



THIS IS A CONVENIENCE TRANSLATION OF THE GERMAN INFORMATION ON SHAREHOLDERS' RIGHTS, PURSUANT TO SECTION 124A SENT. 1 NO. 2 AND SECTION 121 PARA. 3 NO. 3 STOCK CORPORATION ACT WHICH IS PROVIDED TO SHAREHOLDERS FOR INFORMATIONAL PURPOSES ONLY. ONLY THE GERMAN VERSION OF THIS DOCUMENT IS LEGALLY BINDING ON PAION AG. NO WARRANTY IS MADE AS TO THE ACCURACY OF THIS TRANSLATION AND PAION AG ASSUMES NO LIABILITY WITH RESPECT THERETO.

## **Information on shareholders' rights pursuant to Section 124a sent. 1 No. 2 and Section 121 para. 3 No. 3 Stock Corporation Act**

### **1. Information on Agenda Item 1 pursuant to Section 124a sent. 1 No. 2 Stock Corporation Act**

Pursuant to Sections 172, 173 Stock Corporation Act (Aktiengesetz, "**AktG**"), voting on Agenda Item 1 is not planned as the Supervisory Board has approved the Annual Financial Statements and Consolidated Financial Statements prepared by the Management Board, thus the Annual Financial Statements have been established. Section 175 para. 1 sent. 1 AktG merely stipulates that the Management Board convenes the Annual General Meeting for the purpose of accepting (inter alia) the established Annual Financial Statements and Management Report as well as for voting, on appropriation of distributable, profit and, in the case of a parent company, also for the purpose of accepting the Consolidated Financial Statements and Management Report as approved by the Supervisory Board. The special case pursuant to Section 173 AktG, according to which the Annual General Meeting would be entrusted with establishing the Annual Financial Statement if the Management Board and Supervisory Board decide this, also does not apply. The Management Board and Supervisory Board have not taken a resolution of such kind, rather they have singularly approved the Annual Financial Statements.

### **2. Information pursuant to Section 121 para. 3 No. 3 AktG on shareholders' rights**

#### *a) Shareholders' applications for additions to the agenda pursuant to Section 122 para. 2 AktG*

Shareholders whose aggregate share ownership equates to a twentieth, or a proportionate amount of EUR 500,000.00 (*i.e.* equivalent to 500,000 no-par value shares) of the share capital, may demand the inclusion of items on the agenda and the publication of the same. Each application must be accompanied by a justification or proposed resolution.

Such an amendment demand must be addressed to the Management Board in writing and must be submitted to the Company at least 30 days in advance of the meeting; the date of receipt and the date of the meeting are not to be included in this calculation. The deadline for the receipt of such demands is therefore 24:00 (CEST) on Sunday, 21 April 2019. Amendment demands received later than this shall not be considered.

The shareholders have to proof that they have held the shares for at least 90 days before the date the motion is received and that they hold the shares until the Management Board decides on the motion, with Section 70 AktG being applicable when calculating the time for which the shares have been held. A shift from a Sunday, Saturday or a public holiday to a



preceding or subsequent business day shall not be possible. Sections 187 to 193 of the German Civil Code (*Bürgerliches Gesetzbuch – BGB*) shall not be applied accordingly.

We ask any amendment demands to be sent to the following address:

PAION AG  
Vorstand  
Martinstrasse 10-12  
52062 Aachen  
Germany  
Facsimile: +49 (0)241 4453-120

Additions to the agenda that must be announced will – insofar as they have not been announced by the time the General Meeting is convened – be announced in the Federal Gazette (*Bundesanzeiger*) immediately upon receipt. They will also be published without delay on the internet at [www.paion.com/media-and-investors/annual-general-meeting/](http://www.paion.com/media-and-investors/annual-general-meeting/).

The provisions of the AktG underlying these shareholders' rights are as follows:

*Section 122 AktG – Convening a meeting at the request of a minority (excerpts)*

- (1) A shareholders' meeting shall be called if shareholders whose combined shares amount to at least one-twentieth of the share capital request such meeting in writing, stating the purpose and the reasons of such meeting; such request shall be addressed to the management board. The articles may provide that the right to request a shareholders' meeting shall require another form and the holding of a lower portion of the share capital. Persons submitting a motion must prove that they have held the shares for at least 90 days before the date the motion is received and that they hold the shares until the board of managing directors decides on the motion. Section 121 para. 7 shall apply mutatis mutandis.
- (2) In the same manner, shareholders whose combined shares amount to at least one-twentieth of the share capital or a proportionate ownership of at least EUR 500,000 may request that items be placed on the agenda and be published. Each new item must be accompanied by a statement of reason or a draft resolution. The request within the meaning of sentence 1 must be received by the company no later than 24 days, in the case of stock exchange listed companies no later than 30 days prior to the meeting, excluding the day of receipt.

*Section 70 – Calculation of the period of shareholding*

If the exercise of rights arising from the share requires that the shareholder has been the holder of such share for a certain period of time, the right to demand transfer of title from a credit institution, a financial services institution or an enterprise operating under Section 53 para. 1 sent. 1 or Section 53b para. 1 sent. 1 or Section 53b para. 7 of the German Banking Act (KWG) shall be deemed equivalent to ownership. The period during which the share has been owned by a predecessor shall be attributed to the shareholder if he / she has acquired the share without consideration, from his/her trustee, as full legal successor, in connection with the winding-up of a co-ownership or as a result of a transfer of assets pursuant to Section 13 of the Insurance Supervision Act or Section 14 of the Building Loan Associations Act.

*b) Countermotions and election proposals by shareholders pursuant to Sections 126 para. 1 and 127 AktG*

Shareholders may also file to the Company countermotions to proposals submitted by the Management Board and/or the Supervisory Board regarding specific agenda items or election proposals. Countermotions must be accompanied by a justification. Election proposals may but need not be justified. Countermotions, election proposals and other shareholder inquiries may only be directed to the following address:

PAION AG  
Investor Relations  
Martinstrasse 10-12  
52062 Aachen  
Germany  
Facsimile: +49 (0)241 4453-120

Countermotions and election proposals received by the Company at the address above at least 14 days prior to the General Meeting, with the day of receipt and the day of the meeting not being included in this calculation, in other words by 24:00 (CEST) on Tuesday, 7 May 2019, at the latest, shall be published together with any statement by the administration without delay on the Company's website at [www.paion.com/media-and-investors/annual-general-meeting/](http://www.paion.com/media-and-investors/annual-general-meeting/). Countermotions will be made available together with the shareholder's name and their justification. If several shareholders make countermotions for resolution in respect to the same subject matter or submit the same proposals for election, the Management Board may combine such countermotions or election proposals and the respective justifications.

Sections 126 para. 2 AktG or 127 sent. 1 in conjunction with Section 126 para. 2 AktG stipulate reasons that might warrant a countermotion and its justification or an election proposal not being published on the Company's website.

A countermotion or election proposal and its justification need not be made available:

1. To the extent the Management Board would by reason of such communication become criminally liable;
2. If the countermotion or election proposal would result in a resolution of the General Meeting which would be illegal or would violate the Articles of Association;
3. If the justification contains statements which are manifestly false or misleading in material respects or which are libellous;
4. If a countermotion or election proposal of such shareholder based on the same facts has already been communicated with respect to a general meeting of the Company pursuant to Section 125;
5. If the same countermotion or election proposal of such shareholder on essentially identical grounds has already been communicated pursuant to Section 125 to at least two general meetings of the Company within the past five years and at such general meetings less than one-twentieth of the share capital represented has voted in favour of such countermotion;
6. If the shareholder indicates that he will neither attend nor be represented at the General Meeting; or
7. If within the past two years at two general meetings the shareholder has failed to make or cause to be made on his behalf a countermotion or election proposal communicated by him.

The justification need not be published if it exceeds 5,000 letters.

Moreover, shareholders' election proposals need not be published if they do not include the name, the occupation held, and the place of residence of the proposed candidate, in case of a legal person, the name and the seat.

Counter motions and election proposals are only filed if filed during the General Meeting. The right of every shareholder to file counter motions regarding the various items of the agenda and election proposals for the election of the auditor or to the Supervisory Board (agenda items 4 and 5) during the General Meeting without submitting these to the Company in advance within a stipulated deadline remains unaffected.

*c) Shareholder rights to information pursuant to Section 131 para. 1 AktG*

According to Section 131 para. 1 AktG, any shareholder is entitled to be informed by the Management Board during the Annual General Meeting about matters relating to the Company to the extent that such information is necessary to enable a factual judgement of the respective item on the agenda. This information obligation of the Management Board includes the Company's legal and business relationships to affiliated companies as well as the situation of the Group and the companies included in the consolidated financial statements. Under certain circumstances, as described in detail in Section 131 para. 3 AktG, the Management Board may refuse to provide information.

The Management Board may refuse to provide information:

1. to the extent that providing such information is, according to sound business judgement, likely to cause material damage to the Company or an affiliated enterprise;
2. to the extent that such information relates to tax valuations or the amount of certain taxes;
3. with regard to the difference between the value at which items are shown in the annual balance sheet and the higher market value of such items, unless the general meeting is to approve the annual financial statements;
4. with regard to the methods of classification and valuation, if disclosure of such methods in the notes suffices to provide a clear view of the actual condition of the company's assets, financial position and profitability within the meaning of Section 264 para. 2 of the Commercial Code (*HGB*); the foregoing shall not apply if the general meeting is to approve the annual financial statements;
5. if provision thereof would render the management board criminally liable; or
6. if the information is continuously available on the Company's website at least seven days prior to the general meeting as well as continuously during the meeting.

The provision of information may not be denied for other reasons.

If information has been provided outside a general meeting to a shareholder by reason of his/her status as a shareholder, such information shall upon request be provided to any other shareholder at the general meeting, even if such information is not necessary to permit a proper evaluation of an item on the agenda. The Management Board may not refuse to provide such information on the grounds of the foregoing Nos. 1 to 4. A shareholder who has been denied information may request that his/her question and the reason for which the information was denied be recorded in the minutes of the meeting



Pursuant to Section 26 para. 2 of the Articles of Association, the chairman of the meeting is authorised to place time restrictions on the right of shareholders to speak and ask questions; in particular, he is authorised to define a reasonable period of time for the entire Annual General Meeting, for individual items on the agenda and for individual contributions and questions, either at the start or during the course of the Annual General Meeting.