



**Biofrontera AG
Leverkusen**

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Invitation to the Annual General Meeting

We hereby invite our shareholders to the Annual Stockholders' Meeting to be held on Tuesday, **June 20, 2023, at 11:30 a.m.** at **Forum Leverkusen, Agam-Saal, Am Büchelner Hof 9, 51373 Leverkusen, Germany.**

A. Agenda

- 1. Presentation of the adopted annual financial statements and the approved consolidated financial statements, the combined management report and Group management report, the explanatory report by the Executive Board on the disclosures pursuant to sections 289a , 315a of the German Commercial Code, and the report by the Supervisory Board for the financial year ended on Fiscal year ended December 31, 2022**

The Supervisory Board has approved the annual financial statements and the consolidated financial statements prepared by the Executive Board in accordance with sections 171 and 172 of the German Stock Corporation Act (AktG). The annual financial statements are thus adopted in accordance with § 172 AktG. A resolution of the Annual General Meeting to adopt the annual financial statements or approve the consolidated financial statements in accordance with § 172 AktG is not required.

§ Section 173 AktG is therefore not required. The other aforementioned documents must also merely be made available to the Annual General Meeting in accordance with § 176 (1) sentence 1 AktG. A resolution on agenda item 1 is therefore not required.

- 2. Resolutions on the approval of the actions of the members of the Executive Board for fiscal years 2021 and 2022**

- a) The Executive Board and Supervisory Board propose that the actions of the members of the Executive Board holding office in fiscal year 2021 not be approved.

Voting shall take place by way of an individual vote on the discharge of each member of the Board of Management.

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- b) The Executive Board and the Supervisory Board propose that the actions of the Executive Board member Mr. Ludwig Lutter in the fiscal year 2022 not be approved and that the actions of the other members of the Executive Board in office in the fiscal year 2022 be approved.

Voting shall take place by way of an individual vote on the discharge of each member of the Board of Management.

3. Resolution on the approval of the actions of the members of the Supervisory Board for the fiscal year 2022 and the approval of the actions of the members of the Supervisory Board for the period from January 1, 2021 to the end of the Annual General Meeting of the Company on December 14, 2021

- a) The Executive Board and the Supervisory Board propose that the acts of the members of the Supervisory Board holding office in the fiscal year 2022 be ratified.

Voting shall take place by way of an individual vote on the discharge of each member of the Supervisory Board.

- b) The Executive Board and the Supervisory Board propose that the actions of the members of the Supervisory Board holding office in the period from January 1, 2021 to the end of the Annual General Meeting of the Company on December 14, 2021 not be approved for this period.

Voting shall take place by way of an individual vote on the discharge of each member of the Supervisory Board.

4. Resolution on the appointment of the auditor of the financial statements and consolidated financial statements for the 2023 financial year and on the appointment of the auditor for any review of the condensed interim financial statements and interim management report

The Supervisory Board proposes - based on the recommendation of its Audit Committee - that Baker Tilly GmbH & Co. KG Wirtschaftsprüfungsgesellschaft, Düsseldorf, be elected as auditors of the annual financial statements and consolidated financial statements for the fiscal year 2023 and as auditors for any review of the condensed interim financial statements and interim management report as of June 30, 2023, in accordance with Section 115 (5) of the German Securities Trading Act (WpHG).

The Audit Committee has declared that its recommendation is free from undue influence by third parties and that no clause limiting the selection options within the meaning of Art. 16(6) of the Statutory Audit Regulation (EU) No. 537/2014 has been imposed on it.

5. **Resolutions on an amendment to § 18 (Remuneration of the Supervisory Board), § 20 (Convening of the Annual General Meeting and right to attend) and § 21 (Procedure for the Annual General Meeting) of the Articles of Association**

- a) A provision shall be included in the Articles of Association for granting an additional compensation component to Supervisory Board members who perform special tasks on behalf of the Supervisory Board:

The Executive Board and Supervisory Board therefore propose that the following resolution be adopted: The following new paragraph 3 shall be added to § 18 of the Articles of Association:

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

[...]

- (3) *The Annual General Meeting is authorized to decide on other or supplementary compensation for individual members of the Supervisory Board for the assumption of
To adopt special tasks or activities."*

The numbering of the remaining paragraphs 3 to 6 of Section 18 of the Articles of Association shall be adjusted to paragraphs 4 to 7 while retaining the order and wording.

- b) On the basis of the Act on the Introduction of Virtual Stockholders' Meetings of Stock Corporations, a provision is to be adopted in the Articles of Association to create the conditions for holding virtual stockholders' meetings.

The Executive Board and Supervisory Board therefore propose that the following resolution be adopted: The following new paragraph 4 shall be added to § 20 of the Articles of Association:

**"§ 20
Convocation of the Annual General Meeting and right to attend**

[...]

- (4) *"The Executive Board is authorized, with the consent of the Supervisory Board, to*

provide in the invitation to an Annual General Meeting that the Annual General Meeting may also be held without the physical presence of the shareholders or their proxies at the location of the Annual General Meeting (virtual Annual General Meeting) at the discretion of the Executive Board due to a compelling emergency (e.g. pandemic, flood, etc.). This authorization shall apply for up to June 19, 2028, shall apply."

- c) Furthermore, Section 21 (4) is to be reworded with regard to the possibility of holding virtual shareholders' meetings.

The Executive Board and Supervisory Board therefore propose that the following resolution be adopted:

§ Section 21 (4) of the Articles of Association shall be reworded as follows:

"§ 21

Procedure of the Annual General Meeting

[...]

- (4) *"The members of the Board of Management and the Supervisory Board shall attend the General Stockholders' Meeting in person. If it is not possible for a Supervisory Board member to be present at the location of the Annual General Meeting, he or she may also participate in the Annual General Meeting by means of video and audio transmission, in particular if a virtual Annual General Meeting is held or if the member concerned:*

- a) has his place of residence outside the Federal Republic of Germany or*
- b) Insured to be prevented from attending for personal or professional reasons."*

6. Resolution about the fixing of a special remuneration for the Supervisory Board member Dr. Helge Lubenow

In the financial year 2022, Dr. Helge Lubenow assumed and performed special tasks and services for the Company in advising the Executive Board in the area of Human Resources that go beyond the usual scope of duties of a member of the Company's Supervisory Board.

The Executive Board and Supervisory Board therefore propose that the following resolution be adopted:

The member of the Supervisory Board Dr. Helge Lubenow shall receive additional compensation of EUR 22,000.00 for the financial year 2022 for assuming special tasks and providing special services in advising the Executive Board in the area of Human Resources. The compensation entitlement and its due date are subject to the condition precedent of the entry of the amendment to § 18 of the Articles of Association in the Commercial Register in accordance with the more detailed provisions of agenda item 5 a).

7. Resolution on the approval of the compensation report pursuant to Section 162 AktG

Pursuant to Section 162 of the German Stock Corporation Act (AktG), the Executive Board and Supervisory Board of the listed company prepare an annual report on the compensation granted and owed by the company and by companies in the same group (Section 290 of the German Commercial Code) to each current or former member of the Executive Board and Supervisory Board in the past financial year (compensation report). The compensation report for the 2022 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. The Annual General Meeting of the listed company shall resolve on the approval of the audited compensation report in accordance with Section 120a (4) AktG.

The Executive Board and the Supervisory Board propose that the compensation report for the financial year 2022, which has been prepared and audited in accordance with Section 162 of the German Stock Corporation Act (AktG), and which is reproduced below together with the report on the audit of the compensation report, be approved.

Compensation Report

Compensation system for the members of the Board of Management:

Principles of the remuneration system for 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 according to their scope of 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 Executive 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 are also to be linked to the achievement of strategic targets.
- The remuneration system and the performance criteria of its variable components incentivize a long-term and sustainable development of the Biofrontera Group.
- In this context, the strategic objectives formulated as part of the variable compensation components are intended to ensure the long-term and sustainable growth of the Company.
- In order to ensure long-term developments, variable remuneration components with a multi-year character are also to contribute, which are based on the price development of Biofrontera AG shares and thus link the remuneration to the increase in earnings and to the interests of the shareholders.

The remuneration system consists of

- a fixed basic remuneration payable monthly, which takes into account the duties and performance of the Executive Board members ("**basic remuneration**"),
- short-term variable remuneration in the form of an annual performance-related bonus payment ("**short-term variable remuneration**"; "short term incentive - **STI**") dependent on the achievement of the Company's annual performance targets, and
- long-term compensation, which takes the form of a stock appreciation rights program ("SAR program") and is therefore directly linked to the performance of the company and is thus intended to create an incentive for sustained commitment to the company ("**long-term variable compensation**");
"Long term incentive - **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 compensation thus contributes to the long-term development of the Company.

Target total compensation

The total target compensation for the individual Executive 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 amount of the target total compensation for each Executive Board member in accordance with the compensation system.

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

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

Horizontal comparison

The selection of the peer group for the assessment of the market conformity of the total compensation is based on the requirements of the German Stock Corporation Act (in particular industry 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 from a peer group of listed companies in the sector, as far as this can be determined.

Vertical comparison

Employee compensation and employment terms are considered in the vertical comparison below.

Compensation components in detail

Fixed remuneration components

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

Basic remuneration

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

Ancillary services

Fringe benefits are granted on the basis of service contracts with the individual members of the Executive 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 the annual base compensation.

Short-term variable remuneration (Short Term Incentives; "STI")

The members of the Executive Board are entitled to short-term variable compensation which may lead to 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 financial 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 Supervisory Board of the Company. If the Company terminates the employment relationship for good cause within the meaning of Section 626 of the German Civil Code (Bürgerliches Gesetzbuch - BGB), the STI payment shall cease for the financial year in which the termination takes effect.

Target amounts

Target amounts are agreed with the Executive 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 event 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 Executive 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 not made at all.

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 Executive Board member and the Supervisory Board, the Supervisory Board shall decide on the determination of 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 assessment 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 approvals, the successful completion of studies, the conclusion of important contracts or the implementation of financing.

A non-financial, strategic component is intended to take into account the contribution of the entire Executive Board as well as the individual Executive 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 comprehensibly 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 derived from the weighted average of the individual performance criteria and the degree of target achievement in each case. In the weighting of target achievement, the financial performance criteria should generally account for up to 55% and 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 Board of Management

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

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

The members of the Executive Board are granted stock appreciation rights ("**SARs**") as a long-term performance component. An annual target amount of 150% of the STI target amount ("**LTI target amount**") is agreed with the Executive 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 Executive 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

(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**") in percentage terms compared with the issue price in the period from the last trading day prior to 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)) prior to 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 are taken into account in the calculation of the performance in the amount of their gross value.

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

The "**reference price**" corresponds to the non-weighted average closing price of the Company's shares between the 15th and the 5th trading day (each inclusive) before the start of the respective exercise window.

"**Closing prices**" shall mean 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 is not held on relevant trading days or no closing price is determined there, the last price determined in continuous trading shall be used as the closing price, insofar as 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 the securities trading is open.

Payout amount

The payout amount is calculated as follows:

Reference price - base amount = payout amount per SAR (gross)

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

Limitation of the amount paid out (cap)

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 Executive Board member would exceed the basic compensation plus fringe benefits actually received by the Executive Board member since the first grant of SARs by more than 300% without this limit.

Blocking periods

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

- a) The vesting period for 15% of the SARs granted on an issue date is one year after the respective issue date;
- b) The vesting period for a further 25% of SARs granted on an issue date is two years after the respective issue date;
- c) The vesting period for a further 25% of SARs granted on an issue date is three years after the respective issue date;
- d) The vesting period for the remaining 35% of 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 six years after the respective issue date. After that, the right to exercise the SARs ends and the SARs not exercised by then expire without replacement.

Own investment

Under the SARs terms and conditions, the members of the Board of Management 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 gross payment amount and that the shares of the Company acquired may not be sold for at least four years after the SARs are 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 Executive Board members are also obligated in their Executive 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 Executive 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 Executive Board members shall end prematurely if, after the Executive 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 Executive Board member. The Supervisory Board decides on the claw-back at its due discretion. Serious misconduct by the Executive Board member in this sense is assumed in particular,

- a) if it is at least grossly negligent in breaching its obligations under Section 93 AktG or
 - b) if it 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 the office as a member of the Executive Board 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 criminal law or compliance-relevant provisions, which were recognized by the Executive Board member in his capacity as the employee's supervisor and were not immediately prevented, or which should have been recognized and immediately prevented if the Executive Board member had exercised due care.

With regard to payments from the STI, a 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 clawback is permissible to the extent that the STI was too high on the uncorrected basis.

In the event of a claw-back pursuant to the above provisions, amounts of the STI and/or the LTI already paid out which could have been retained may also be reclaimed. Such a claim for repayment shall be effective as of the date on which the Supervisory Board becomes aware of the event giving rise to the claim for repayment.

facts, for the year in which knowledge was obtained and the previous three financial years.

Amounts retained under the claw back or repaid by the Executive Board member shall be offset against any claim for damages by the Company arising from the Executive Board member's misconduct.

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 Executive Board or the appointment as a member of the Executive 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 Executive Board or - in the event of death - to the heirs of the Executive Board member concerned, or to lapse.

Variable compensation components are to be paid exclusively in accordance with the agreed targets and comparison parameters and the maturity dates or holding periods specified in the respective plan conditions.

Payments to a member of the Executive 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 contract.

Commitments for benefits in the event of premature termination of the employment contract by the Executive 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 Executive Board for a period of up to two (2) years. If such a post-contractual non-competition clause takes effect, the members of the Executive 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 in accordance with 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 remuneration

The following maximum amounts apply:

In Euro	Chairman of the Board	Other members of the Board of Management
Basic remuneration	500,000 p.a.	350,000 p.a.
Ancillary services	Max. 10 % of basic remuneration	Max. 10 % of basic remuneration
STI	200% of the STI target amount p.a., which should not exceed 50% of the basic remuneration if 100% of the target is achieved.	200% of the STI target amount p.a., which should not exceed 50% of the basic remuneration if 100% of the target is achieved.
LTI	SARs, for for which exercise requirements are otherwise met, may not be exercised if and insofar as insofar as the gross proceeds generated from SARs exercised by the Executive Board member exceeds the basic the basic compensation plus fringe benefits granted to the Executive Board member since the first grant of SARs would exceed by more than 300% without this limitation.	SARs, for for which exercise requirements are otherwise met, may not be exercised if and insofar as insofar as the gross proceeds generated from SARs exercised by the Executive Board member exceeds the basic the basic compensation plus fringe benefits granted to the Executive Board member since the first grant of SARs would exceed by more than 300% without this limitation.
Any additional short-term variable Compensation for extraordinary developments and Benefits of a member of the Board of Management	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 Executive 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 remuneration	44 %
STI references	22%
LTI emoluments	33%

The share of the Executive 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 remuneration	23,5%
STI references	23,5%
LTI emoluments	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 Executive 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 Supervisory Board's Personnel Committee 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 Executive 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 Executive 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 compensation system for the Board of Management, compliance with the maximum compensation for members of the Board of Management, and the appropriateness of compensation. The Personnel Committee of the Supervisory Board also prepares corresponding recommendations in this regard. At the end

of a fiscal year, the Supervisory Board also determines the specific target values for the compensation of the members of the Executive Board.

of the short-term variable Executive Board compensation for the following financial year is determined by mutual agreement in a target agreement with the Executive Board. 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 Board of Management to the Annual General Meeting for approval in the event of significant changes, but at least every four years. The present compensation system was confirmed by the Annual General Meeting on December 14, 2021.

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 remuneration 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 participate in a meeting or individual deliberations and decisions of the Supervisory Board or may abstain from voting.

Terms of Executive Board employment contracts

The agreed term of the employment contracts of the Executive Board members corresponds to the term of the intended appointment to the Executive 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 provisions of § 84 AktG. In the event of a reappointment of the Executive 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

decided no later than 15 months before the expiry of the employment contract or term of appointment.

final consultation with the Board member and decided 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 Executive Board compensation in the specific situation.

Compensation in fiscal year 2022

The total compensation for members of the Board of Management in the 2022 financial year and the total number of stock options issued to members of the Board of Management as of December 31, 2022 break down as follows:

	Pilar de la Huerta Martínez		Paul Böckmann		Ludwig Lutter	
	CFO		CFO		CFO	
from/to	12.09.2022	acting	09.06.2022	30.09.2022	01.03.2021	13.08.2022
in EUR thousand (unless otherwise stated)					2022	2021
Non-performance-related salary component	86	0	130	0	186	231
Remuneration in kind	4	0	0	0	10	11
Severance pay	0	0	0	0	0	0
Total non-performance-related salary components	90	0	130	0	196	242
One-year variable compensation (bonus)	0	0	0	0	126	0
Multi-year variable compensation, thereof from	0	0	0	0	0	0
Stock Appreciation Rights (term until 03.05.2030)	0	0	0	0	0	0
Fair value of SARs granted	0	0	0	0	0	45
Income from the exercise of SAR	0	0	0	0	0	0
Total multi-year variable compensation	0	0	0	0	0	45
Total performance-related salary components	0	0	0	0	126	45
Total compensation	90	0	130	0	322	287
Stock options as of Dec. 31 (units)	0	0	0	0	0	0
Of which granted in the financial year (units)	0	0	0	0	0	0
Fair value at grant	0	0	0	0	0	0
Stock Appreciation Rights per 12/31 (pieces)	0	0	0	0	0	132.353
Stock appreciation rights granted (units)	0	0	0	0	0	132.353

Fair value of SARs granted	0	0	0	0	0	45
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Paul Böckmann served the Company as interim Executive Board member from June 09 to September 30, 2022. Prior to his Executive Board activity, Mr. Böckmann had already been active as a consultant for the Company since May 25, 2022, and has continued this activity after the end of his Executive Board activity, since October 1, 2022. For this advisory function, Mr. Böckmann received a fee of EUR 66 thousand in fiscal year 2022.

In June 2022, Prof. Hermann Lübbert, as a former member of the Executive Board, received the bonus for 2021 in the amount of EUR 208 thousand, which was due in accordance with the target agreement.

Mr. Ludwig Lutter was dismissed from the Management Board for cause on August 14, 2022. A lawsuit filed by Mr. Lutter against the termination without notice is currently still pending against the Company.

Ms. Pilar de la Huerta was appointed to the Company's Management Board as CFO as of September 12, 2022 and has been the sole member of the Management Board since October 1, 2022. She received a fee of EUR 23 thousand for her consulting activities in the period from August 18, 2022 to September 12, 2022.

The non-performance-related compensation component amounts to 100% for Ms. de la Huerta and 61% for Mr. Lutter (previous year 84%).

No stock options were granted to members of the Management Board in the financial year 2022. Beyond this, there are no "promised" stock options within the meaning of Section 162 (1) sentence 2 no. 3 AktG.

The maximum compensation of the Executive Board members from the non-performance-related and one-year performance-related compensation (bonus) amounts to EUR 476 thousand for Ms. de la Huerta and EUR 540 thousand for Mr. Lutter. The total for Mr. Lutter includes the LTIs. For Ms. de la Huerta, nothing has yet been decided and contractually agreed in this regard.

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 2021 target agreement provided for the following: Sales level (30%), EBITDA (earnings before interest, taxes, depreciation and amortization) (20%), additional financing of at least 10 million euros (30%), inclusion of a first patient in a new clinical trial (10%), at least 40% female share in the management of Biofrontera (10%).

	Target definition	Weighting	Achievement	Achievement in %	Target achievement weighted
Sales	TEUR 37,425	30%	28.786 TEUR	77%	23%
Net loss (without one-time effects)	- 16.986 TEUR	20%	- 18.768 TEUR	90%	18%
Additional funding	10,000 TEUR	30%	24.000 TEUR	170%	51%
Research and Development	Inclusion of a first Patients in of a new Clinical Study	10%	2 CT018 Safety Phase 1 - 3 Tubes, CT014 - Acne Phase 2b	100%	10%
Sustainability	40% female executives (vice president or higher)	10%	43%	100%	10%
Achievement					112%

Contractually agreed bonus based on 100% target achievement for Prof. Lübbert EUR 185 thousand and Ludwig Lutter EUR 113 thousand. 112% of the aforementioned performance criteria set for 2021 were achieved, resulting in a bonus payment of EUR 208 thousand for Prof. Hermann Lübbert and EUR 126 thousand for Ludwig Lutter in fiscal year 2022.

The benchmark for the achievement of the target for the amount of sales and earnings after tax was the sales or earnings after tax according to the consolidated statement of comprehensive income for 2021 adopted by the Supervisory Board. 10 million was decisive for the additional financing, and the recruitment and first treatment of a patient was decisive for the clinical study. The ESG target "female leadership" was calculated as of December 31, 2021 on the basis of executives with the rank of vice president and above.

The targets for 2022 were set at EUR 26.5 million in sales and EUR 0.3 million in EBITDA breakeven.

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. Attracting outstanding members of the Supervisory Board is a prerequisite for providing the best possible supervision and advice to the Executive 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 regulations 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 Executive Board and Supervisory Board are of the opinion that purely fixed compensation for Supervisory Board members is best suited to ensure independent fulfillment of the Supervisory Board's control function, as variable compensation, particularly in matters relevant to supervision, could otherwise create a convergence of interests between the Executive Board and Supervisory Board with regard to their own compensation. 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 Chairman of the Supervisory Board and his deputy in particular, as well as the Chairman and members of the Audit Committee, have a higher workload, so that higher compensation is envisaged in this respect. According to Recommendation G.17 of the German Corporate Governance Code as amended on April 28, 2022 ("**Code**"), the compensation of Supervisory Board members should take appropriate account of the higher time commitment of the Chairman and Vice Chairman of the Supervisory Board and of the Chairman and members of committees. 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 § 18 of the Articles of Association.

The compensation is payable after the end of each fiscal 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 only part of the fiscal year, or who chair or vice-chair the Supervisory Board or chair the Audit Committee, receive pro rata compensation.

There are no commitments for severance payments, pensions 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 remuneration and the reimbursement of expenses, and relates the performance of duties of the

members of the Supervisory Board in the coverage of a pecuniary damage liability insurance policy taken out by it.

The compensation system for the Supervisory Board is adopted by the Annual General Meeting on the basis of a proposal by the Executive 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 Executive 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 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 compensation system relevant to them and must also submit resolution proposals in this regard to the Annual General Meeting pursuant to Section 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 § 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 the members of the Supervisory Board 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 August 23, 2022 and reads:

"§ 18 Remuneration of the Supervisory Board

(1) Each member of the Supervisory Board receives an annual fixed remuneration of EUR 22,000. The Chairman receives twice this amount, the Deputy Chairman receives 1.5 times this amount.

(2) For their work on the Audit Committee of the Supervisory Board, those members of the Supervisory Board who do not simultaneously serve as Deputy Chairman or Chairman of the Supervisory Board receive additional remuneration of EUR 3,000; the Chairman of the Audit Committee receives twice this amount.

(3) Supervisory Board members who are members of the Supervisory Board or the Audit Committee for only part of the fiscal year, or who chair or vice-chair the Supervisory Board or chair the Audit Committee, receive pro rata compensation.

(4) The remuneration is payable after the end of each fiscal year.

(5) The Company shall reimburse the members of the Supervisory Board for expenses incurred in the performance of their duties, including any value added tax (VAT) on the remuneration and reimbursement of expenses, against invoice.

(6) 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."

The immediately preceding version of the Articles of Association, applicable for the period until the resolution of the current version by the Annual General Meeting on August 23, 2022, read as follows

§ 18 as follows:

"§ 18 Remuneration of the Supervisory Board

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

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

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

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

Committee activities will be for at most two committees are taken into account. If this number is exceeded, the two highest-paid memberships are 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, receive pro rata compensation.

(4) In addition, the members of the Supervisory Board shall receive an attendance fee of EUR 1,000 for each meeting of the Supervisory Board or its committees attended. Participation in telephone and video conferences or participation in a meeting by means of telephone and video conferencing 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.

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

(6) The remuneration is payable after the end of each quarter.

(7) The Company shall reimburse the members of the Supervisory Board for expenses incurred in the performance of their duties, 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 2022

The total compensation of the members of the Supervisory Board in fiscal year 2022 breaks down as follows:

in TEUR	Fixed remuneration		Committee activity		Attendance fee		Total	
	in TEUR	in %	in TEUR	in %	in TEUR	in %	in TEUR	in %
Wilhelm K.T. Zours (Supervisory Board: Chairman) **	43	87	1	3	12	10	56	100
Dr. Jürgen Tielmann (Supervisory Board: Vice Chairman; Claims Committee: Chairman)* ***	31	77	4	11	23	12	59	100
Dr. Heikki Lanckriet**	21	80	1	5	12	15	34	100
Dr. Helge Lubenow (Human Resources Committee: Chairman)* **	21	66	6	18	25	16	51	100
Prof. Dr. Franca Ruhwedel (Audit Committee: Chair until 22.2.2022)*	3	61	1	18	1	21	5	100
Prof. Dr. Karin Lergenmüller (from 23.8.2022)	8	100	0	0	0	0	8	100
Karlheinz Schmelig (Audit Committee: Chairman from 23.2.2022)* ***	21	64	7	20	5	16	32	100
Total	147		20		78		245	

* Member
Audit Committee

** Member
Personnel Committee

*** member
Claims Committee

Vertical comparison

	Change 2022 to 2021	Change 2021 to 2020
Compensation of members of the Board of Management		
Pilar de la Huerta Martínez*	-	-
Ludwig Lutter	12%	-
Paul Böckmann*	-	-
Remuneration of Supervisory Board members		
Wilhelm K.T. Zours*	2700%	-
Dr. Heikki Lanckriet*	1033%	-
Prof. Dr. Karin Lergenmüller**	-	-
Dr. Helge Lubenow*	1600%	-
Prof. Dr. Franca Ruhwedel*	67%	-
Karlheinz Schmelig*	967%	-
Dr. Jörgen Tielmann*	1867%	-
Average remuneration of Staff		
Employees in Europe	0%	8%

*Previous year: pro rata temporis

**First payment in the reporting year

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.

8. Resolution on the authorization to issue bonds with warrants or convertible bonds with or without attached warrants, profit participation rights or participating bonds (or combinations of these instruments), to create new conditional capital and to exclude subscription rights, and corresponding amendment to the Articles of Association

In order to provide the Company with flexible, short-term financing, the Annual General Meeting shall authorize the Executive Board for a period of 5 years to issue bonds with warrants or convertible bonds, profit participation rights or participating bonds (or combinations of these instruments) (including, for example, convertible bonds with attached warrants), also excluding subscription rights, and to create further, new conditional capital.

The Supervisory Board and the Executive Board propose that the following resolution be adopted:

- a) Authorization to issue bonds with warrants or convertible bonds with or without an attached warrants, profit participation rights or profit participation bonds (or combinations of these instruments)
- aa) Authorization period, nominal amount, amount of share capital, term

The Board of Management is authorized, with the consent of the Supervisory Board, to issue warrant-linked or convertible bonds with or without attached warrants, profit participation rights, also with a sales-related distribution, or participating bonds, or combinations of these instruments (hereinafter collectively referred to as the "**Bonds**") on one or more occasions up to June 15, 2028 for a total nominal amount of up to EUR 17,725.000.00 and to grant the holders of Bonds option or conversion rights for bearer shares of the Company with a pro rata amount of the share capital of up to EUR 17,725,000.00 in total in accordance with the more detailed provisions of the terms and conditions of the Bonds (hereinafter the "**Bond Terms**") and/or to provide for corresponding conversion rights for the Company.

The bonds may be issued against cash consideration in euros. They may also be issued by a group company of Biofrontera AG within the meaning of Section 18 of the German Stock Corporation Act (AktG) in which Biofrontera AG directly or indirectly holds at least 90% of the votes and capital (hereinafter "**group company**"). In this case, the Executive Board is authorized, with the consent of the Supervisory Board, to assume the guarantee for the repayment of the bonds and the payment of the interest payable thereon on behalf of the group company issuing the bond and to grant the holders of the bonds option or conversion rights for registered shares of Biofrontera AG.

The bonds and the option or conversion rights may be issued with or without a limited term. The bonds may have fixed or variable interest rates.

The bonds shall each be divided into partial bonds.

- bb) Option right, conversion right

In the event of the issuance of bonds with warrants or convertible bonds, one or more warrants will or may be attached to each partial bond, entitling the holder to subscribe to no-par value registered shares of Biofrontera AG in accordance with the terms and conditions of the warrants. The relevant warrants may be detachable from the respective bonds.

The subscription of shares upon exercise of the option right shall be made against payment of the fixed option price. Provision may also be made for the option price to be variable and/or adjusted as a result of anti-dilution provisions pursuant to lit. cc). The bond terms and conditions may also provide that the option price may be paid by transferring partial bonds and, if applicable, an additional cash payment. In this case, the subscription ratio is calculated by dividing the nominal amount of a partial bond by the option price for one share of the Company. The subscription ratio may also be calculated by dividing an issue price of a partial bond that is lower than the nominal amount by the fixed option price for one share of the Company. The subscription ratio may be rounded up or down to a whole number (or to a decimal place to be specified); furthermore, an additional payment to be made in cash may be specified. If subscription rights arise in respect of fractions of shares, provision may be made for these to be combined so that subscription rights to whole shares arise - possibly in return for an additional payment - or to be settled in cash.

In the event of the issuance of convertible bonds, the holders shall receive the right to exchange their partial bonds for no-par value registered shares of Biofrontera AG in accordance with the more detailed provisions of the bond terms and conditions.

The conversion ratio is calculated by dividing the nominal amount of a partial bond by the fixed conversion price for one share of the Company. The conversion ratio may also be calculated by dividing an issue amount of a partial bond that is lower than the nominal amount by the fixed conversion price for one share of the Company. It may be stipulated that the conversion ratio is variable and/or may be changed as a result of dilution provisions in accordance with lit. cc) below. The bond terms and conditions may also stipulate that the exchange ratio be rounded up or down to a whole number (or to a decimal place to be specified); furthermore, an additional payment to be made in cash may be specified. Where conversion rights arise in respect of fractions of shares, provision may be made for these to be combined so that conversion rights to subscribe for whole shares arise - possibly in return for an additional payment - or to be settled in cash.

§ Section 9 (1) i. in conjunction with Section 199 (2) of the German Stock Corporation Act (AktG) shall remain unaffected.

cc) Option price, conversion price, value-preserving adjustment of the option or conversion price

In the case of conversion and/or option rights arising from the bonds with warrants or convertible bonds referred to in aa) above, with or without attached warrants, an exchange or subscription ratio shall be determined. The conversion ratio is calculated by dividing the nominal amount of an individual bond by the fixed conversion price for one share. The exchange ratio may also be determined by dividing the conversion price determined under the

The conversion ratio is calculated by dividing the issue price of a bond by the fixed conversion price for one share. These provisions apply accordingly to the subscription ratio.

The conversion/option or subscription price for a share to be determined in each case must be at least 70% of the volume-weighted average stock exchange price of the Company's share on the last 10 stock exchange trading days prior to the resolution by the Executive Board on the issue of the bonds in the opening auction in XETRA trading on the Frankfurt Stock Exchange (or a successor system determined by Deutsche Börse AG) or, if XETRA trading in shares of the Company does not take place, the stock exchange on which the most shares (number) of shares of the Company were traded in total during these 10 trading days.

Notwithstanding Section 9 (1) AktG, the Executive Board may resolve that the option or conversion price be adjusted on the basis of anti-dilution provisions to maintain the economic value of the option or conversion rights in accordance with the more detailed provisions of the bond terms and conditions if, during the term of the bonds or warrants, other measures are implemented or events occur which may lead to a change in the economic value of the option or conversion rights (such as dividend payments, the issue of further convertible bonds or bonds with warrants or profit participation rights, or the acquisition of control by a third party).

The option or conversion price may also be adjusted by means of a cash payment upon exercise of the option or conversion right or by adjusting any additional payment. Instead of or in addition to an adjustment of the option or conversion price, dilution protection may also be granted in other ways in accordance with the bond terms and conditions. In particular, it may be stipulated that, in the event of the issue of shares, further bonds with warrants or convertible bonds or profit participation rights with shareholder subscription rights, dilution protection is only provided by adjusting the option or conversion price to the extent that the holders of option or conversion rights are not granted subscription rights to the extent to which they would be entitled after exercising their option or conversion rights.

dd) Granting of subscription rights, exclusion of subscription rights

Shareholders are entitled to statutory subscription rights when the bonds are issued. The subscription right may in each case be structured in whole or in part as an indirect subscription right within the meaning of Section 186 (5) sentence 1 AktG.

However, the Executive Board is authorized, with the approval of the Supervisory Board, to exclude shareholders' subscription rights in whole or in part in accordance with the following provisions:

The Executive Board is authorized, with the approval of the Supervisory Board, to exclude fractional amounts resulting from the subscription ratio from the shareholders' subscription rights and also to exclude subscription rights to the extent necessary to grant subscription rights to the holders of option or conversion rights previously issued by the Company or a Group company under bonds with warrants and/or convertible bonds and/or convertible profit participation rights, or to grant the parties obligated thereunder in the event of an own conversion right of the Company, a subscription right to the extent to which they would be entitled after exercising the option or conversion rights or after fulfillment of an option or conversion obligation.

ee) Cash settlement, granting of new or existing shares, tender right

The terms and conditions of bonds granting a conversion right and/or an option right may also provide for the right of the Company or the issuing group company not to grant new shares in the event of the exercise of the option or conversion, but to pay the equivalent value in cash. The terms and conditions of the bonds may also provide that the bonds may, at the option of the Company or the issuing group company, be converted into new shares from authorized capital, into existing shares of the Company or into shares of another listed company instead of into new shares from conditional capital, or that an option right may be fulfilled by delivery of such shares. In these cases, the option or conversion price for a share may correspond to the volume-weighted average closing price of the shares of Biofrontera AG in XETRA trading on the Frankfurt Stock Exchange (or a successor system determined by Deutsche Börse AG) during the ten stock exchange trading days before or after the day of final maturity, even if this is below the minimum price specified under lit. cc). § Section 9 (1) i. In conjunction with section 199 (2) AktG must be observed.

ff) Authorization to determine the further details

The Executive Board is authorized, with the approval of the Supervisory Board, to determine the further details of the issue and features of the bonds, in particular the interest rate, type of interest, issue price, term and denomination as well as the option or conversion period and a possible variability of the conversion ratio, or to determine these details in agreement with the executive bodies of the Group company issuing the bond.

b) Creation of new Conditional Capital and corresponding amendment to the Articles of Association

With effect from the date of its entry in the commercial register of the Company, the following new conditional capital shall be created:

- aa) The share capital shall be increased by up to EUR 17,725,000.00 by issuing up to 17,725,000 new no-par value registered shares with a pro rata amount of the share capital of EUR 1.00 each (Conditional Capital 2023). The conditional capital increase serves to grant no-par value registered shares to the holders of warrant or convertible bonds with or without attached warrants, profit participation rights or participating bonds (or combinations of these instruments) (collectively the "Bonds"), in each case with option or conversion rights that are issued on the basis of the resolution passed by the Annual General Meeting of

The conditional capital increase may be issued by Biofrontera AG or a group company of Biofrontera AG within the meaning of Section 18 of the German Stock Corporation Act (AktG), in which Biofrontera AG directly or indirectly holds at least 90% of the votes and capital, until June 15, 2028, in accordance with the authorization resolved on June 20, 2023. The conditional capital increase shall only be carried out to the extent that the option or conversion rights from the aforementioned bonds are actually exercised and to the extent that no other forms of fulfillment are used for servicing. The new shares shall be issued at the option or conversion price to be determined in each case in accordance with the aforementioned authorization resolution and with entitlement to profits from the beginning of the last financial year for which no resolution on the appropriation of profits has yet been adopted.

The Executive Board is authorized to determine the further details of the implementation of the conditional capital increase.

- bb) § Section 7 (5) of the Articles of Association shall be reworded as follows:

"The share capital is increased by up to EUR 17,725,000.00 by issuing up to 17,725,000 new no-par value registered shares with a pro rata amount of the share capital of EUR 1.00 each (Conditional Capital 2023). The conditional capital increase serves to grant no-par value registered shares to the holders of warrant or convertible bonds with or without attached warrants, profit participation rights or participating bonds (or combinations of these instruments) (collectively the "Bonds"), in each case with option or conversion rights that are issued on the basis of the resolution passed by the Annual General Meeting of

The conditional capital increase may be issued by Biofrontera AG or a group company of Biofrontera AG within the meaning of Section 18 of the German Stock Corporation Act (AktG), in which Biofrontera AG directly or indirectly holds at least 90% of the votes and capital, until June 15, 2028, in accordance with the authorization resolved on June 20, 2023. The conditional capital increase shall only be carried out to the extent that the option or conversion rights from the aforementioned bonds are actually exercised and to the extent that no other forms of fulfillment are used for servicing. The new shares shall be issued at the option or conversion price to be determined in each case in accordance with the aforementioned authorization resolution and with entitlement to profits from the beginning of the last financial year for which no resolution on the appropriation of profits has yet been adopted.

The Executive Board is authorized to determine the further details of the implementation of the conditional capital increase."

The report of the Executive Board pursuant to § 221 (4) sentence 2, § 186 (4) sentence 2 AktG on the exclusion of subscription rights pursuant to agenda item 8 is available at <https://www.biofrontera.com/de/investoren/hauptversammlung>.

B. Further information, notes

1. Total number of shares and voting rights at the time of convening the Annual General Meeting

At the time this Annual General Meeting was convened, 63,807,058 no-par value shares of the Company had been issued and thus 63,807,058 no-par value shares were entitled to participate and vote. Each share grants one vote.

The Company does not hold any treasury shares at the time of convening the Annual General Meeting.

2. Requirements for participation in the Annual General Meeting

Only those shareholders who are entered in the Company's share register on the day of the Annual General Meeting and who register for the Annual General Meeting in text form (Section 126b of the German Civil Code) in accordance with Section 20 (2) of the Articles of Association are entitled to attend the Annual General Meeting and exercise their voting rights. The registration for participation must be received by the Company no later than the end of **June 13, 2023, 24:00 hours**.

The registration can be done electronically using the password-protected Internet service on the website of the Company at <https://www.biofrontera.com/de/investoren/hauptversammlung> or in text form (Section 126b BGB).

Following timely and proper registration, admission tickets for the Annual General Meeting will be sent or deposited at the meeting venue as organizational aids.

Please register early if you intend to attend the Annual General Meeting to facilitate the organization of the Annual General Meeting...:

The number of shares entered in the share register on the day of the Annual General Meeting shall be decisive for participation and voting rights. This shareholding will correspond to the shareholding at the registration deadline on June 13, 2023, 24:00 hours, as for technical

No changes may be made to the share register in the period from the closing date for registration up to and including the day of the Annual General Meeting (stop on changes).

However, the suspension of the transfer of shares does not imply a block on the disposal of the shares. Shareholders can therefore continue to freely dispose of their shares even after registration has been completed. However, purchasers of shares whose applications for transfer are received by the Company after June 13, 2023, 24:00 hours, may not exercise their participation and voting rights unless they are authorized or empowered to do so.

In these cases, participation and voting rights remain with the shareholder entered in the share register until the registration is changed. Acquirers of shares in the Company that are not yet entered in the share register are therefore requested to submit transfer applications as soon as possible.

Intermediaries and shareholders' associations, as well as institutions or persons equivalent to these pursuant to Section 135 AktG, may only exercise voting rights for shares which do not belong to them but for which they are entered in the share register as the holder on the basis of an authorization. Further details are set out in § 135 AktG.

Registration with the company using the password-protected Internet service

Shareholders may register with the Company electronically using the password-protected Internet service on the Company's website at <https://www.biofrontera.com/de/investoren/hauptversammlung> until June 13, 2023, 24:00 hours (CEST) in accordance with the procedure specified by the Company.

Access authorization is required to use the password-protected internet service. Shareholders who are entered in the Company's share register no later than 00:00 hours (CEST) on May 30, 2023 will be sent their individual access data (access ID and password) together with the invitation to the Annual General Meeting.

Registration in text form

Shareholders may register in text form (Section 126b BGB) to the following address, fax number or e-mail address:

Biofrontera AG
c/o Better Orange IR & HV AG
Haidelweg 48
81241 Munich Germany
Fax: +49 (0)89 889690633
Email: biofrontera@better-orange.de.

To facilitate registration, a registration form will be sent together with the invitation to the Annual General Meeting to shareholders who are entered in the Company's share register no later than 00:00 (CEST) on May 30, 2023. This registration form is also available for download on the Company's website at <https://www.biofrontera.com/de/investoren/hauptversammlung>. It can also be requested free of charge from the Company, e.g. by e-mail at biofrontera@better-orange.de or by phone at +49 89 8896906 610.

New shareholders who are entered in the Company's share register after May 31, 2023, 00:00 hours (CEST), until June 13, 2023, 24:00 hours (CEST), and who are therefore not sent a form for registration and ordering admission tickets, may also register at least in text form (section 126b of the German Civil Code (BGB)) at the above address, fax number or e-mail address. If the form sent by the Company is not used for registration, the shareholder registering must be clearly identified, for example by stating the shareholder's full name or company name, address and shareholder number.

3. Proxies and procedures for voting by proxy

Shareholders who have registered their shares in due time may also have their voting right(s) exercised by a proxy, for example by an intermediary, a shareholders' association or another person of their choice. The proxy may be declared to the person to be authorized or to the Company. In this case, too, timely registration is required. If the shareholder authorizes more than one person, the Company may reject one or more of them in accordance with Section 134 (3) sentence 2 AktG.

The granting of the proxy, its revocation and the proof of authorization vis-à-vis the Company must be in text form.

If an intermediary, a shareholders' association, another intermediary covered by section 135 of the German Stock Corporation Act (AktG) or persons treated as equivalent pursuant to section 135 of the AktG are to be authorized, the form requirement shall be governed by the provisions of section 135 of the German Stock Corporation Act (AktG). However, we would like to point out that in these cases the institutions or persons to be authorized may require a special form of power of attorney because they must record the power of attorney in a verifiable manner in accordance with Section 135 AktG. Therefore, if you wish to authorize an intermediary, a shareholders' association, another intermediary covered by Section 135 AktG or an equivalent pursuant to Section 135 AktG, please coordinate with these institutions or persons on a possible form of proxy.

If the proxy is granted by declaration to the person to be authorized, proof of authorization is required vis-à-vis the Company. Proof of authorization by the proxy vis-à-vis the Company may be furnished on the day of the Annual General Meeting by presenting the proxy at the entrance control. Proof of authorization vis-à-vis the Company may also be sent to the Company at the following address, fax number or e-mail address:

Biofrontera AG
c/o Better Orange IR & HV AG
Haidelweg 48
81241 Munich Germany

or fax: +49 (0)89 889690633

or e-mail: biofrontera@better-orange.de

The aforementioned means of transmission are also available if the proxy is to be granted by declaration to the Company; in this case, additional proof of authorization is not required. The revocation of a proxy already granted may also be declared directly to the Company by the aforementioned means of transmission.

The granting of a proxy by declaration to the Company, its amendment or revocation shall alternatively be effected no later than June 19, 2023, 24:00 hours (CEST), also by electronic means using the password-protected Internet service on the website of _____ of the _____ Company's website at <https://www.biofrontera.com/de/investoren/hauptversammlung> in accordance with the procedure specified by the Company.

The use of the password-protected Internet service by the authorized representative requires that the authorized representative receives the corresponding access data.

A form for ordering admission tickets for a proxy will be sent together with the invitation to the Annual General Meeting to shareholders whose addresses are entered in the share register on May 30, 2023, 00:00 hours (CEST). A corresponding form for ordering admission tickets for a proxy and a form for granting power of attorney can also be downloaded from the Company's website at <https://www.biofrontera.com/de/investoren/hauptversammlung>. These forms can also be requested free of charge from the Company, e.g. by e-mail at biofrontera@better-orange.de or by phone at +49 89 8896906 610.

Proxy authorization forms are also available during the Annual General Meeting. The admission tickets issued by the Company also contain a form for granting proxy.

4. Authorization and instruction of a proxy of the Company

The Company offers its shareholders the opportunity to authorize a proxy appointed by the Company and bound by instructions (proxy) to exercise their voting rights. This also requires timely registration and entry in the share register. If a proxy is authorized, he or she must be given instructions on how to exercise voting rights. Without corresponding instructions, a proxy may not exercise the voting right.

The granting of the proxy, its revocation and the proof of authorization vis-à-vis the Company must be in text form.

The granting or revocation of a proxy or the issuance or amendment of instructions to the proxies appointed by the Company may be made by mail, fax or e-mail to the following address, fax number or e-mail address no later than June 19, 2023, 24:00 hours (CEST) (time of receipt):

Biofrontera AG
c/o Better Orange IR & HV AG
Haidelweg 48
81241 Munich Germany

Fax: +49 (0)89 889690633

E-mail: biofrontera@better-orange.de

Alternatively, the granting or revocation of a proxy or the issuance or amendment of instructions to the proxies appointed by the Company may be made electronically using the password-protected internet service on the website of of the Company's website at

<https://www.biofrontera.com/de/investoren/hauptversammlung> by June 19, 2023, 24:00 hours (CEST), in accordance with the procedure established by the Company. Additional proof of authorization of the proxies is not required.

The individual access data for using the password-protected internet service and a form for, among other things, authorizing the proxies appointed by the Company and issuing instructions to them will be sent together with the invitation to the Annual General Meeting to the shareholders whose addresses are entered in the share register on May 30, 2023, 00:00 hours (CEST).

A form for authorizing the proxies appointed by the Company and for issuing instructions to them is also available for download on the Company's website at <https://www.biofrontera.com/de/investoren/hauptversammlung> and can be

can also be requested free of charge from the Company, for example by e-mail at biofrontera@better-orange.de or by telephone on +49 89 8896906 610.

Furthermore, powers of attorney and instructions to the proxy can also be issued during the Annual General Meeting by using the form handed out at the Annual General Meeting.

If the shareholder or another third party authorized by him appears at the Annual General Meeting, the proxy will not exercise the voting right unless he is granted power of attorney by the shareholder or sub-power of attorney by another third party authorized by the shareholder during the Annual General Meeting.

5. Shareholders' right to request an addition to the agenda (Section 122 (2) AktG)

Shareholders whose shares together amount to one-twentieth of the capital stock or the pro rata amount of EUR 500,000 of the capital stock (equivalent to 500,000 shares) may, pursuant to Section 122 (2) AktG, request that items be placed on the agenda and published. Each new item must be accompanied by a statement of reasons or a draft resolution.

According to the wording of the law, requests to add items to the agenda must be addressed to the Board of Management in writing or in the electronic form of Section 126a of the German Civil Code (i.e. with a qualified electronic signature) and must be received by the Company at least 30 days prior to the meeting, i.e. by the end of **May 20, 2023, 24:00 hours**. The request may be addressed as follows:

Biofrontera AG
Management Board
Hemmelrather Weg 201
51377 Leverkusen
E-mail: ir@biofrontera.com

In accordance with Section 122 (2) sentence 1 AktG in conjunction with Section 122 (1) sentence 3 AktG, shareholders must prove that they have held the shares for at least 90 days prior to the date of receipt of the request and that they will hold the shares until the Executive Board has decided on the request. Shareholding periods of third parties shall be taken into account in accordance with § Section 70 of the German Stock Corporation Act (AktG).

Additions to the agenda that are to be announced - insofar as they have not already been announced with the convening notice - will be published in the Federal Gazette without delay after receipt of the request and forwarded for publication to such media as can be expected to disseminate the information throughout the European Union. They will also be published on the internet at

<https://www.biofrontera.com/de/investoren/hauptversammlung> and communicated to the shareholders.

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

Every shareholder has the right to submit motions and election proposals on items on the agenda and on the rules of procedure at the Annual General Meeting without the need for announcement, publication or other special action prior to the Annual General Meeting.

Countermotions by shareholders against a management proposal on a specific agenda item pursuant to Section 126 AktG or election proposals by shareholders for the election of the auditor or members of the Supervisory Board pursuant to Section 127 AktG, including the name of the shareholder, any justification and any statement by the management, will be published by the Company on the Internet under

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

make them available to the Company at least 14 days prior to the meeting, i.e. by **midnight on June 5, 2023**, at the following address.

Biofrontera AG
Management Board
Hemmelrather Weg 201
51377 Leverkusen
E-mail: ir@biofrontera.com

have been received and the other requirements for a duty of disclosure pursuant to Section 126 AktG or Section 127 AktG have been met.

It is pointed out that countermotions and election proposals, even if they have been submitted to the Company in advance and in due time, will only be considered at the Annual General Meeting if they are made or submitted verbally there. The right of each shareholder to submit countermotions to the various agenda items or election proposals during the Annual General Meeting without prior communication to the Company remains unaffected.

7. Shareholders' right to information at the Annual General Meeting (Section 131 (1) AktG)

In accordance with § 131 (1) AktG, each shareholder may request information from the Executive Board at the Annual General Meeting on matters relating to the Company, insofar as the information is necessary for a proper assessment of the item on the agenda and there is no right to refuse to provide information. The duty to provide information also extends to the Company's legal and business relations with affiliated companies and to the situation of the Group and the companies included in the consolidated financial statements. The rights to withhold information are listed in § 131 (3) AktG.

Pursuant to Art. 21 par. 3 of the Articles of Association, the chairman of the meeting may impose reasonable time limits on the shareholders' right to speak and ask questions.

8. Time data

All times in this convocation are in Central European Summer Time (CEST/UTC+2)).

9. Further information on shareholders' rights / publications on the Company's website

Further explanations on shareholders' rights pursuant to Section 122 (2), Section 126 (1), § Section 127 and Section 131 (1) of the German Stock Corporation Act (AktG), in particular information on further requirements going beyond compliance with relevant deadlines, as well as the publications on the website required in accordance with Section 124a of the German Stock Corporation Act (AktG), will be published as soon as possible after the convening of the Annual General Meeting under

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

made available.

10. Notes on data protection

The Company processes the following categories of personal data of shareholders, shareholder representatives and guests in connection with the Annual General Meeting: name, address, e-mail address, number of shares, class of shares, type of ownership of shares, number of admission ticket and access data to the password-protected internet service; if applicable, name, address, e-mail address, number of admission ticket, and access data to the password-protected internet service of the shareholder representative appointed by the respective shareholder, if applicable, and name, address, e-mail address of guests. The processing of personal data in connection with the Annual General Meeting is based on Art. 6 Para. 1 lit. c of the German Data Protection Regulation (DSGVO). According to this, processing of personal data is lawful if the processing is necessary for compliance with a legal obligation. The Company is legally obliged to hold the Annual General Meeting

of the shareholders. In order to comply with this obligation, the processing of the above categories of personal data is essential. Shareholders of the Company cannot register for the Annual General Meeting without providing their personal data.

The company is responsible for data processing. The contact details of the person responsible are:

Biofrontera AG
Hemmelrather Weg 201
51377 Leverkusen
E-mail: datenschutz@biofrontera.com

As a matter of principle, personal data relating to the shareholders of the Company will not be disclosed to third parties. In exceptional cases, third parties are given access to this data if they have been commissioned by the Company to provide services in connection with the holding of the Annual General Meeting. These are typical AGM service providers such as AGM agencies, lawyers or auditors. The service providers only receive personal data to the extent necessary for the provision of the service.

As part of the statutory right to inspect the list of attendees at the Annual General Meeting, other attendees and shareholders may inspect the data recorded about them in the list of attendees. Their personal data will also be published in connection with requests for additions to the agenda, counter motions or proposals for election which must be published, if these requests are submitted by shareholders and shareholder representatives.

The above data will be kept for up to three years (but not less than two years) after the end of the Annual General Meeting, depending on the individual case, and will then be deleted, unless further processing of the data is still required in the individual case for processing applications, decisions or legal proceedings relating to the Annual General Meeting.

Shareholders and shareholder representatives have the right to receive information free of charge upon request about the personal data stored about them. In addition, they have the right to correct incorrect data, the right to request the restriction of processing of data that has been processed too extensively, and the right to have personal data that has been processed unlawfully or stored for too long deleted (insofar as this does not conflict with any legal obligation to retain data and no other reasons pursuant to Art. 17 (3) DSGVO). In addition, shareholders and shareholder representatives have the right to transfer all data they have provided to the Company in a common file format (right to "data portability").

To exercise the rights, it is sufficient to send a corresponding e-mail to:

datenschutz@biofrontera.com

In addition, shareholders and shareholder representatives also have the right to lodge a complaint with a data protection supervisory authority.

Shareholders and shareholder representatives can contact the Company's data protection officer at the following address:

Biofrontera AG
Hemmelrather Weg 201
51377 Leverkusen
E-mail: datenschutz@biofrontera.com

Leverkusen, May 2023 The
Board of Management

Minimum information pursuant to section 125 (1) AktG in conjunction with. § Section 125 (5) AktG, Article 4 (1) and Table 3 Block3 A to C of the Annex to Implementing Regulation (EU) 2018/1212

Type of indication	Description
A. Content of the communication	
1. unique identifier of the event	B8F062023oHV
2. type of message	Invitation to the Annual General Meeting [in format according to Implementing Regulation (EU) 2018/1212: NEWM]
B. Information on the issuer	
1. ISIN	DE0006046113
2. name of the issuer	Biofrontera AG
C. Information on the Annual General Meeting	
1. date of the general meeting	20.06.2023 [in format pursuant to Implementing Regulation (EU) 2018/1212: 20230620]
2. time of the general meeting	11:30 a.m. (CEST) [in format according to Implementing Regulation (EU) 2018/1212: 09:30 UTC]
3. type of general meeting	Annual General Meeting [in format according to Implementing Regulation (EU) 2018/1212: GMET].
4. place of the general meeting	Forum Leverkusen, Agam Hall, Am Büchelter Hof 9, 51373 Leverkusen, Germany
5. recording date	13.06.2023 [in format pursuant to Implementing Regulation (EU) 2018/1212: 20230613]
6. uniform resource locator (URL)	https://www.biofrontera.com/de/investoren/hauptversammlung