board, the status of implementation with regard to these objectives - with the exception of the appropriate participation of women - can be assessed as positive overall:

- Dr. Ulrich Granzer, Chairman of the Supervisory Board, is the founder and owner of Granzer Regulatory Consulting & Services and has been a member of the Supervisory Board since 2003. Previously, he was Head of Regulatory Affairs at GlaxoSmithKline, BASF Pharma as well as Bayer Pharma and is a proven expert in the field of drug approval. He holds a degree in Pharmacy from Philipps University Marburg and subsequently a PhD from the University of Tübingen.
- Mr. Jürgen Baumann, Vice Chairman of the Supervisory Board, is an independent management consultant and was Chairman of the Supervisory Board from 2007 to 2016. He held various management positions, including on the Management Board of Schwarz Pharma AG, where he was responsible for sales in Europe. Mr. Baumann holds a degree in economics from the University of Wuppertal.
- Dr. John Borer is Senior Managing Director and Head of Investment Banking at Benchmark Company, LLC. Previously, he was CEO and Head of Investment Banking at Rodman & Renshaw and held management positions at Pacific Business Credit and Barclays American Business Credit. He holds a juris doctorate from Loyola Law School in Los Angeles.
- Mr. Reinhard Eyring has been a partner in the corporate department of the international law firm Ashurst in Frankfurt and Head of Ashurst Germany since 2000. He has extensive experience in all areas of corporate and banking law, in particular stock corporation and capital markets law. Reinhard Eyring also advises listed and non-listed companies on all regulatory issues relating to stock corporation law. He has extensive expertise in IPOs and public takeovers and is a member of

various supervisory boards.

- Mr. Kevin Weber is a principal at Skysis, LLC. Previously, he was Chief Executive Officer of Paraffin International Inc. He has extensive experience in marketing as well as global commercialization strategies and previously held senior positions at Depomed, Hyperion Therapeutics and Medicis Pharmaceuticals. Kevin Weber is also a member of the Board of Directors of the American Academy of Pain Management Foundation and the American Chronic Pain Association. He holds a degree in management and marketing from Western Michigan University.
- Mr. Hansjörg Plaggemars is a freelance management consultant (Value Consult) as well as in the context of projects currently board member of various companies, including e.g. Delphi Unternehmensberatung AG, Strawtec Group AG. Until the end of May 2017, he was a member of the board of Deutsche Balaton AG and previously managing director and CFO of CoCreate Software GmbH, KAMPA AG, Unister Holdings and Müller Holdings. Mr. Plaggemars is also a member of the Supervisory Board of Ming Le Sports AG, Deutsche Balaton Immobilien I AG, Carus AG and Youbisheng Green Paper AG, among others. He holds a degree in business administration from the University of Bamberg.

All relevant professional competencies are thus represented on the Supervisory Board, in particular with regard to industry-related requirements and also with regard to other professional areas (so-called financial experts). Extensive experience in international business is available, as are members from other countries. All Supervisory Board members have sufficient time to perform their duties. The Supervisory Board therefore also has what it considers to be an appropriate number of independent members. As a precautionary measure, it should be noted that Deutsche Balaton Aktiengesellschaft, Heidelberg, of which Supervisory Board member Hansjörg Plaggemars was a member of the Management Board in 2017, held a total of 8.28% of the shares and voting rights in Biofrontera Aktiengesellschaft according to published voting rights notifications. The shares held by Deutsche Balaton Aktiengesellschaft are attributed to Mr. Wilhelm Konrad Thomas Zours according to the corresponding voting rights notifications, whereby Mr. Plaggemars, with Delphi Unternehmensberatung Aktiengesellschaft, continues to work for a company which is controlled by Mr. Zours and which has also initiated legal disputes against Biofrontera AG.

Objectives for the composition of the Board of Management

According to Section 5.1.2 of the Code, the Supervisory Board shall also pay attention to diversity in the composition of the Management Board. Pursuant to Section 76 of the German Stock Corporation Act (AktG), the Management Board is responsible for managing the company. The aim of the composition of the Executive Board must therefore be to entrust the management of the Company to individuals who meet the necessary professional and personal requirements for this within the framework of collegial cooperation, while maintaining the efficiency of the personnel 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 operational business. At the level of the Management Board, too, the best business and industry knowledge as well as scientific expertise, including knowledge of the regulatory framework for the development, approval and sale of drugs, are indispensable. In addition, due to the business orientation of the Biofrontera Group, a high degree of international experience is required.

The Supervisory Board is convinced that the current composition of the Board of Management takes excellent account of the professional and personal requirements:

- Prof. Dr. rer. nat. Hermann Lübbert is Chairman of the Management Board of Biofrontera. He studied biology in his native city of Cologne and received his doctorate there in 1984. After eight years in academic research at the University of Cologne and the California Institute of Technology (USA), he gained experience in the management of a global research organization during a 10-year tenure at Sandoz and Novartis Pharma AG. Prof. Lübbert founded Biofrontera in 1997 and has headed the company since then. He habilitated at the Swiss Federal Institute of Technology (ETH) in Zurich and holds the Chair of Animal Physiology at the Ruhr University in Bochum.
- Mr. Thomas Schaffer started his professional career with various positions in finance and controlling at Siemens Semiconductor. In the Security & Chipcard ICs business unit of Siemens, he held the position of Vice President and CFO. He then spent four years as Managing Director and CFO of Infineon Ventures GmbH and continued his career as Vice President and CFO of the Specialty DRAM Division of Qimonda AG, where he also took over the management of Qimonda Solar GmbH. He expanded his broad international experience with appointments as CFO at Heptagon Oy, Finland/Switzerland, and Ubidyne Inc, Delaware, USA. Mr. Schaffer's broad expertise covers all areas of finance and accounting, and he has been able to contribute significantly to the strategic development of the companies for which he has worked to date. Since June 2013, Mr. Schaffer has held the position of CFO at Biofrontera AG.
- Mr. Christoph Dünwald started his professional career at Bayer AG, where he held various positions in Marketing (USA and Spain) and Strategic Management in Germany and Southeast Asia over a period of 15 years. In his last position at Bayer, he led the Bayer Healthcare Diagnostics Division in Belgium and Luxembourg as General Manager. After two years as International Sales and Marketing Director in Spain and England for Corporacion Dermoestetica SA, he joined the U.S. pharmaceutical company Allergan as Senior Commercial Director in 2008. From 2009 to 2015, he headed the Medical Business Unit in Spain and Portugal. Mr. Dünwald stands out for the significant increase in sales and profits in all of the positions he has held so far.

Equal participation of women and men

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

It should be explained that according to Section 76 (4) of the German Stock Corporation Act (AktG), the management board of companies that are listed on the stock exchange or subject to co-determination must set targets for the proportion of women in the two management levels below the management board. Biofrontera AG does not currently have two management levels below the Executive Board within the meaning of the provision of Section 76 (4) AktG. Management functions below the Management Board were held by four persons in December 2016. The proportion of women in this first and only management level totaled 50% in December 2016. Due to the absence of two management levels below the Executive Board, targets for the proportion of women pursuant to Section 76 (4) AktG were only set for the one management level below the Executive Board in December 2016. The target for the proportion of women in the existing management level below the Executive Board was set at 30%. A target of 50% was not set because otherwise the addition of one man to the existing first management level below the Executive Board would already result in a significant shortfall of the target. The deadline for achieving the target was set at June 30, 2022. At the time this report was prepared, the target figure had been achieved.

Proportion of women on the Executive Board

The Supervisory Board of companies that are listed on the stock exchange or subject to co-determination sets targets for the proportion of women on the Board of Management in accordance with Section 111 (5) AktG. The target for the proportion of women on the Board of Management was set at 0%. The deadline for achieving the target was set at October 31, 2020.

The background to this determination was that three members of the Board of Management are currently appointed. None of the members of the Board of Management is a woman. All contracts of the Executive Board members are valid at least until October 31, 2020. A higher target size would therefore require Executive Board members to leave prematurely and at least one woman to be appointed instead, or the Executive Board to be enlarged and the additional position(s) to be filled by women. However, neither of these is currently being pursued.

A target figure of 0.00% is to be permissible by way of exception if an Executive Board or the management - as is the case here - is staffed only with men whose employment contracts run for longer than the period for achieving the target figure. The Supervisory Board of Biofrontera AG therefore makes use of this recognized exception.

Proportion of women on the Supervisory Board

In December 2016, the Supervisory Board set the target for the proportion of women on the Supervisory Board at 1/3, i.e., two seats out of a current total of six. The deadline for achieving the target was set at August 31, 2021. For further details, please refer to the comments above under "Targets for the composition of the Supervisory Board".

Accounting

Biofrontera's consolidated financial statements are prepared in accordance with the principles of the International Financial Reporting Standards (IFRS). Financial reports, half-yearly reports and interim announcements are published within the statutory deadlines.

Stock option programs and similar securities-based incentive systems of the Company

In this respect, reference is made to the statements in the annual financial statements, the consolidated financial statements and the combined management report.

Transparency

Our shareholders are informed in particular in the Annual Report, current press releases and ad hoc announcements about significant events in the Company and the Group. All notifications of exceeding or falling below the voting rights thresholds of 3, 5, 10, 25, 50 and 75 % received by the Company were published in a timely manner.