

Opinion
of the employees
pursuant to Sec. 27 (2) WpÜG
on the voluntary public takeover offer
of
Deutsche Balaton AG
Heidelberg, Germany,
to the shareholders of
Biofrontera AG

for the purchase and acquisition of all no-par value registered shares of Biofrontera AG
against payment of a consideration per share in cash in the amount of EUR 1.18.

The employees of Biofrontera AG and, to the extent named below and its subsidiaries (together the "**Biofrontera Group**"), hereby submit their own statement pursuant to section 27 para. 2 WpÜG ("**Statement**") on the takeover offer "**Offer**" of Deutsche Balaton AG ("**Bidder**") to the shareholders of Biofrontera AG to acquire all no-par value registered shares of Biofrontera AG (WKN 604611).

We, the employees of the Biofrontera Group, clearly reject the offer of Deutsche Balaton AG. It is detrimental to our interests and those of our company. This assessment is shared, in particular, by all shareholders among the employees. Without exception, all employees signed this statement, and expressly stated that they will not accept the offer of Deutsche Balaton AG.

We believe that Biofrontera AG has suffered considerable damage as a result of the Supervisory Board activities of Mr. Zours, who is asserting his individual interests, to the detriment of other shareholders, the reputation of the company and its employees. Since Mr. Zours was elected Chairman of the Supervisory Board, no decisions which have made a positive contribution to the Company's development have been implemented. Instead, we helplessly witness our company become increasingly damaged, because the Supervisory Board no longer deals with urgent business concerns but prioritizes projects and matters that serve the interests of Mr. Zours alone. Therefore, we urgently beseech

the Supervisory Board to protect the company and finally put a stop to Mr. Zours' conduct.

In our opinion, this approach has significantly weakened the stock market price of Biofrontera AG and thus created the conditions for a potential takeover by Deutsche Balaton at this ridiculously undervalued price. The stock exchange is apparently reflecting this climate, where stockholders willing to sell can unload at higher prices than if the offer were accepted. The form of the offer also suggests that the group of companies around Mr. Zours is not interested in a de facto majority of more than 50%. Instead, they initially only want to free themselves from the 30% threshold. This would effectively allow them to secure majorities at the Annual General Meeting in further capital measures at even more favorable prices, in order to bring about personnel changes in the Executive Board, which would then only represent the interests of the Balaton Group.

As committed employees of Biofrontera, we see the future of our company under serious threat. The Balaton Group emphasizes that it wants to consolidate and expand its control over Biofrontera with its offer. However, the true nature of this offer can be demonstrated in the deplorable example of other companies that have fallen victim to similar takeover strategies of Mr. Zours in the past. All these companies end up as empty shells, cannibalized to maximize profits for the Balaton Group and Mr. Zours, without any considerable business operations.

It is our conviction, that the longstanding attacks and lawsuits by the Zours Group against our company and its governing bodies have been aimed at reducing the share price to a minimum to gain control without a high financial investment. We believe the facts indicate the offer document deliberately conceals Mr. Zours' true intentions: to undermine the Biofrontera Group by selling its business operations and to gain control of the funds acquired in the process, after small shareholders have been compensated in advance with a minimal price. For these intentions, Mr. Zours is abusing his position as Chairman of the Supervisory Board.

In this context, we believe and recognize that the appointment of Mr. Böckmann, as a member of the Management Board, which was pushed through by the Balaton Group, pursues the goal of initiating a "restructuring" of the business operations. According to documented historical patterns with the Zours Group, it is rather a concealment of the probable winding down of the business operations (compare press release of Biofrontera AG dated June 9, 2022).

In our statements of summer 2018, we already warned that Mr. Zours' actions contradict a respectful and value-oriented corporate philosophy that was cultivated in the Biofrontera Group in the past. At the latest with the election of Mr. Zours to the Supervisory Board at the Annual General Meeting in December 2021 and his subsequent appointment as Chairman by the other members of the newly elected Supervisory Board, this corporate philosophy suffered considerable damage. In the meantime, we are witnessing how the Chairman of the Supervisory Board is making the board compliant, ignoring obvious conflicts of interest and pursuing his own interests without the new Supervisory Board intervening. The employees of Biofrontera are highly disappointed and discouraged by this.

Against the background of this approach, many of us cannot imagine working with Mr. Zours and the bodies controlled by him in the long term. In the meantime, the first employees have left the company. Some explicitly justified their decision by stating that working for a company controlled by Mr. Zours could harm their future careers.

We believe in the success of our products and in the associated potential for substantial increases in value. We see Biofrontera Inc. in particular, which operates in our most important market, the USA, as a guarantor of this increase. It is time that the focus of the company permanently shifts back from the private interests of a Mr. Zours, and reinstates our responsibility as a pharmaceutical company, the patients undergoing our treatment, and the physicians entrusted to their care.

With all of this in mind, it is important to us that Mr. Zours does not gain even more control over our company. His takeover bid must not be allowed to succeed, as this would turn our company into a capital market shell without any content. It would then only serve the personal financial interests of the Balaton Group. The resolutions of the Supervisory Board since the election of Mr. Zours as Chairman of the Supervisory Board clearly points in the direction the future journey would take in this case.

In this context, we, the employees of Biofrontera, explicitly support the decision of Maruho, Prof. Abshagen of Heidelberg Innovation and LLB Invest Kapitalanlagegesellschaft m.b.H. (for the "Mozart One" fund) to nominate Prof. Lübbert as a candidate for the upcoming Supervisory Board election. Who else would be better suited to oppose Mr. Zours, than someone who knows the company intimately and has successfully defended himself against the attacks of the Balaton

Group for years? On the other hand, we strongly oppose the placement of Prof. Lergenmüller on the Supervisory Board, as sought by the Balaton Group. It is well known that Ms. Lergenmüller is an active member of multiple supervisory boards of companies that are controlled by Mr. Zours. She has already been nominated as a candidate for the Supervisory Board during previous Biofrontera Annual General Meetings, but has been rejected each time.

Dear shareholders of Biofrontera AG! It is once again in your hands to prevent Deutsche Balaton from succeeding and from further expropriating Biofrontera shareholders. Join us in standing up to Deutsche Balaton!

Many of us are small shareholders ourselves. None of the signatories of this statement who are also shareholders of Biofrontera AG will accept the bidder's offer. Furthermore, we know that Prof. Dr. Lübbert with his shares will also not accept this offer. We, who are involved in the work and success of the Biofrontera Group on a daily basis, continue to oppose Mr. Zours' increasing control over the company. We appeal to you to do likewise and not to accept the offer. Furthermore, we ask all shareholders to exercise their voting rights at the upcoming Annual General Meeting and to vote against the election of Prof. Dr. Lergenmüller and in favor of the election of Prof. Dr. Lübbert to the Supervisory Board.

Should Mr. Zours succeed in his attempt to take over Biofrontera and gain complete control of the Supervisory Board, we do not believe that we, as employees, see any short or long term prospects at Biofrontera.

We confirm this with our signatures below.

Leverkusen, August 2, 2022