

Deutsche Balaton

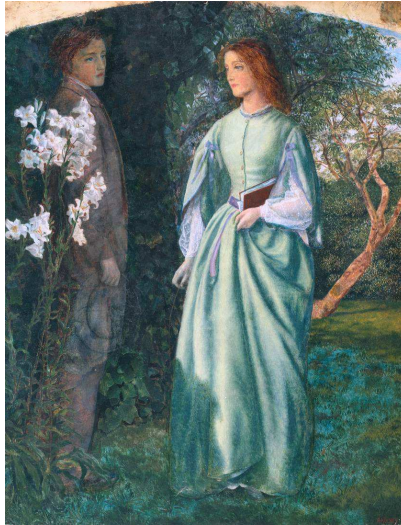
Aktiengesellschaft

Der Vorsitzende des Aufsichtsrats

Deutsche Balaton AG · Ziegelhäuser Landstr. 1 · 69120 Heidelberg

Open letter to

Mr. John J. Borer III
c/o The Benchmark Company,
LLC
150 E 58th Street, 17th floor
New York, NY 10155
USA



Via Mail:
jborer@benchmarkcompany.com

Red Sea, May 28th, 2018

Dear Mr. Borer,

as you might know Deutsche Balaton AG is one of the bigger shareholders of Biofrontera AG, we hold close to 10 % of all shares.

Our congratulations to you as Benchmark employee and IPO dealmaker with your customer Biofrontera.

You did a great job for Benchmark, yourself and everybody who got shares in the so called "IPO" at 4 Euro per share (9,88 USD per ADS) at a huge discount of around 30 % to market price !

However, as Biofrontera shareholders, we are a little bit concerned that this "IPO" was not in the best interest of Biofrontera, was not necessary and too expensive. It was far too small in size to justify the costs involved, because, not surprising, there were not enough shares available at a discount of 30 % to a liquid market price of Biofrontera shares on the German Stock Market.

The US listing created virtually no volume and no buying interest after "IPO" in the ADS of Biofrontera.

Not one of the institutional US shareholders, who were given a discount to market price as high as up to 1 Mio. US\$ (!), built up his holding to at least a 3 % stake in Biofrontera.

Not a single additional Ameluz tube was sold because of the listing.

Ringling the bell created nice memories for Mr. Lübbert and Mr. Schaffer, but was shameful expensive for the Biofrontera shareholders.

We admit that some of them (i.e. 1975colo - who claims to be an employee of Biofrontera -, HK12, krull_felix, AnnaMaria4, KvH32 and possibly also zuliyana...) are still happy with the US listing and the US shareplacement at 4 Euro, but in our opinion they are either very naive, prejudiced as Biofrontera employees or, we hardly dare to write it, a little stupid ?

We believe that the bookbuilding process in US was only a fake bookbuilding (through a US broker we bidded higher than 4 Euro a share for considerable size and did not get a single share respective ADS allocated) and there are many obvious questions around the parties involved (Maruho is one of them) in this very strange "IPO", which in fact was a secondary listing with an unlawful share placement at a 30% discount to market price, in our opinion a fantastic party for Mr. Lübberts invited guests only, everybody winning in a big manipulated tombola on the expense of Biofrontera shareholders and Biofrontera AG.

We can imagine that everybody in US still can't stop laughing about the "clever" Germans and their best representatives Lübbert and Schaffer, who have been so afraid of shareholders selling the price down in a few days by 30 % or more to below 4 Euro to ruin the listing placement. But as clever as our dreamteam Lübbert and Schaffer is (may be with unselfish advice from Benchmark ☺), they anticipated this scenario and gave the 30 % discount to the new US shareholders right away. No need to wait for a lower share price if you want to give away highly discounted shares as a gift, very clever!

Possibly the bidders in the bookbuilding also received a warning from their advisors in order to prevent them to bid too high when 4 Euro a share was enough. Unfortunately Deutsche Balaton received no warnings not to bid higher than 4 Euro, but Mr. Lübbert took care of this problem and solved it by not accepting higher bids for shares than 4 Euro to stop these egoistic shareholders from taking advantage of the company and the other Biofrontera shareholders and the US party guests in need !

Therefore we will suggest a resolution to the shareholders in the next AGM of Biofrontera to start a special investigation on this "IPO".

The involvement of The Benchmark Company as your employer (see also the Webpage of The Benchmark Company (<https://www.benchmarkcompany.com/recent-transactions/>)) - probably without previous professional competitive "beauty contest" for the secondary listing and the share placement - will be part of this special investigation, which will be conducted according to German Corporate Law.

As the party took place in the US, may be the SEC could also be interested in it.

As you may be aware, we voted against your election as member of the supervisory board in the AGM 2016, because it was obvious from the beginning that you were elected to make true Lübberts Nasdaq bell dreams and to make a lot of money for your company, yourself and your clients by being involved in the US listing.

You have been outstanding successful by achieving this, far beyond our already very high expectations 👍.

Your task is done and we ask you to immediately resign from the supervisory board to clear the way for your successor to be voted into the supervisory board at the next AGM of Biofrontera.

We believe that your resignation would not only be in the best interest of Biofrontera, but in your own interest as well:

As a member of the supervisory board you are paid 15.000 Euro per year and we are sure that you value your time at least at 1000 \$ per hour (even US-lawyers charge more), and if alone you take the travel time from US to Leverkusen and back - its not worth it.

Not taking into account the time you useless sit on the podium without being able and allowed to speak a single word at the AGM with all these German speaking shareholders, some accusing you for the listing cost and price discount and unlawful profits - do you really need this ?

Or do you expect another deal with Biofrontera as profitable as the bell deal with Messieurs Lübbert and Schaffer in the future?

We hope not.

Best regards,



Wilhelm K. T. Zours