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Dear Shareholders,

PAION has demonstrated its determination over the past year, continuing to work through our transformation from a research and development company into a fully-fledged commercial business. We began the year by licensing two products, angiotensin II (GIAPREZA®) and eravacycline (XERAVA®), from California-based La Jolla Pharmaceutical Company. This provided us with the foundation to build a salesforce with at least three products for the hospital market. Now, we are two-thirds of the way to our goal with our eyes fixed firmly on the finish line. Allow me to share some insights into what we have accomplished.

When I came on board as Chief Executive of PAION in October 2019, we did not have any commercial teams, a commercial supply chain or an approved drug. We didn't have IT systems to support commercialization and we didn't have people in countries to sell products. Now, at the end of the third-quarter 2021, we have a growing commercial team. We can coordinate manufacturing, supply, and delivery of products throughout the countries where we're active and to our partners around the world.

In just the last couple of months we began product launches across Europe. We launched angiotensin II in Germany, remimazolam (Byfavo®) in the UK – and meanwhile also in the Netherlands – and eravacycline in the Netherlands and there is more to come.

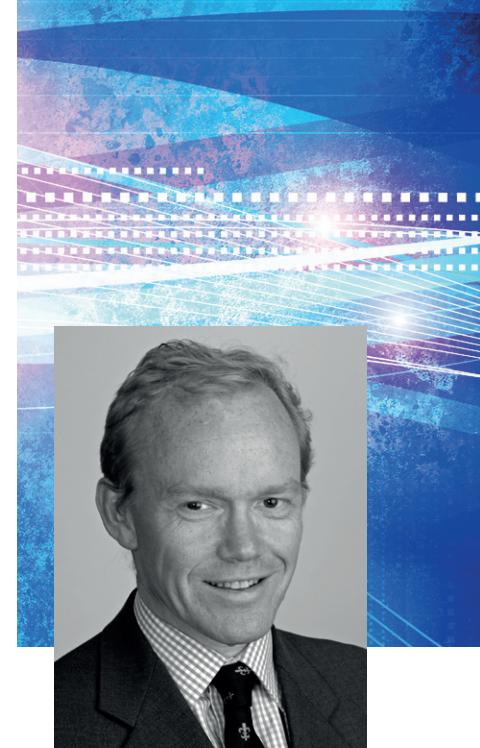
We are on track with our guidance to the market which signals our commitment to delivering on what we've promised this year as we did last year. Given the current transition, it is to be expected that this year and next, the company will continue to spend money as it invests in product rollouts. But the focus of the business is entirely on driving commercial success, so we'll be pushing towards sustainable profitability through sales growth as quickly as we can.

Finally, it is important to note that in the hiring process we have undertaken over the last 12 months, I have been continuously surprised by the high quality of people who want to join us. Both in the commercial and the sales functions, we have managed to attract and retain experienced specialists who find our company a rewarding place to work. Hiring at this level is not easy and I am proud of the company for bringing in this talent.

As always, we appreciate your support as we continue to forge ahead. Thank you for your commitment. I hope you will read on to learn more about the breakneck pace we have been keeping and what we have to show for it.

Best regards,
Jim

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Dr. James (Jim) Phillips
Chief Executive Officer of PAION AG



GROWING PIPELINE

Transitioning into a specialty pharmaceutical company based on a single product, remimazolam, would not have been an efficient approach given the diversity of the European market. To get around this, in January **we in-licensed two products with a strong overlap in accounts and target groups from U.S. based La Jolla.**

Angiotensin II for the treatment of refractory hypotension in adults with septic or other distributive shock who remain hypotensive despite adequate volume restitution and application of catecholamines and other available vasopressor therapies has been available on the U.S. market since December 2017 and received EMA approval in August 2019. **Eravacycline** is the first fully synthetic fluorocycline antibiotic drug and is active against a broad spectrum of bacterial pathogens. It received marketing authorization from FDA and the EMA in 2018 for the treatment of complicated intra-abdominal infections in adults.

Based on La Jolla's success marketing these products in the U.S., we expect to build substantial sales in Europe. Sales in the U.S. have gradually increased since the 2018 launch, up approximately 20% in the last 12 months alone. Given that the pricing is attractive and similar between the U.S. and Europe for angiotensin II in particular, **we are encouraged to bring these products to European Intensive Care Units.**

SCALING UP

We've been **scaling up manufacturing capabilities for commercial supply of remimazolam.** The manufacturing process is complicated and takes time but fortunately, remimazolam is highly stable so **we have been able to keep a significant safety stock.** This puts us in a good position as we enter markets with ongoing shortages of important intensive care medicines due to the pandemic. Ultimately, we plan to produce hundreds of kilos per year in the next three or four years and are moving successfully in that direction.

Manufacturing of bulk drug product of the in-licensed products is taken care of by La Jolla and its Contract Development and Manufacturing Organizations, while PAION manages the labelling and packaging of the finished products. We will enter in a deeper collaboration with La Jolla to improve the manufacturing chain within the next few years.

SYNEOS PARTNERSHIP

In February, **PAION entered into an agreement with Syneos Health**, the industry's largest contract commercial organization, to provide a contract sales force for the commercialization of our full portfolio, remimazolam, angiotensin II and eravacycline, in Europe. This arrangement provides us with the advantage of having a full-time professional contract sales team without having to shoulder the administrative burden. As we are just getting set up and need backup support services for **a team of almost 20**, it's easier to use existing infrastructures. **The partnership is strong, and we are confident in the team.** Our goal is to take the people on board as soon as the business allows.



COMPANY SITES

Our **European headquarters in Aachen** has relocated from a very old building to a modern and **fully digital workplace**. This is enabling us to run the business in a more efficient and collaborative way both internally and externally. Since April, we've been **building commercial operating branch offices**. The **first three** of those are established in the **UK**, the **Netherlands** and **Denmark**, which will be the hub for the Nordic region for the Scandinavian countries. We plan to roll out our salesforce infrastructure into Norway, Sweden and Finland, next.

In terms of what lies ahead, we are building commercial operations in additional countries and driving revenue growth with the new teams we have in place.

We have transformed our research and development office in Cambridge, UK, from an R&D facility into a commercial affiliate office located just outside London, in Richmond, UK. Our **new team** includes a national sales manager, marketing manager, medical director and office manager and the general manager Katja Lundell.



Katja Lundell
Country General Manager UK

EMPLOYEE SPOTLIGHT

Katja joined PAION in March, bringing over 20 years of experience in pharma to the company. She began her career in marketing, sales, and product management at Merck Sharp & Dohme (MSD) in her native country, Finland. She eventually relocated to MSD's U.S. headquarters in New Jersey. From there she moved to Abbott where she gained experience in the anesthesia business unit and then to Glenmark Pharmaceuticals where she served as General Manager of the UK and Nordics.

As the first employee in the new UK office, Katja says it was PAION's energy and "**enthusiasm to make it work**" that motivated her to join. She was also attracted by the opportunity to "**go all-in and build something new**" as PAION transitions into a commercial company. She is particularly passionate about getting PAION's messages across with an "omni-channel" approach. This is something she has done in previous roles and involves providing customers with product information in varied formats, including videos, presentations and print material. "**Because we are small, we need to be agile and service-oriented**", she said.

With three products to launch in the first year, **Katja's strong background is a real asset to the company**, and we are grateful to have her to help build the future of PAION.

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