



**Biofrontera Aktiengesellschaft,**

Leverkusen, Germany

- ISIN: DE0006046113, DE000A254XA5, DE000A31C289-

## **Invitation to the Annual General Meeting**

We hereby invite our shareholders to attend the Annual General Meeting of Shareholders to be held at 11:00 a.m. on Tuesday, August 23, 2022.

### **(virtual) Annual General Meeting.**

The Annual General Meeting will be held without the physical presence of the shareholders of Biofrontera AG (hereinafter also referred to as the "**Company**") or their proxies (except for the Company's proxy) (virtual Annual General Meeting). We kindly ask our shareholders to observe the information contained in **Section III.** of this Notice of Annual General Meeting, which follows the agenda, regarding registration for the Annual General Meeting, the transmission of the Annual General Meeting in audio and video form, the exercise of voting rights and the exercise of other shareholder rights.

### **I. Agenda**

#### **Agenda Item 1**

**Submission of the adopted separate annual financial statements and approved consolidated financial statements, the combined separate and Group management report, the management board's explanatory report relating to the disclosures pursuant to sections 289a (1), 315a (1) of the German Commercial Code (HGB) and the supervisory board's report for the fiscal year ending December 31, 2021**

The Supervisory Board has approved the separate annual financial statements and consolidated financial statements prepared by the Management Board pursuant to sections 171 and 172 of the German Stock Corporation Act (AktG). The separate annual financial statements have therefore been adopted pursuant to section 172 of the AktG. For this reason, no resolution is required by the AGM relating to the adoption of the separate annual financial statements or relating to the approval of the consolidated financial statements pursuant to Art. 173 AktG. Furthermore, the remaining aforementioned documents are only

to be made accessible to the AGM pursuant to Section 176 (1) Clause 1 AktG. A related resolution on agenda item 1 is therefore not required.

## **Agenda Item 2**

### **Resolution concerning the discharge of the members of the Management Board for the 2021 financial year**

- a) The Supervisory Board proposes that the resolution on the discharge of the members of the Management Board holding office in 2021 financial year be postponed to a later date.
- b) The Management Board proposes to the AGM to discharge the members of the Management Board holding office in 2021 financial year.

## **Agenda Item 3**

### **Resolution concerning the discharge of the members of the Supervisory Board for the 2021 financial year**

- a) The Supervisory Board proposes (i) to postpone the decision on the discharge of the members of the Supervisory Board holding office in the financial year 2021 for the period until the end of the Annual General Meeting of Biofrontera AG on December 14, 2021 to a later date and (ii) to discharge the members of the Supervisory Board holding office in the financial year 2021 thereafter.
- b) The Management Board proposes to the AGM to discharge the members of the Supervisory Board holding office in 2021 financial year.

## **Agenda Item 4**

### **Resolution concerning the appointment of the auditors of the separate and the consolidated financial statements for the 2022 financial year and as auditors for a possible audit review of the condensed interim financial statements and interim management report**

Based on the recommendation of its Audit Committee, the Supervisory Board proposes electing Baker Tilly GmbH & Co. KG Wirtschaftsprüfungsgesellschaft, Düsseldorf, to be the auditors of both the separate and the consolidated financial statements for the 2022 financial year and as auditors for a possible review of the condensed interim financial statements and interim management report for the period ended June 30, 2023 in accordance with section 115(5) WpHG (German Securities Trading Act).

The Audit Committee's recommendation follows a selection procedure conducted in accordance with Article 16 of the EU Auditing Directive (Regulation (EU) No. 537/2014 of the European Parliament and of the Council of April 16, 2014 on specific requirements for the statutory audit of public companies and repealing Commission Decision 2005/909/EC). Following this, the Audit Committee recommended to the Supervisory Board, stating its reasons, the auditors Baker Tilly GmbH & Co. KG Wirtschaftsprüfungsgesellschaft, Düsseldorf, and Mr. Ingo Hassert, Wirtschaftsprüfer/Steuerberater, Düren, for the audit mandate by outlining a justified preference to Baker Tilly GmbH & Co. KG Wirtschaftsprüfungsgesellschaft.

The Audit Committee has stated that its recommendation is free of inappropriate third-party influence and none of the clauses restricting its selection options in the meaning of Art. 16(6) of the EU Auditing Directive (EU) No. 537/2014 was imposed upon it.

## **Agenda Item 5**

### **Resolution on an amendment to Art. 12 par. 1 of the Articles of Association (number of members of the Supervisory Board)**

According to Art. 12 par. 1 of the Articles of Association, the Supervisory Board currently comprises six members. Currently, the Supervisory Board has only five members, however. In the opinion of the Supervisory Board, five Supervisory Board members also is adequate in relation to the size of the Company.

The Management Board and Supervisory Board therefore propose that Section 12 (1) of the Articles of Association be revised as follows:

*"The Supervisory Board consists of five members."*

## **Agenda Item 6**

### **Resolution on the compensation of Supervisory Board members and on the amendment of Art. 18 of the Articles of Association (Compensation of the Supervisory Board)**

The amended § 113 (3) AktG following the implementation of the Second Shareholder Rights Directive requires the Annual General Meeting of publicly listed companies to resolve on the compensation of the members of the Supervisory Board at least every four years.

The compensation of Supervisory Board members is governed by § 18 of the Company's Articles of Association. Section 18 of the Company's Articles of Association was adopted in its current version by the Annual General Meeting on May 20, 2020 and reads:

#### ***"§ 18 Remuneration of the Supervisory Board***

- (1) Each member of the Supervisory Board shall receive an annual fixed remuneration of EUR 20,000. The Chairman shall receive twice this amount, the Deputy Chairman 1.5 times this amount.*
- (2) The members of the Supervisory Board shall additionally receive the following remuneration for their activities in Supervisory Board committees:*
  - a. Each member of the Audit Committee shall receive EUR 3,000, the Chairman of the Audit Committee shall receive twice this amount.*
  - b. Each member of another committee receives EUR 2,000, the chairman of another committee receives double this amount. Membership of the Nomination Committee shall not be taken into account.*

*Committee activities are taken into account for a maximum of two committees. If this number is exceeded, the two highest-paid memberships shall be decisive.*

- (3) *Supervisory Board members who are members of the Supervisory Board or a committee for only part of the fiscal year or who chair or vice-chair the Supervisory Board or a committee shall receive pro rata remuneration.*
- (4) *In addition, the members of the Supervisory Board shall receive an attendance fee of EUR 1,000 for each participation in a meeting of the Supervisory Board or its committees. Participation in telephone and video conferences or participation in a meeting by means of connection by telephone and video conference shall be remunerated accordingly with an attendance fee. For several meetings - whether of the Supervisory Board or of committees - that take place on one calendar day, an attendance fee shall be paid only once in total.*
- (5) *Furthermore, the members of the Supervisory Board, with the exception of the Chairman and his Deputy, shall receive remuneration of EUR 4,000 for chairing a General Meeting.*
- (6) *The remuneration shall be paid after the end of each quarter.*
- (7) *The Company shall reimburse the members of the Supervisory Board for expenses incurred in the exercise of their office, including any value added tax (VAT) payable on the remuneration and the reimbursement of expenses.*
- (8) *The Company shall include the performance of the duties of the members of the Supervisory Board in the coverage of a financial loss liability insurance policy taken out by the Company."*

The Annual General Meeting on December 14, 2021 had resolved to confirm the existing regulation in Section 18 of the Articles of Association of Biofrontera AG regarding the remuneration of the Supervisory Board, including the remuneration system for the members of the Supervisory Board presented to the Annual General Meeting on December 14, 2021, on which this remuneration is based.

- a) The Executive Board and the Supervisory Board propose to resolve on a new system for the remuneration of the members of the Supervisory Board as presented below:

Pursuant to § 113 of the Stock Corporation Act (AktG), the compensation of the members of the Supervisory Board shall be in an appropriate relationship to the responsibilities of the members of the Supervisory Board and to the situation of the Company. The members of the Supervisory Board do not perform any operational functions. The Supervisory Board rather contributes to the long-term development of the Company through its supervising activities. Attracting outstanding members of the Supervisory Board is essential for the optimal monitoring and advising of the Executive Board, which in turn makes a significant contribution to a successful business strategy and the long-term success of the Company. The remuneration should therefore also assume of a mandate appear sufficiently attractive from an economic point of view in order to be able to attract and retain outstanding mandate holders, which also requires consideration of the remuneration arrangements of other comparable listed companies (employee remuneration and employment conditions, on the other hand, are not of significant relevance for the remuneration system of the Supervisory Board).

The Executive Board and Supervisory Board consider a fixed compensation only for the members of the Supervisory Board to be best suited to ensure an independent fulfilment of the Supervisory Board's control function, as variable compensation, particularly regarding

issues relevant to supervision, could otherwise create a conflict of interests between the Executive Board and the Supervisory Board with regard to their own remuneration and an increased risk propensity. The granting of fixed remuneration only seems preferable in this respect.

Differentiated remuneration for the individual functions on the Supervisory Board generally considers the time and effort required of the Supervisory Board member in each case. Experience has shown that the efforts of the Chairman of the Supervisory Board and his deputy as well as the Chairman and members of the Audit Committee are higher, so that higher compensation is appropriate in this respect.

According to Recommendation C. 13 of the German Corporate Governance Code (as amended on December 16, 2019) ("Code"), the higher time commitment of the Chairman and Deputy Chairman of the Supervisory Board as well as the Chairman and members of committees should be appropriately considered in the compensation of Supervisory Board members. According to suggestion G. 18 of the Code, the compensation of the Supervisory Board should consist of a fixed compensation.

These aspects are appropriately reflected in the proposed revision of § 18 of the Articles of Association, which defines the remuneration of the Supervisory Board, whereby only the work of ordinary members of the Supervisory Board on the Audit Committee, which is particularly time-intensive, is to be remunerated additionally.

The compensation is payable after the end of each financial year.

There are no deferral periods for the payment of compensation components. Supervisory Board members who are members of the Supervisory Board or the Audit Committee for part of the financial year only, or who hold the position of Chairman or Vice-Chairman of the Supervisory Board or Chairman of the Audit Committee, receive remuneration on a pro rata basis. There are no promises of dismissal compensation, retirement pensions or early retirement arrangements. The Company reimburses the members of the Supervisory Board for expenses incurred in the performance of their duties, including any value-added tax payable on the remuneration and reimbursement of expenses, and includes the performance of the duties of the members of the Supervisory Board in the coverage of a financial loss liability insurance policy taken out by the Company.

The remuneration system for the Supervisory Board is adopted by the Annual General Meeting based on a proposal by the Executive Board and the Supervisory Board, in the same way as a remuneration regulation in the Articles of Association. At regular intervals, at the latest every four years, the Executive Board and Supervisory Board review whether the level and composition of Supervisory Board remuneration still appears to be in line with the market and suitable, and submit proposals for adjustments to the Annual General Meeting if necessary.

As the members of the Supervisory Board are involved in the structuring of the remuneration system applicable to them and must also submit resolution proposals in this respect to the Annual General Meeting in accordance with § 124 AktG, an unavoidable conflict of interest arises from the application of the law. However, this is effectively countered by the fact that the decision on the final determination of remuneration is assigned to the Annual General Meeting.

b) The Executive Board and Supervisory Board further propose that the following resolution be adopted to amend the Articles of Association in implementation of the remuneration system for Supervisory Board members described above:

§ 18 of the Articles of Association will be reworded as follows:

**"§ 18 Remuneration of the Supervisory Board**

- (1) *Each member of the Supervisory Board shall receive an annual fixed remuneration of EUR 22,000. The Chairman shall receive twice this amount, the Deputy Chairman 1.5 times this amount.*
- (2) *For their work on the Audit Committee of the Supervisory Board, those members of the Supervisory Board who are not simultaneously Deputy Chairman or Chairman of the Supervisory Board shall receive additional remuneration of EUR 3,000; the Chairman of the Audit Committee shall receive twice this amount.*
- (3) *Members of the Supervisory Board who are members of the Supervisory Board or the Audit Committee for only part of the financial year or who chair or vice-chair the Supervisory Board or chair the Audit Committee shall receive remuneration on a pro rata basis.*
- (4) *The remuneration shall be paid after the end of each financial year.*
- (5) *The Company shall reimburse the members of the Supervisory Board against invoice for expenses incurred in the exercise of their office, including any value added tax (VAT) payable on the remuneration and the reimbursement of expenses.*
- (6) *The Company shall include the performance of the duties of the members of the Supervisory Board in the coverage of a financial loss liability insurance policy taken out by the Company."*

The remuneration system for the Supervisory Board is adopted by the Annual General Meeting based on a proposal by the Executive Board and the Supervisory Board, in the same way as a remuneration.

**Agenda Item 7**

**Resolution on the approval of the remuneration report pursuant to § 162 AktG.**

Pursuant to § 162 Stock Corporation Act (AktG), the Executive Board and Supervisory Board of publicly listed companies are required to prepare an annual report on the remuneration granted and paid by the Company and companies in the same group (§ 290 of the German Commercial Code (HGB)) to each current or former member of the Management Board and Supervisory Board in the past financial year (remuneration report). The remuneration report for the 2021 financial year prepared by the Executive Board and Supervisory Board was audited by the auditor in accordance with the requirements of Section 162 (3) of the German Stock Corporation Act (AktG). The auditor's report is attached to the compensation report. Pursuant to Section 120a (4) AktG, the Annual General Meeting of the listed company shall resolve on the approval of the audited compensation report.

The Executive Board and the Supervisory Board propose that the audited remuneration report for the financial year 2021 prepared in accordance with Section 162 of the German Stock Corporation Act (AktG), together with the auditor's report on the remuneration report provided under II. below, be approved.

## II. Representation of the compensation report for the financial year 2021 together with the independent auditor's report

### Compensation Report

#### Remuneration system for the members of the Management Board:

##### Principles of the system for the remuneration of the members of the Management Board of Biofrontera AG.

The remuneration system for the Management Board aims to remunerate the members of the Management Board appropriately in accordance with their duties and responsibilities, taking into account the performance of each member of the Management Board and the success of the company. The structure of the remuneration system for the Management Board of Biofrontera AG aims to achieve a sustainable increase in the value of the company and success-oriented corporate governance. The remuneration system will apply to new contracts and contract extensions from December 2021. The performance of the Management Board members is appropriately taken into account through adequately and ambitiously set performance criteria within the variable remuneration components (pay for performance). Current market practice is taken into account when designing the compensation system.

In principle, the Supervisory Board is guided by the following guidelines when determining compensation levels and the compensation system:

- The compensation system in its entirety makes a significant contribution to promoting the business strategy.
- To this end, the variable compensation components in particular should also be linked to the achievement of strategic goals.
- The remuneration system and the performance criteria of its variable components incentivize the long-term and sustainable development of the Biofrontera Group.
- In this context, the strategic objectives formulated as part of the variable remuneration components are intended to ensure long-term and sustainable growth of the company.
- Furthermore, variable remuneration components with a multi-year character are intended to contribute to ensuring long-term developments, which are based on the price development of Biofrontera AG shares and thus link remuneration to the increase in earnings and to the interests of shareholders.

The remuneration system consists of

- a fixed basic remuneration, payable monthly, which takes into account the tasks and performance of the members of the Management Board ("**basic remuneration**"),
- a short-term variable compensation dependent on the achievement of the Company's annual performance targets in the form of an annual performance-related bonus ("**Short-Term Variable Compensation**"; "**STI**"), and
- long-term compensation in the form of a stock appreciation rights program ("SAR program"), which is therefore directly linked to the Company's performance and is intended to create an incentive for sustained commitment to the Company ("**long-term variable compensation**"; "**LTI**"),

together. The targets for short- and long-term variable remuneration are derived from Biofrontera AG's corporate strategy. In addition, fringe benefits customary in the market are granted.

Overall, the remuneration thus contributes to the long-term development of the company.

#### Target total compensation

The target total compensation for the individual Management Board members is calculated on the basis of 100% target achievement and comprises the basic compensation, the short-term variable compensation and the long-term variable compensation.

The Supervisory Board determines the level of target total compensation for each Management Board member in accordance with the compensation system.

In doing so, it shall take into account the economic situation as well as the success and future prospects of the Company in addition to an appropriate relationship to the duties and performance of the Management Board member. The Supervisory Board shall ensure that the target total compensation does not exceed the customary compensation without special justification.

The assessment of customary compensation is carried out both horizontally (external comparison/peer group comparison) and vertically (internal comparison).

#### Horizontal comparison

The peer group for assessing the marketability of total compensation is selected on the basis of the requirements of the Stock Corporation Act (in particular sector and size as well as international orientation).

The composition of the peer group is based on a peer group of listed companies in terms of sales, EBIT, number of employees and market capitalization. Furthermore, the peer group is selected as far as possible from a peer group of listed sector companies.

#### Vertical comparison

The compensation and employment conditions of employees are taken into account in the vertical comparison. This analysis is also carried out over the course of the last three years.

### **Compensation components in detail**

#### Fixed compensation components

The fixed compensation components granted to the members of the Management Board under the compensation system comprise basic compensation and fringe benefits. The members of the Management Board do not receive a pension commitment.

#### Basic compensation

The members of the Management Board receive basic compensation, which is paid in twelve equal monthly installments.

#### Fringe benefits

Fringe benefits are granted on the basis of service contracts with the individual members of the Management Board and may include, for example: Private use of company cars, special payments such as payment of tuition, housing, rent and relocation expenses, subsidies for pension insurance (with the exception of the pension commitments presented here), subsidies for accident, life and health insurance or other insurances. Fringe benefits may be provided on a



one-time or recurring basis. Fringe benefits shall not exceed an annual value of 10% of annual base compensation.

#### Short-term variable compensation (Short Term Incentives; "STI").

Members of the Management Board are entitled to short-term variable compensation which may result in an annual bonus payment. The short-term variable compensation is linked to the achievement of performance targets, the specific target values of which are agreed at the end of a fiscal year.

The STI payment is generally due one month after approval of the annual financial statements and the consolidated financial statements for the relevant fiscal year by the Company's Supervisory Board. If the Company terminates the employment relationship for good cause within the meaning of section 626 of the German Civil Code (BGB), the STI payment shall lapse for the fiscal year in which the termination takes effect.

#### Target amounts

Target amounts are agreed with the Management Board members in their service contracts, which are granted to them if they achieve 100% of their targets ("**STI target amounts**"). The amount of the STI target amounts is not to exceed 50% of the basic compensation in the case of 100% target achievement. The amount of short-term variable compensation depends on the degree of achievement of the agreed targets and can range from 0% to 200%. The exact payout is determined by multiplying the degree of target achievement by the STI target amount for the individual Management Board member. If the target is exceeded, an increase up to a maximum of 200% of the STI target amount (cap) takes place. If the target is achieved by up to 70%, the short-term variable compensation is reduced on a straight-line basis; if the target is achieved by less than 70%, the STI payment is cancelled completely.

#### Performance targets

In determining the annual target agreement, the Supervisory Board is guided by the following performance targets:

The assessment factors to be determined for the STI comprise financial and non-financial performance criteria and are mutually agreed at the end of each fiscal year for the following fiscal year in a target agreement. If no agreement is reached between the Management Board member and the Supervisory Board, the Supervisory Board shall decide on the assessment factors at its due discretion.

In addition to the Company's sales, earnings and profitability indicators shall be used as financial performance criteria (e.g. EBITDA (earnings before interest, taxes, depreciation and amortization), EBITDA margin). The Supervisory Board has the option of adjusting the earnings figure used for the valuation for extraordinary components.

In addition to criteria such as integrity, employee satisfaction and diversity as well as sustainability/environmental social governance (ESG) aspects, which should account for at least 10% of the overall target achievement, strategic criteria should be included in the target agreement as non-financial performance criteria. These can be, for example: the achievement of regulatory approvals, the successful completion of studies, the conclusion of important contracts, or the execution of financing.

A non-financial, strategic component is intended to take into account the contribution of the entire Management Board as well as the individual Management Board members to the implementation of the corporate strategy and thus also to the long-term development of the Company.

For the non-financial, strategic targets, the target agreement should comprehensively define the conditions under which the respective target is fully met (100% target achievement of the individual criterion) and which parameters are used to assess the degree of target achievement.

#### Calculation of target achievement

The total target achievement of the short-term variable compensation is calculated as the weighted average of the individual performance criteria and the degree of target achievement for each criterion. In the weighting of target achievement, the financial performance criteria should generally account for up to 55%, the non-financial criteria for up to 45%.

#### Short-term variable compensation in the event of exceptional developments and performance by a member of the Management Board

In justified exceptional cases, the Supervisory Board may also grant members of the Management Board a special bonus, the amount of which shall be at the discretion of the Supervisory Board, but which may not exceed EUR 50,000 (gross) per fiscal year and Management Board member. The resolution on the existence of an exceptional case, which shall indicate the scope and quality of the extraordinary performance of the Management Board member, shall also specify in more detail the concrete amount of a special bonus and the time of payment by the Supervisory Board.

#### Long-term variable compensation (long-term incentive; "LTI")

Stock appreciation rights ("**SARs**") are granted to Management Board members as a long-term performance component. An annual target amount of 150% of the STI target amount ("**LTI target amount**") is agreed with the Management Board members. The number of SARs granted each year is equal to the LTI target amount divided by the economic value of the SARs at the grant date. The economic value per SAR to be used corresponds to the intrinsic value determined on the basis of the non-weighted average closing prices of the Company's shares in the closing auction in Xetra trading on the Frankfurt Stock Exchange or a corresponding successor system on the 15 trading days prior to the grant date. Upon exercise of the SARs, the Management Board members receive a payment based on the Company's share price performance.

#### Exercise requirements

SARs can only be exercised,

- (i) if the reference price at the beginning of the respective exercise window exceeds the issue price by at least 20%, and

and

- (ii) if, in addition, the reference price has performed as well as or better than the "MSCI World Health Care Index TR" or a comparable successor index ("**reference index**") on a percentage basis compared with the issue price in the period from the last trading day before the issue date to the 5th trading day (in each case the last calculation of the index on a day after USA Eastern Standard Time (EST)) before the start of the respective exercise window ("**reference period**"). If the reference index is a total return index, dividends and other distributions paid by the Company to shareholders during the reference period shall be taken into account in the calculation of the performance in the amount of their gross amount.

The "**issue price**" corresponds to the non-weighted average closing price of the shares of the Company between the 15th and the last trading day preceding the issue date (inclusive).

The "**Reference Price**" shall correspond to the non-weighted average closing price of the shares of the Company between the 15th and the 5th trading day (each inclusive) prior to the beginning of the respective exercise window.

"**Closing prices**" are the prices determined in the daily closing auction in Xetra trading on the Frankfurt Stock Exchange or in a corresponding successor system. If a closing auction does not take place on relevant trading days or if no closing price is determined there, the last price determined in continuous trading shall be used as the closing price, provided that such a price was determined on the relevant trading day.

"**Trading days**" shall mean all days on which the Frankfurt Stock Exchange is open for securities trading.

#### Payout amount

The payout amount is calculated as follows:

$$\text{Reference price} - \text{base amount} = \text{payout amount per SAR (gross)}.$$

The "**base amount**" corresponds to the lowest issue price for Biofrontera AG shares pursuant to Section 9 (1) of the German Stock Corporation Act (AktG).

#### Limitation of the amount paid out (cap)

SARs for which exercise conditions otherwise exist cannot be exercised if and to the extent that the gross proceeds from all exercised SARs granted to the Management Board member would exceed the basic compensation plus fringe benefits actually received by the Management Board member since the first grant of SARs by more than 300% without this cap.

#### Restriction periods

SARs may be exercised for the first time after a vesting period.

- a) The vesting period for 15% of SARs granted on an issue date is one year after the respective issue date;
- b) The vesting period for a further 25% of the SARs granted on an issue date is two years after the respective issue date;
- c) The vesting period for an additional 25% of the SARs granted on an issue date is three years after the respective issue date;
- d) The vesting period for the remaining 35% of the SARs granted on an issue date is four years after the respective issue date.

After expiration of the respective vesting period, the SARs may be exercised until the end of six years after the respective issue date. After this period, the right to exercise the SARs ends and the SARs not exercised by then expire without replacement.

#### Personal investment

Under the SARs terms and conditions, Management Board members are also required to make a personal investment in shares of the Company in such a way that the personal investment must be made within six months of the exercise date of the SARs in the amount of 25% of the payment amount (gross) and that the acquired shares of the Company may not be sold until at least four years after the SARs have been granted.

#### Share Ownership Guidelines

In order to further increase the long-term incentive effect of the variable compensation and thus its focus on sustainable corporate development, the Management Board members are also obligated in their Management Board contract to acquire a number of shares in the Company to be determined by the Supervisory Board and to hold them until the end of this service contract ("**Share Ownership Guideline**"). However, the total acquisition expense (including incidental acquisition costs) to be borne by the Management Board member is limited per fiscal year to an amount equivalent to 25% of the STI payment (gross) granted to him for the previous fiscal year.

#### Blocking periods

Blocking periods relating to acquired shares in the Company imposed on Management Board members end prematurely if, after the Management Board member has left the Company, the Company announces that the listing of the shares on the regulated market in Germany will be terminated.

#### Possibilities of the Company to reclaim variable compensation components

The Supervisory Board may determine that variable compensation components of the STI and/or LTI that have not yet been paid out are to be retained in full or in part and not paid out ("**claw back**") in the event of serious misconduct by the Management Board member. The Supervisory Board decides on the claw-back at its due discretion. Serious misconduct by the Management Board member in this sense is to be assumed in particular,

- a) if he at least grossly negligently breaches his duties under § 93 AktG or
- b) if he has at least grossly negligently violated internal standards of conduct or internal guidelines laid down in text form which have or had serious consequences for the Company, or
- c) in the event of at least grossly negligent conduct relevant under criminal law in the exercise of his office as a member of the Board of Management, or
- d) in the event of a deliberate violation of other statutory provisions in the exercise of the office as a member of the Board of Management.
- e) The same applies in the event of serious misconduct by employees of the Company or the Group, in particular at least grossly negligent violations of provisions of criminal law or compliance-relevant provisions, which was recognized by the Management Board member in his capacity as the employee's supervisor and was not immediately prevented or which should have been recognized and immediately prevented by exercising the due care of an Management Board member.

With regard to payments from the STI, clawback is only permissible for the fiscal year in which the misconduct occurred, but not for previous or subsequent years. With regard to payments from the LTI, a clawback is permissible if and to the extent that the serious misconduct occurred within the four years following the granting of the entitlement from the LTI (i.e. since the SARs were granted).

A claw back of the STI is also permissible in the event of grossly negligent misconduct that was discovered after the relevant annual financial statements were approved and audited and that led to a subsequent correction of the Company's annual financial statements. In this case, the claw back is allowed to the extent that the STI was overstated on the uncorrected basis.

If there is a case of claw back in accordance with the above provisions, amounts of the STI and/or the LTI that have already been paid out and could therefore have been retained may also be

reclaimed. Such a claim for repayment is permissible for the year in which the claim was made and the previous three fiscal years, calculated from the date on which the Supervisory Board became aware of the facts triggering the claim for repayment.

Amounts withheld under the claw-back or repaid by the Management Board member shall be offset against any claim for damages by the Company resulting from the misconduct of the Management Board member.

#### Commitments to members of the Board of Management in the event of resignation

The Supervisory Board may determine exit regulations for each compensation component and for each case in which the employment relationship of a member of the Management Board or the appointment as a member of the Management Board ends. This includes cases such as retirement or full or partial reduction in earning capacity, death, ordinary termination of the service contract or termination of the service contract for good cause, dismissal from office for good cause, transfer of a service contract to the major shareholder of the Company or to a company affiliated with the major shareholder of the Company. For each of these cases, the Supervisory Board may determine in advance what requirements apply in order for individual or all compensation components to be paid either in full or in part, early or delayed, to the members of the Management Board or - in the event of death - to the heirs of the member of the Management Board concerned, or to lapse.

In this context, any payment of variable compensation components shall be made exclusively in accordance with the agreed targets and comparison parameters and the due dates or holding periods specified in the respective plan conditions.

Payments to a member of the Management Board on premature termination of his contract shall not exceed the value of two years' compensation assuming 100% target achievement (severance payment cap) and shall not compensate more than the remaining term of the employment contract.

Commitments for benefits in the event of premature termination of the employment contract by the Management Board member as a result of a change of control should not be agreed.

The Supervisory Board may agree a post-contractual non-competition clause with members of the Management Board for a period of up to two (2) years. If such a post-contractual non-competition clause takes effect, the members of the Management Board may receive compensation amounting to up to half of their respective basic compensation per year of the respective period of validity of the post-contractual non-competition clause. Payments under a post-contractual non-competition clause are to be offset against any severance payments.

#### Compensation system in the event of special and exceptional circumstances

In special and exceptional circumstances (e.g. in the event of a severe financial or economic crisis), the Supervisory Board has the right to temporarily deviate from the compensation system pursuant to Section 87a (2) sentence 2 AktG and to amend the rules relating to the compensation structure and the individual compensation components as well as the rules on the respective procedure, provided this is necessary in the interests of the long-term welfare of the Company. Unfavorable market developments shall not be deemed to be special and exceptional circumstances permitting a deviation from the compensation system.

#### Maximum compensation

The following maximum amounts apply:

In Euro	Chairman of the Management Board	Other members of the Management Board
Basic remuneration	500.000 p.a.	350.000 p.a.
Fringe benefits	Max. 10 % of basic compensation	Max. 10 % of basic compensation
STI	200% of the STI target amount p.a., which should not exceed 50% of the basic compensation if 100% of the target is achieved	200% of the STI target amount p.a., which should not exceed 50% of the basic compensation if 100% of the target is achieved
LTI	SARs for which exercise requirements are otherwise met cannot be exercised if and to the extent that the gross proceeds generated from all exercised SARs granted to the Management Board member would exceed the basic compensation plus fringe benefits actually received by the Management Board member since the first grant of SARs by more than 300% without this limit.	SARs for which exercise requirements are otherwise met cannot be exercised if and to the extent that the gross proceeds generated from all exercised SARs granted to the Management Board member would exceed the basic compensation plus fringe benefits actually received by the Management Board member since the first grant of SARs by more than 300% without this limit.
Potential additional short-term variable compensation in the event of exceptional developments and performance by a member of the Management Board	50.000 p.a.	50.000 p.a.

#### Relative share of individual compensation components

The Supervisory Board observes an appropriate ratio of the individual compensation components to the target total compensation. The share of the Management Board members' compensation components in the target total compensation based on 100% target achievement in the STI and payment of the LTI in the amount of the respective LTI target amount is as follows:

Basic compensation	44 %
STI compensation	22%
LTI compensation	33%

The share of the Management Board members' compensation components in the target total compensation based on 200% of the STI target amount and 300% of the LTI target amount is as follows:

Basic compensation	23,5%
STI compensation	23,5%
LTI compensation	53%

The above percentages are based on the assumptions made. The actual percentages may deviate in future fiscal years and in the event of the appointment of new members of the Management Board. The deviations may result in particular from the achievement of STI and LTI targets and from annual expenses relating to fringe benefits.

### Procedures for determining, reviewing and implementing the compensation system

The compensation of the Board of Management is determined by the Supervisory Board as a whole. To this end, the Personnel Committee of the Supervisory Board prepares corresponding recommendations. If necessary, independent external advisors are consulted. In accordance with the Rules of Procedure for the Supervisory Board, the members of the Supervisory Board are required to report any conflicts of interest without delay. The Supervisory Board designs the system for the compensation of Management Board members taking into account applicable laws and regulations, in particular the requirements of the German Stock Corporation Act (AktG) as amended, regulatory requirements and the provisions of the German Corporate Governance Code. In doing so, it ensures clarity and comprehensibility. The Supervisory Board determines the specific target total compensation on the basis of the compensation system. The Management Board compensation system thus adopted by the Supervisory Board is submitted to the Annual General Meeting for a resolution on its approval.

The Supervisory Board regularly reviews the Management Board compensation system and the appropriateness of the compensation. The Personnel Committee of the Supervisory Board also prepares corresponding recommendations. At the end of a fiscal year, the Supervisory Board also agrees with the Management Board on the specific target values for the short-term variable Management Board compensation for the following fiscal year in a target agreement. In accordance with the requirements of Section 120a (1) of the German Stock Corporation Act (AktG), the Supervisory Board will submit the compensation system for the members of the Management Board to the Annual General Meeting for approval in the event of significant changes, but at least every four years.

In accordance with the statutory provision (Section 87a (2) AktG), the Supervisory Board may, at the proposal of the Personnel Committee, temporarily deviate from the components of the compensation system described below in exceptional circumstances if this is necessary in the interests of the long-term welfare of the Company.

### Consideration of employees' remuneration and employment conditions when determining the compensation system

When determining the remuneration system and the specific amount of remuneration, the Supervisory Board also takes into account the employment conditions of the employees in the Biofrontera Group. For this purpose, the Supervisory Board has defined the senior management circle in the Biofrontera Group and distinguished it from the Management Board on the one hand and the total workforce in the Biofrontera Group on the other. As part of the regular review of the appropriateness of the remuneration of the Management Board, the Supervisory Board examines in particular whether any need for adjustment of the remuneration of the Management Board arises from changes in the relations between the remuneration of the Management Board, the senior management and the total workforce. In doing so, the Supervisory Board also takes into account the development of the compensation of the groups described over time.

### Conflicts of interest

The Supervisory Board shall take appropriate measures to ensure that potential conflicts of interest of the Supervisory Board members involved in the deliberations and decisions on the compensation system are avoided and, if necessary, resolved. In this context, each member of the Supervisory Board is obliged to disclose conflicts of interest to the Chairman of the Supervisory Board. The Chairman of the Supervisory Board shall disclose any conflicts of interest affecting him to his deputy. A decision on how to deal with an existing conflict of interest shall be made on a case-by-case basis. In particular, a Supervisory Board member affected by a conflict of interest may not attend a meeting or individual deliberations and decisions of the Supervisory Board or may abstain from voting.

### Terms of Management Board employment contracts

The agreed term of the employment contracts of the Management Board members corresponds to the term of the intended appointment as a member of the Management Board. In the case of an initial appointment, the Supervisory Board shall determine the duration of the appointment in a manner appropriate to the individual case and oriented to the welfare of the Company, whereby the term of appointment shall in principle not exceed three years. The reappointment period shall be a maximum of five years, taking into account the provision of § 84 AktG. In the event of a reappointment of the Management Board member, the employment contract shall be extended in line with the duration of a reappointment; otherwise it shall end automatically, without the need for notice of termination, on expiry of the scheduled regular term of appointment. Any extension of the employment contract or reappointment shall be finally discussed with the Management Board member no later than 15 months before the expiry of the employment contract or term of appointment and a decision taken 10 months before expiry.

### Compensation system in the event of special and exceptional circumstances

In special and exceptional circumstances (e.g. in the event of a serious financial or economic crisis, restructuring of the Group under company law such as spin-offs, acquisitions or sales of companies, or similar significant M&A transactions), the Supervisory Board has the right to temporarily deviate from the compensation system in accordance with Section 87a (2) Sentence 2 AktG and to amend the rules relating to the compensation structure and individual compensation components as well as the rules on the respective procedure, provided this is necessary in the interests of the long-term well-being of the Company. A deviation from the compensation system is only possible by a corresponding resolution of the Supervisory Board and after careful examination of the necessity. The components of the compensation system from which deviation is possible in the above circumstances are the procedure, the compensation structure, the individual compensation components and their performance criteria. Furthermore, in this case the Supervisory Board may temporarily grant additional compensation components or replace individual compensation components with other compensation components to the extent necessary to restore the appropriateness of Management Board compensation in the specific situation.

### **Compensation in fiscal year 2021**

The total compensation for members of the Management Board in the 2021 financial year and the total number of stock options issued to members of the Management Board on December 31, 2021 are as follows:



Term	Ludwig Lutter		Prof. Dr. Hermann Lübbert		Thomas Schaffer	
	CEO		CFO		CFO	
	March 01, 2021	incubent 2020	February 01, 1998	December 13, 2021	June 01, 2013	February 28, 2021
in EUR thousands (unless otherwise indicated)	2021	2020	2021	2020	2021	2020
Fixed component of compensation	231	0	372	322	46	244
Compensation in kind	11	0	7	9	2	13
Severance pay	0	0	0	0	210	0
Total fixed compensation	242	0	379	331	258	257
Short-term incentive (variable, STI)	0	0	177	0	123	0
Long-term incentive (variable, LTI), thereof from						
Stock options (maturity May 13, 2025)						
Fair value of options granted	0	0	0	0	0	0
Income from exercising stock options	0	0	0	86	0	54
Stock Appreciation Rights (SARs) (maturity May 3, 2030)						
Fair value of SARs	45	0	65	290	0	218
Income from exercising SARs	0	0	0	0	0	0
Total LTI	45	0	65	376	0	272
Total performance-based compensation	45	0	242	376	123	272
Total compensation	287	0	621	707	381	529
Number of stock options (Dec 31)	0	0	70,000	164,495	0	100,000
Number of stock options granted	0	0	0	0	0	0
Fair value when granted	0	0	0	0	0	0
Number of SARs (Dec 31)	132,353	0	30,000	200,000	83,327	150,000
Number of SARs granted	132,353	0	191,176	200,000	0	150,000
Fair value when granted	45	0	65	290	0	218

The non-performance-related compensation component amounts to 84% of total compensation for Mr. Lutter and 61% for Prof. Dr. Lübbert (previous year: 47%). The non-performance-related compensation of Mr. Schaffer amounts to 68% (prior year: 49%).

The maximum compensation of the Management Board members from the non-performance-related and the one-year performance-related compensation (bonus) amounts to EUR 780 thousand for Prof. Dr. Lübbert and EUR 540 thousand for Ludwig Lutter. With regard to the maximum compensation from the multi-year variable compensation, we refer to the following explanations on the stock option program and SAR program.

The existing service agreements provide that - depending on the achievement of targets to be agreed - an annual bonus is to be granted. The assessment factors are mutually agreed at the end of each fiscal year for the following fiscal year in a target agreement. The 2020 target

agreement provided for the following: Sales amount (40%), Profit after tax (15%), Achievement of break-even in Q4-2020 (15%), Approval FDA for acne study (10%), Completion of PK study (10%), Conclusion of a contract with a new Ameluz® manufacturer (10%) are mutually agreed at the end of each fiscal year for the following fiscal year in a target agreement.

The aforementioned performance criteria set for 2020 were achieved at a rate of 93.35%, resulting in a bonus payment of 93,350.00 for Prof. Hermann Lübbert and 65,345.00 for Mr. Thomas Schaffer) in fiscal 2021.

The benchmark for target achievement for revenue and earnings after tax was revenue and earnings after tax, respectively, according to the consolidated statement of comprehensive income for 2020 as approved by the Supervisory Board; for break-even in Q4-2020, target achievement was defined as positive operating result according to the unaudited consolidated statement of comprehensive income for Q4 2020. Approval of the acne study by the FDA was deemed to have been achieved upon submission and deadline extension without objections by the FDA for implementation. Closure of the database for the PK study was considered finalized. Finalized is considered the contract with a new manufacturer of Ameluz with signature of both parties.

In addition, Prof. Lübbert and Mr. Schaffer received a special bonus for successfully completed financing measures (amounting to 83,500 euros for Prof. Lübbert and 58,000 euros for Thomas Schaffer). Here, the cash inflow from financing activities in accordance with the consolidated cash flow statement for 2020 adopted by the Supervisory Board formed the benchmark for the achievement of the target.

In order to further increase the long-term incentive effect of the variable compensation and thus its focus on sustainable corporate development, the members of the Management Board have undertaken to hold ordinary shares in the Company as private assets for stock options granted under the 2015 stock option program, thus entering into a personal commitment, for a period of three years beginning one month after the issue date of the options ("blocked shares"). The amount of the personal commitment differs in detail for the respective Management Board members. If restricted shares are sold prematurely, which must be reported to the Chairman of the Supervisory Board without delay, the Company may demand the retransfer of a corresponding number of stock options free of charge within one month of notification of the sale, whereby the options granted last are always to be retransferred (last in first out). A retransfer is not possible if the Management Board member can demonstrate that the sale of the restricted shares was necessary to meet urgent financial obligations. The range of exercise prices for outstanding options is between EUR 2.237 and EUR 6.695, the range of fair value of outstanding options is between EUR 1.00 and EUR 2.55. The exercise price of the options is between EUR 1.00 and EUR 2.55. The exercise price of the options is between EUR 2.237 and EUR 6.695. After expiry of the respective vesting period, the option rights may be exercised until the end of six years after the respective issue date (exclusive).

As a long-term performance component, the Management Board member will be granted stock appreciation rights ("SARs") as part of the service contract, starting with the 2020 financial year (long-term incentive, "LTI"). An annual target amount of 150% of the STI target amount ("LTI target amount") has been agreed. The number of SARs granted each year is equal to the LTI target amount divided by the economic value of the SARs at the grant date. SARs for which vesting conditions otherwise apply cannot be exercised if and to the extent that the gross proceeds from all exercised SARs granted to the Management Board Chairman would exceed the Management Board member's gross fixed compensation actually received since the first grant of SARs by more than 300% without this limit.

To the extent that terms and conditions of the SAR program provide for a personal investment, it is agreed, in derogation of any SAR terms and conditions, that the personal investment must necessarily be made within six months of the exercise date in the amount of 25% of the payout amount (gross) and that the acquired shares in the Company may not be sold for at least four years after the granting of the SARs.

To further increase the long-term incentive effect of the variable compensation and thus its focus on sustainable corporate development, the Management Board member undertakes to acquire up to 100,000 shares in the Company and to hold them until the end of this service agreement (share ownership guideline). However, the total acquisition expense (including incidental acquisition costs) to be borne by the Management Board member is limited per fiscal year to an amount equivalent to 25% of the target achievement bonus granted to him for the previous fiscal year.

## **Compensation Report Supervisory Board**

### Compensation system for members of the Supervisory Board

Pursuant to Section 113 of the German Stock Corporation Act (AktG), the compensation of the members of the Supervisory Board shall be commensurate with the tasks of the Supervisory Board members and the situation of the Company. The members of the Supervisory Board are not involved in operational activities. Rather, the Supervisory Board contributes to the long-term development of the Company through its monitoring activities. Recruiting outstanding members of the Supervisory Board is a prerequisite for providing the best possible supervision and advice to the Management Board, which in turn makes a significant contribution to a successful business strategy and the long-term success of the Company. The compensation should therefore also make the assumption of a mandate appear sufficiently attractive from an economic point of view to be able to attract and retain outstanding mandate holders, which also requires consideration of the compensation arrangements of other comparable listed companies (the compensation and employment conditions of the employees, on the other hand, are not of material importance for the compensation system of the Supervisory Board).

The Management Board and Supervisory Board are of the opinion that purely fixed compensation for the members of the Supervisory Board is best suited to ensure independent fulfillment of the Supervisory Board's monitoring function, as variable compensation, particularly in matters relevant to monitoring, could otherwise create a convergence of interests between the Management Board and the Supervisory Board with regard to their own compensation. The granting of purely fixed compensation seems preferable in this respect. Differentiated compensation for the individual functions on the Supervisory Board generally takes into account the workload incurred by the Supervisory Board member in each case. Experience has shown that the workload is particularly high for the Chairman of the Supervisory Board and his deputy, as well as for the chairmen and members of the committees, so that higher compensation is envisaged in this respect. According to Recommendation C. 13 of the German Corporate Governance Code (as amended on December 16, 2019) ("Code"), the higher time expenditure of the Chairman and Deputy Chairman of the Supervisory Board as well as the Chairman and members of committees should be appropriately taken into account in the compensation of Supervisory Board members. According to suggestion G. 18 of the Code, the compensation of the Supervisory Board should consist of a fixed compensation. These aspects are appropriately reflected in the determination of Supervisory Board compensation in the current version of Art. 18 of the Articles of Association.

The compensation is payable after the end of each quarter. There are no deferral periods for the payment of compensation components.

Supervisory Board members who are members of the Supervisory Board or a committee for only part of the fiscal year, or who chair or vice-chair the Supervisory Board or chair a committee, receive compensation on a pro rata basis.

There are no promises of compensation for dismissal, retirement or early retirement.

The Company reimburses the members of the Supervisory Board for expenses incurred in the performance of their duties, including any value-added tax payable on the compensation and the reimbursement of expenses, and includes the performance of the duties of the members of the Supervisory Board in the coverage of a pecuniary loss liability insurance policy taken out by the Company.

The compensation system for the Supervisory Board is adopted by the Annual General Meeting on the basis of a proposal by the Management Board and the Supervisory Board, in the same way as a compensation regulation in the Articles of Association. At regular intervals, at the latest every four years, the Management Board and Supervisory Board review whether the level and composition of Supervisory Board compensation still appears to be in line with the market and appropriate and, if necessary, submit proposals for adjustments to the Annual General Meeting.

As the members of the Supervisory Board are involved in the structuring of the compensation system relevant to them and must also submit resolution proposals in this respect to the Annual General Meeting in accordance with § 124 AktG, an unavoidable conflict of interest arises from the application of the law. However, this is effectively counteracted by the fact that the decision on the ultimate determination of compensation is assigned to the Annual General Meeting.

Pursuant to Section 113 (3) sentences 1 and 2 of the German Stock Corporation Act (AktG), the Annual General Meeting of listed companies must pass a resolution on the compensation of Supervisory Board members at least every four years, whereby a resolution confirming the compensation is permissible. The compensation of Supervisory Board members is governed by § 18 of the Company's Articles of Association. Section 18 of the Company's Articles of Association was adopted in its current version by the Annual General Meeting on December 14, 2021 and reads:

**" § 18 Compensation of the Supervisory Board**

*(1) Each member of the Supervisory Board shall receive an annual fixed remuneration of EUR 20,000. The Chairman shall receive twice this amount, the Deputy Chairman 1.5 times this amount.*

*(2) The members of the Supervisory Board shall additionally receive the following compensation for serving on committees of the Supervisory Board:*

*a. Each member of the Audit Committee shall receive EUR 3,000, the Chairman of the Audit Committee shall receive twice this amount.*

*b. Each member of another committee receives EUR 2,000, the chairman of another committee receives double this amount. Membership of the Nomination Committee is not taken into account.*

*Committee activities are taken into account for a maximum of two committees. If this number is exceeded, the two highest-paid memberships shall be decisive.*

(3) Supervisory Board members who are members of the Supervisory Board or a committee for only part of the fiscal year or who chair or vice-chair the Supervisory Board or chair a committee shall receive pro rata remuneration.

(4) In addition, the members of the Supervisory Board shall receive an attendance fee of EUR 1,000 for each participation in a meeting of the Supervisory Board or its committees. Participation in telephone and video conferences or participation in a meeting by means of connection by telephone and video conference shall be remunerated accordingly with an attendance fee. For several meetings - whether of the Supervisory Board or of committees - held on one calendar day, an attendance fee shall be paid only once in total.

(5) Furthermore, the members of the Supervisory Board, with the exception of the Chairman and his Deputy, shall receive a remuneration of EUR 4,000 for chairing a General Meeting.

(6) The remuneration shall be paid after the end of each quarter.

(7) The Company shall reimburse the members of the Supervisory Board for expenses incurred in the exercise of their office, including any value-added tax (VAT) payable on the remuneration and the reimbursement of expenses.

(8) The Company shall include the performance of duties by the members of the Supervisory Board in the coverage of a pecuniary damage liability insurance policy taken out by the Company."

## Compensation in fiscal year 2021

The total compensation of the members of the Supervisory Board in fiscal year 2021 is as follows:

in EUR thousands	Fixed compensation		Committee activity		Attendance fee		Total	
	in TEUR	in %	in TEUR	in %	in TEUR	in %	in TEUR	in %
Dr. Ulrich Granzer (Supervisory Board: chair) ** ***	38	73	2	4	12	23	52	100
Jürgen Baumann (Supervisory Board: vice chair; Personnel Committee: chair) * **	29	59	7	14	13	26	49	100
John Borer* ** ***	19	55	5	14	11	32	35	100
Reinhard Eyring ***	19	63	0	0	11	37	30	100
Prof. Dr. Franca Ruhwedel (Audit Committee: Chair)*	19	41	6	13	22	47	47	100
Kevin Weber	19	70	0	0	8	30	27	100
Gesamt	143	0	20	0	77	0	240	0
* Member Audit Committee								
** Member Personnel Committee								
*** Member Nominating Committee (unremunerated)								

in EUR thousands	Fixed compensation		Committee activity		Attendance fee		Total	
	in TEUR	in %	in TEUR	in %	in TEUR	in %	in TEUR	in %
Wilhelm K.T. Zours (Supervisory Board: Chair) **	2	100	0	0	0	0	2	100
Dr. Jörgen Tielmann (Supervisory Board: Vice Chair)	1	40	0	0	2	60	3	100
Dr. Heikki Lanckriet**	1	40	0	0	2	60	3	100
Dr. Helge Lubenow (Personnel Committee: Chair)* **	1	40	0	0	2	60	3	100
Prof. Dr. Franca Ruhwedel (Audit Committee: Chair)*	1	39	0	0	2	61	3	100

Karlheinz Schmelig*	1	40	0	0	2	60	3	100
Gesamt	7	0	0	0	8	0	15	0
* Member Audit Committee								
** Member Personnel Committee								

### Vertical comparison

Change 2021 vs. 2020	
Compensation of Management Board members	
Prof. Dr. Herman Lübbert	68%
Thomas Schaffer	48%
Ludwig Lutter*	-
Compensation Supervisory Board members	
Dr. Ulrich Granzer	48%
Jürgen Baumann	114%
John Borer	132%
Reinhard Eyring	58%
Prof. Dr. Franca Ruhwedel	122%
Kevin Weber	81%
Wilhelm K.T. Zours*	-
Dr. Heikki Lanckriet*	-
Dr. Helge Lubenow*	-
Prof. Dr. Franca Ruhwedel*	-
Karlheinz Schmelig*	-
Dr. Jörgen Tielmann*	-
Average compensation of employees	
Employees in Europe	8%**
*First payment in reporting year	
**Corona-related short-time working in base year 2020	

In the presentation of average employee compensation, all employees of the European Group companies (excluding the Executive Board) were included. In addition to wages and salaries, average compensation also includes expenses for retirement benefits; social security contributions were not included. The compensation of part-time employees was extrapolated to full-time equivalents.

### **Independent Auditor's Report**

To Biofrontera AG, Leverkusen, Germany

### **Report on the audit of the annual financial statements and the combined management report**

#### **Audit Opinions**

We have audited the annual financial statements of Biofrontera AG, Leverkusen, comprising the balance sheet as of December 31, 2021 and the income statement for the fiscal year from January 1, 2021 to December 31, 2021, and the notes to the financial statements, including a description of the accounting policies. We have also audited the combined management report of Biofrontera AG, Leverkusen, comprising the contents included to comply with sections 289,

289a, 315, 315a of the German Commercial Code (HGB) and the compensation report included in the section "Compensation Report" of the combined management report, including the related disclosures for the business year from January 1, 2021 to December 31, 2021. In accordance with German legal requirements, we have not audited the content of the corporate governance statement pursuant to § 289f and § 315d HGB referred to in the combined management report.

In our opinion, based on the findings of our audit, the consolidated financial statements are as follows

- the attached annual financial statements comply in all material respects with the provisions of German commercial law applicable to corporations and give a true and fair view of the net assets and financial position of the Company as of December 31, 2021 and of its results of operations for the fiscal year from January 1, 2021 to December 31, 2021 in accordance with German principles of proper accounting; and
- the accompanying combined management report as a whole provides a suitable view of the Company's position. In all material respects this combined management report is consistent with the annual financial statements, complies with German legal requirements, and accurately presents the opportunities and risks of future development. Our audit opinion on the combined management report does not cover the content of the aforementioned corporate governance statement.

In accordance with Section 322 (3) Sentence 1 of the German Commercial Code (HGB), we declare that our audit has not led to any reservations concerning the propriety of the annual financial statements and the combined management report.

### **Basis for the audit judgments**

We conducted our audit of the annual financial statements and the combined management report in accordance with Section 317 of the German Commercial Code (HGB) and the EU Regulation on Statutory Auditors (No. 537/2014; hereafter "EU-APrVO") in accordance with German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Our responsibility under those provisions and standards is further described in the section "Auditor's Responsibility for the Audit of the Annual Financial Statements and the Combined Management Report" of our auditor's report. We are independent of the Company in accordance with European law and German commercial and professional regulations and have fulfilled our other German professional obligations in accordance with these requirements.

Furthermore, in accordance with Article 10 (2) (f) EU-APrVO, we declare that we have not performed any prohibited non-audit services in accordance with Article 5 (1) EU-APrVO. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the annual financial statements and the combined management report.

### **Particularly important audit matters in the audit of the annual financial statements**

We have determined that there are no matters of particular significance to be disclosed in our audit opinion.

### **Other information**

The legal representatives or, as the case may be, the Supervisory Board are responsible for the other information. The other information comprises

- the corporate governance statement pursuant to sections 289f and 315d of the German

Commercial Code (HGB), and

- the assurance of the legal representatives in accordance with section 264 (2) sentence 3 HGB and section 289 (1) sentence 5 HGB on the annual financial statements and the combined management report,
- but not the financial statements, the content of the audited information in the combined management report, and our audit opinion thereon.

The declaration pursuant to Section 161 of the German Stock Corporation Act (AktG) on the German Corporate Governance Code, which forms part of the corporate governance statement, is the responsibility of the legal representatives and the Supervisory Board. Otherwise, the legal representatives are responsible for the other information.

Our audit opinions on the financial statements and the combined management report do not cover the other information and, accordingly, we do not express an audit opinion or any other form of conclusion thereon.

In connection with our audit, we have a responsibility to read the other information referred to above and, in doing so, assess whether the other information is

- are materially inconsistent with the financial statements, the content of the audited information in the combined management report, or our knowledge obtained in the audit; or
- otherwise appear to be materially misrepresented.

If, based on our work, we conclude that there has been a material misstatement of such other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibility of the legal representatives and the Supervisory Board for the annual financial statements and the combined management report**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with German principles of proper accounting and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. financial position and results of operations of the Company. Furthermore, management is responsible for the internal control system that it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, in accordance with German generally accepted accounting principles.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern. They are also responsible for disclosing, as applicable, matters related to going concern. Furthermore, they are responsible for preparing the financial statements on the basis of the going concern principle, unless factual or legal circumstances prevent this.

Furthermore, management is responsible for the preparation of the combined management report, which as a whole provides a suitable view of the Company's position, is consistent in all material respects with the annual financial statements, complies with German legal requirements, and suitably presents the opportunities and risks of future development. Furthermore, management is responsible for the arrangements and measures (systems) that it has determined are necessary to enable the preparation of a combined management report in accordance with the applicable German legal requirements and to provide sufficient appropriate evidence to support the statements in the combined management report.

The Supervisory Board is responsible for overseeing the Company's financial reporting process



for the preparation of the annual financial statements and the combined management report.

Management and the Supervisory Board are further responsible for the preparation of the compensation report, including the related disclosures, included in a separate section of the combined management report, which complies with the requirements of Section 162 AktG. They are also responsible for such internal control as they determine is necessary to enable the preparation of a compensation report, including the related disclosures, that is free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility for the Audit of the Annual Financial Statements and the Combined Management Report**

Our objective is to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides a suitable view of the Company's position and is consistent, in all material respects, with the annual financial statements and the audit findings, complies with German legal requirements, and suitably presents the opportunities and risks of future development, and to issue an auditor's report that includes our audit opinion on the annual financial statements and the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee, that an audit conducted in accordance with § 317 HGB and the EU-APrVO and in compliance with German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) conducted audit consistently detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements and combined management report.

During the audit, we exercise professional judgment and maintain a critical attitude. Furthermore

- Identify and assess the risks of material misstatement of the annual financial statements and the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion. The risk of not detecting a material misstatement is higher in the case of noncompliance than in the case of inaccuracy, as noncompliance may involve fraud, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the financial statements and of the arrangements and actions relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of those entities' systems.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the going concern basis of accounting used by management and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial statements and combined management report
- We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. We draw our conclusions based on the audit

evidence obtained up to the date of our audit opinion. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.

- we assess the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with German principles of proper accounting.
- we assess the consistency of the combined management report with the annual financial statements, its compliance with the law and the understanding of the Company's position given by it.
- We perform audit procedures on the forward-looking statements made by management in the combined management report. Based on sufficient appropriate audit evidence, we in particular verify the significant assumptions underlying the forward-looking statements made by management and evaluate the appropriateness of the information derived from these assumptions. We do not express an independent opinion on the forward-looking statements or on the underlying assumptions. There is a significant unavoidable risk that future events may differ materially from the forward-looking statements.
- We discuss with those charged with governance, among other matters, the planned scope and timing of the audit and significant audit findings, including any deficiencies in internal control that we identify during our audit.

We make a declaration to those charged with governance that we have complied with the relevant independence requirements and discuss with them all relationships and other matters that may reasonably be thought to bear on our independence and the safeguards that have been put in place to address them.

From the matters we discussed with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes public disclosure of the matter.

#### **Other matters - Formal audit of the compensation report**

The audit of the combined management report described in this auditor's report includes the formal audit of the compensation report required by Section 162 (3) AktG, including the expression of an opinion on this audit. As we express an unqualified opinion on the combined management report, this opinion includes a conclusion that the disclosures pursuant to Section 162 (1) and (2) AktG have been made in all material respects in the compensation report.

#### **Other statutory and other legal requirements**

Report on the Audit of the Electronic Reproductions of the Annual Financial Statements and the Combined Management Report Prepared for the Purpose of Disclosure Pursuant to Section 317 (3a) HGB

#### **Audit opinion**

In accordance with Section 317 (3a) of the German Commercial Code (HGB), we have performed a reasonable assurance test to determine whether the data contained in the file EA\_BiofronteraAG\_2021-12-31.zip, with the hash value

FC74DE0054B1CEAE4C1453000E8D68FBCEA541B717487E476F0952AFA831A1, calculated by means of

SHA-256 and prepared for disclosure purposes (hereinafter also referred to as "ESEF documents") comply in all material respects with the requirements of Section 328 (1) HGB on electronic reporting format ("ESEF format"). In accordance with German legal requirements, this audit extends only to the conversion of the information in the annual financial statements and the combined management report into the ESEF format and therefore neither to the information contained in these reproductions nor to any other information contained in the above-mentioned file.

In our opinion, the reproductions of the annual financial statements and combined management report contained in the aforementioned file and prepared for disclosure purposes comply, in all material respects, with the electronic reporting format requirements of Section 328 (1) HGB. We do not express any opinion on the information contained in these reproductions or on the other information contained in the above-mentioned file other than this opinion and our opinions on the accompanying annual financial statements and the accompanying combined management report for the financial year from January 1, 2021 to December 31, 2021 contained in the preceding "Report on the audit of the annual financial statements and combined management report".

### **Basis for the audit opinion**

We conducted our audit of the reproductions of the annual financial statements and the combined management report contained in the above-mentioned file in accordance with Section 317 (3a) HGB and IDW Auditing Standard: Auditing of Electronic Reproductions of Financial Statements and Management Reports Prepared for Disclosure Purposes in Accordance with Section 317 (3a) HGB (IDW PS 410 (10.2021)). Our responsibility thereafter is further described in the section "Auditor's Responsibility for the Audit of the ESEF Documents". Our auditing practice has met the quality assurance system requirements of the IDW Quality Assurance Standard: Requirements for Quality Assurance in the Auditing Practice (IDW QS 1) applied.

### **Responsibility of the legal representatives and the supervisory board for the ESEF documents**

The Company's management is responsible for the preparation of the ESEF documents containing the electronic reproductions of the annual financial statements and the combined management report in accordance with section 328 (1) sentence 4 no. 1 HGB.

Furthermore, management is responsible for the internal controls as they deem necessary to enable the preparation of ESEF documents that are free from material non-compliance, whether due to fraud or error, with the requirements of Section 328 (1) HGB regarding the electronic reporting format.

The Supervisory Board is responsible for overseeing the process of preparing the ESEF documents as part of the financial reporting process.

### **Auditor's Responsibility for the Audit of the ESEF Documents**

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance, whether due to fraud or error, with the requirements of Section 328 (1) HGB. During the audit we exercise professional judgment and maintain a critical attitude. Furthermore

- Identify and assess the risks of material non-compliance with the requirements of Section

328 (1) HGB, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion.

- Obtain an understanding of internal control relevant to the audit of ESEF documents in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of those controls.
- we assess the technical validity of the ESEF documents, i.e. whether the file containing the ESEF documents complies with the requirements of Delegated Regulation (EU) 2019/815 as amended at the reporting date regarding the technical specification for this file.
- we assess whether the ESEF documentation provides a content equivalent XHTML reproduction of the audited financial statements and the audited combined management report.

### **Other information according to Article 10 EU-APrVO**

We were elected as auditors by the Annual General Meeting on April 26, 2021. We were appointed on January 14, 2022 by the Audit Committee of the Supervisory Board. We have served as the auditors of Biofrontera AG, Leverkusen, without interruption since the 2007 financial year. We declare that the audit opinions contained in this audit opinion are consistent with the additional report to the Audit Committee pursuant to Article 11 EU-APrVO (Audit Report).

### **Other matters - use of the audit opinion**

Our audit opinion should always be read in conjunction with the audited annual financial statements and the audited combined management report and the audited ESEF documents. The annual financial statements and combined management report converted to the ESEF format - including the versions to be published in the Federal Gazette - are merely electronic reproductions of the audited annual financial statements and the audited combined management report and do not replace them. In particular, the ESEF opinion and our audit opinion contained therein can only be used in conjunction with the audited ESEF documents provided in electronic form.

### **Responsible auditor**

The auditor responsible for the audit is Arndt Krüger.

Düsseldorf, April 29, 2022

### **Grant Thornton AG Auditing Company**

Eckhard Lewe  
Certified Public Accountant

Arndt Krüger  
Certified Public Accountant

END OF AGENDA

### **III. Further information, notes**

#### **1. Total number of shares and voting rights at the time the Annual General Meeting is called**

Of the total 56,717,385 no-par value shares of the Company issued at the time of convening this Annual General Meeting, 56,717,385 no-par value shares are entitled to participate and vote. Each share grants one vote. The Company does not hold any treasury shares at the time of notice of the Annual General Meeting.

#### **2. Annual General Meeting without physical presence of shareholders or their proxies**

Based on the Act on Measures in the Law on Companies, Cooperatives, Associations, Foundations and Condominiums to Combat the Effects of the COVID 19 Pandemic (GesRuaCOVBekG), the Management Board has decided, with the consent of the Supervisory Board, that the Annual General Meeting will be held as a virtual Annual General Meeting without the physical presence of shareholders or their proxies. The legislator has expressly deemed it permissible, however, for the shareholders' proxy to attend the Annual General Meeting on site as a representative of shareholders. Voting rights may be exercised by shareholders or by proxies exclusively by way of postal vote or by granting power of attorney to the proxies appointed by the Company.

Further participation options, in particular online participation within the meaning of section 118 (1) sentence 2 AktG, are not offered.

The place of the meeting in the sense of stock corporation law will be the business premises of the Company, Hemmelrather Weg 201, 51377 Leverkusen, the place of residence of the chairman of the meeting.

#### **3. Internet-based AGM portal**

The Company will provide a password-protected online portal ("AGM portal") as of August 02, 2022 at the following URL:

<https://www.biofrontera.com/en/investors/annual-general-meeting>

The entire Annual General Meeting will be broadcast in audio and video via the Company's AGM portal. In addition, the AGM portal can be used to access the following:

- voting rights can be exercised by means of electronic absentee voting,
- questions can be submitted,
- Appeals can be filed and,
- Powers of attorney and instructions can issued.

#### **4. Requirements for following the virtual Annual General Meeting on the Internet and exercising shareholder rights**

Only those shareholders who register with the Company at least six days before the Annual General Meeting (the day of receipt and the day of the Annual General Meeting are not to be counted), i.e. by Tuesday, August 16, 2022, 24:00 hours, and who are entered in the share register on the day of the Annual General Meeting are entitled to exercise shareholder rights, in particular voting rights, and to access the transmission of the Annual General Meeting via the AGM portal. The registration must be made in writing (§ 126 BGB) or in text form (§ 126b BGB). The registration must be received by the Company in German or English at the following address by letter, fax or e-mail:

Biofrontera AG

c/o Link Market Services GmbH

Landshuter Allee 10

80637 Munich

or under the fax number +49 (0) 89-210 27 288

or under the e-mail address [namensaktien@linkmarketservices.de](mailto:namensaktien@linkmarketservices.de)

The registration may also be submitted electronically using the registration form provided by the Company's AGM portal at

<https://www.biofrontera.com/en/investors/annual-general-meeting>

The Company will send the registration documents, the notifications pursuant to Section 125 AktG and information on using the AGM portal together with the access data for the AGM portal by mail to shareholders who request it or who are entered as shareholders in the Company's share register at the beginning of the 21st day before the meeting (August 02, 2022, 0:00 hours). Shareholders who are entered in the share register thereafter may also register for the Annual General Meeting in accordance with the above options, but not via the AGM portal. They will receive the access data to the AGM portal once they have registered.

For technical reasons, no changes will be made to the share register in the period from August 17, 2022 to August 23, 2022 (inclusive). Therefore, the registration status of the share register on the day of the Annual General Meeting corresponds to the status after the last rewrite on August 16, 2022.

Pursuant to Section 67 (2) sentence 1 AktG, rights and obligations arising from shares exist in relation to the Company only for and against the person entered in the share register. Accordingly, the registration status of the share register on the day of the Annual General Meeting is decisive for the right to participate and for the number of voting rights to which a person entitled to participate in the Annual General Meeting is entitled. Trading in shares is not blocked by registration for the Annual General Meeting. Shareholders can therefore continue to freely dispose of their shares even after registration. However, since in relation to the Company only those persons are deemed to be shareholders who are entered as such

in the share register on the day of the Annual General Meeting, a disposal may affect a shareholder's right to participate.

Intermediaries and other persons treated as such in accordance with Art. 135 par. 8 AktG (in particular shareholders' associations and proxy advisors) may only exercise voting rights for shares which they do not own but for which they are entered in the share register as the holder on the basis of an authorization. Details of this authorization can be found in § 135 AktG.

Holders of American Depositary Shares (ADS) will receive the relevant documents from The Bank of New York Mellon (Depositary).

#### **5. Voting by absentee ballot**

Voting rights may be exercised by means of electronic communication ("**postal vote**"). This also requires timely registration in accordance with the provisions of III.4 above and entry in the share register. The postal vote (including revocation or amendment of the vote) can only be cast electronically via the AGM portal at

<https://www.biofrontera.com/en/investors/annual-general-meeting>

until the start of voting at the Annual General Meeting.

#### **6. Authorization and instruction of proxies of the company**

We offer our shareholders the opportunity to authorize proxies appointed by the Company and bound by instructions (proxies) to exercise their voting rights. This also requires timely registration in accordance with the provisions of III. 4 above and entry in the share register. If proxies are authorized, they must be given instructions on how to exercise voting rights. Without corresponding instructions, the proxies may not exercise voting rights.

The granting of the proxy, its revocation and proof of authorization to the Company must be in text form. The authorization and instruction form sent to shareholders together with the invitation documents or the authorization and instruction form made available on the website <https://www.biofrontera.com/de/investoren/hauptversammlung> may be used to authorize proxies and issue express instructions.

Proxies and instructions that are not issued via the AGM portal must be received by mail, fax or e-mail at the following address no later than August 22, 2022, 24:00 hours:

Biofrontera AG

c/o Link Market Services GmbH

Landshuter Allee 10

80637 Munich

or under the fax number +49 (0) 89-210 27 288

or under the e-mail address [namensaktien@linkmarketservices.de](mailto:namensaktien@linkmarketservices.de)

Authorization of proxies with express instructions can also be made electronically via the AGM portal at

<https://www.biofrontera.com/en/investors/annual-general-meeting>

until the start of voting at the Annual General Meeting.

The above information on the options for transmission and the deadlines to be observed shall apply mutatis mutandis to the revocation of the granting of power of attorney to a proxy appointed by the Company and to changes in instructions.

#### **7. Authorization of persons other than the company-nominated proxies**

Voting rights may be exercised by proxy, including by an intermediary or an association of shareholders. This also requires timely registration in accordance with the provisions of Section III. 4 above and entry in the share register. However, these proxies can also only exercise their voting rights in the virtual Annual General Meeting by postal vote or by authorizing the proxies nominated by the Company.

In accordance with Section 23 of the Articles of Association, the following applies to the form of proxies granted to other third parties rather than to intermediaries or persons or associations (in particular shareholders' associations) treated as such in accordance with Section 135 (8) of the German Stock Corporation Act (AktG): The proxy may in any case be granted in writing or by fax; the Articles of Association do not impose any restrictions on other forms of granting and revoking proxies and providing proof of authorization to the Company as provided for by law. The granting of the power of attorney, its revocation and the proof of authorization vis-à-vis the Company may therefore also be made in text form.

The address, fax number and e-mail address specified in Section III. 4 are available for the declaration of the granting of a proxy to the Company, its revocation and the transmission of proof of a declared proxy or its revocation.

If the granting or proof of a proxy or its revocation is made by declaration to the Company by post, for organizational reasons this must be received no later than August 22, 2022, 24:00 hours. Transmission to the Company by fax or e-mail is possible until the end of the Annual General Meeting.

In addition, the granting and revocation of a proxy can also be made via the AGM portal at

<https://www.biofrontera.com/en/investors/annual-general-meeting>

until the end of the Annual General Meeting.

If intermediaries or persons or associations (in particular shareholders' associations) equivalent to intermediaries pursuant to Section 135 (8) AktG are authorized, they must



record the authorization in a verifiable manner (Section 135 AktG). We recommend that our shareholders consult with the aforementioned persons regarding the form of the powers of attorney.

## **8. Video and audio transmission of the Annual General Meeting**

The entire Annual General Meeting will be broadcast in picture and sound ("**AGM stream**") via the Company's AGM portal, which is available at

<https://www.biofrontera.com/de/investoren/hauptversammlung>

which can be accessed at . On the day of the Annual General Meeting, registered shareholders or proxies of a registered shareholder can log in to the AGM portal with their access data and follow the AGM stream from the start of the Annual General Meeting.

## **9. Shareholders' rights to request additions to the agenda (Art. 122 par. 2 AktG)**

Shareholders whose shares together amount to one-twentieth of the share capital or the pro rata amount of EUR 500,000 may, pursuant to Section 122 (2) AktG, request that items be added to the agenda of the Annual General Meeting and published. The request must be made in writing (§ 126 BGB) to the Executive Board. Each new item on the agenda must be accompanied by a statement of reasons or a draft resolution. Requests by shareholders to add items to the agenda must be sent to the following address: Biofrontera AG, Management Board, Hemmelrather Weg 201, 51377 Leverkusen.

Requests for additions to the agenda must be received by the Company at least 30 days prior to the meeting. Last possible receipt for a request for additions to the agenda is Saturday, July 23, 2022, 24:00 hours. Applicants must prove that they have held the shares for at least 90 days before the date of receipt of the request and that they will hold the shares until a decision on the request is made. Pursuant to Section 70 of the German Stock Corporation Act (AktG), certain crediting options exist, to which reference is made.

## **10. Shareholders' rights to announce motions and election proposals (sections 126 (1), 127 AktG)**

Countermotions and election proposals to be made accessible via the Company's website prior to the Annual General Meeting pursuant to Sections 126, 127 AktG must be received by Monday, August 08, 2022, 24:00 hours, at the following address:

Biofrontera AG

c/o Link Market Services GmbH

Landshuter Allee 10

80637 Munich

or under the fax number +49 (0) 89-210 27 288

or at the e-mail address [namensaktien@linkmarketservices.de](mailto:namensaktien@linkmarketservices.de).

Only counter motions and election proposals received in good time at the aforementioned address, including the name of the shareholder and any reasons to be made available, will be made available without delay via the website <https://www.biofrontera.com/de/investoren/hauptversammlung>, provided that the statutory requirements pursuant to sections 126, 127 AktG are also otherwise met. Any statements by the management will also be made available at the aforementioned Internet address.

## **11. Shareholders' right to ask questions**

Every shareholder who has registered for the Annual General Meeting in accordance with the explanations under III. 4 has the right to put questions to the Executive Board. On the basis of Sec. 1 (2) Sentence 2, 2nd HS GesRuaCOVBekG, the Executive Board has decided, with the consent of the Supervisory Board, that questions may be submitted electronically no later than one day before the meeting, i.e. by midnight (incoming) on Sunday, August 21, 2022, via the Company's AGM portal at

<https://www.biofrontera.com/en/investors/annual-general-meeting>

must be submitted. It is not possible to submit questions by any other means of transmission.

During the Annual General Meeting, the Company plans, to a limited extent and subject to the need to be able to bring the Annual General Meeting to a conclusion within a reasonable timeframe, to allow follow-up questions to questions duly submitted in advance ("follow-up questions") in accordance with the rules described below. Furthermore, questions on matters which arose or became public knowledge after midnight on Sunday, August 21, 2022 ("new questions") will be admitted.

Submission of supplementary questions and new questions will be permitted for a certain period during the Annual General Meeting, and submission will take place via the AGM portal. Shareholders who have registered for the Annual General Meeting in accordance with the explanations under III. 4 will be admitted to submit follow-up questions and new questions.

The possibility of submitting follow-up questions is limited to three follow-up questions and/or new questions per shareholder.

There is no legal entitlement to an answer to follow-up questions and new questions which have also been properly submitted. In particular, the Company reserves the right to reduce the total time available for answering follow-up questions and new questions or not to answer any follow-up questions or new questions at all if, for example, the time required to answer the questions duly submitted before the Annual General Meeting does not permit this. The same applies if there are many follow-up questions or new questions.

## **12. Objections on the record**

Shareholders who have exercised their voting rights themselves or through a proxy by postal vote or via the proxy have the opportunity, from the beginning until the closing of the Annual General Meeting by the chairman of the meeting, to vote via the AGM portal at

<https://www.biofrontera.com/en/investors/annual-general-meeting>

to object to the resolutions of the Annual General Meeting. Objections may also be lodged by a proxy. However, the proxies are not available for this purpose.

### **13. Notes on data protection**

In the context of the Annual General Meeting of Biofrontera AG, personal data of shareholders and, if applicable, personal data of proxies will be processed. Details on this can be found in our data protection information at

<https://www.biofrontera.com/en/investors/annual-general-meeting>

can be found here. Shareholders who authorize a proxy are requested to inform the proxy about the data protection information.

### **14. Time**

All times stated in this Notice of Annual General Meeting are in Central European Summer Time (CEST/UTC+2)).

### **15. Inspection of documents / Publications on the Company's website / Further information on shareholders' rights**

The documents to be made available on the agenda items are available on the Company's website at:

<https://www.biofrontera.com/en/investors/annual-general-meeting>

As soon as the General Stockholders' Meeting has been convened, the information pursuant to Section 124a AktG will also be available there, and further information on stockholders' rights will also be made available there from the time the General Stockholders' Meeting is convened.

From the time the General Stockholders' Meeting is convened, the documents will also be available for inspection by stockholders during normal business hours at the Company's offices at Hemmelrather Weg 201, 51377 Leverkusen, Germany, and copies will be provided to any stockholder upon request without delay and free of charge.

## **16. Resolutions**

No resolution is to be passed on agenda item 1. Voting on agenda items 2 to 6 shall be binding. Pursuant to § 120a of the Stock Corporation Act, the resolution on agenda item 7 creates neither rights nor obligations and cannot be challenged pursuant to § 243 of the Stock Corporation Act. The resolution on agenda item 7 is therefore of a recommendatory nature. For each vote, the options of approval (YES), rejection (NO) or abstention (CANCELLATION) are available.

Leverkusen, July 2022

The Management Board