



THIS IS A CONVENIENCE TRANSLATION OF THE GERMAN INFORMATION ON SHAREHOLDERS' RIGHTS 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 §1 (1) and (2) of the Act governing measures in company law, laws on cooperatives, association law, foundation law and residential property law to combat the effects of the COVID-19 pandemic („COVID-19-Act“) the Management Board has decided, with the approval of the Supervisory Board, that the Annual General Meeting will be held without the physical presence of the shareholders or their proxy holders as a virtual Annual General Meeting.

Holding the Annual General Meeting 2020 as a virtual meeting according to the COVID-19-Act requires modifications in the course of the Annual General Meeting especially for the procedures of the Annual General Meeting as well as in the rights of shareholders.

We request that our shareholders pay particular attention this year to the following notes.

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

Voting on Agenda Item 1 is not planned nor is it necessary because the Supervisory Board has approved the annual financial statements and the consolidated financial statements for the financial year 2019 drawn up by the Management Board Pursuant to Sections 171 and 172 of the German Stock Corporation Act (“AktG“) and the annual financial statements have thus been adopted in accordance with section 172 of the AktG. The prerequisites under which the annual general meeting must decide on the approval of the annual financial statements pursuant to section 173 para. 1 of the AktG are therefore not met.

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

a) Shareholders' applications for additions to the agenda

Shareholders whose aggregate share ownership equates to a minimum of the twentieth (5%), or the proportionate amount of EUR 500,000.00 (i.e. equivalent to 500,000 shares) of the share capital, may demand pursuant to Section 122 para. 2 AktG the inclusion of items on the agenda and the publication thereof. Each requested agenda addition 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 pursuant to section 1 para. 3 sentence 4 of the COVID-19-Act at least 14 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 Tuesday, 12 May 2020. Amendment demands received later than this shall not be considered.

Shareholders 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 Management Board decides on the motion, with Section 70 AktG being applicable when

calculating the time for which the shares have been held. Section 121 para. 7 AktG shall apply accordingly.

Any requests for additions must be sent in writing by the aforementioned date to the following address:

PAION AG
Management Board
Martinstrasse 10-12
52062 Aachen
Germany

Additions to the agenda that must be announced will – insofar as they have not been announced by the time the Annual 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/medien-und-investoren/hauptversammlung/

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 AktG – 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.

Section 121 para. 7 AktG (deadlines and dates)

(7) In the case of deadlines and dates which are calculated back by the assembly, the day of the assembly is not to be counted. Moving from a Sunday, a Saturday or a public holiday to a previous or subsequent working day is not an option. Sections 187 to 193 of the Civil Code are not applicable accordingly. In the case of non-listed companies, the articles of association may determine a different calculation of the deadline.

Section 1 para. 3 sentences 3 and 4 of the COVID-19-Act (access period for additional requests)

In the event of a convocation with a shortened deadline pursuant to sentence 1, the notification pursuant to Section 125 para. 1 sentence 1 of the AktG must be received no later than twelve days before the meeting and the notification pursuant to Section 125 para 2 of the AktG must be sent to the Share register to be made. In deviation from Section 122 para. 2 of the AktG, requests for amendments in the aforementioned case must be received at least 14 days before the company's meeting.

b) Countermotions and election proposals by shareholders

Every shareholder has the right to file countermotions to the proposals submitted by the Management Board and/or Supervisory Board regarding particular agenda items and to propose alternative candidates for election as auditor (agenda item **Fehler! Verweisquelle konnte nicht gefunden werden.**). Countermotions and election proposals do not need to include a justification.

Countermotions and election proposals received by the Company at the address below at least 14 days prior to the Annual General Meeting, with the day of receipt and the date of the meeting not being included in this calculation, in other words by 24:00 (CEST) on Tuesday, 12 May 2020 at the latest, shall be published without delay on the Company's website at www.paion.com/medien-und-investoren/hauptversammlung/

Information on countermotions and election proposals pursuant to Sections 126 and 127 AktG as well as any statements of the administration may also be found at www.paion.com/medien-und-investoren/hauptversammlung/

Countermotions will be made available together with the shareholder's name and any justification.

Sections 126 para. 2 AktG or Section 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 justification can, in particular, be excluded from publication if it is more than 5,000 characters long. 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. Section 127 sent. 3 in conjunction with Section 125 para. 1 sent. 5 AktG stipulates further reasons that might warrant election proposals not being published on the Company's website.

Countermotions and election proposals shall be sent to the following address:



PAION AG
Investor Relations Department
Martinstrasse 10-12
52062 Aachen
Germany
Facsimile: +49 (0)241 4453-120
Email: investor.relations@paion.com

Counter motions and election proposals sent to any other address will not be published.

Please note that counter motions and nominations, even if they have been sent to the Company in advance in due time, will only be considered in the Annual General Meeting if they are provided by the Company's proxies during the Annual General Meeting. For this the proxies in the context of submitting the counter motion and/or the election proposal are to be authorized and instructed accordingly.

The provisions of the German Stock Corporation Act on which these shareholder rights are based are as follows:

Section 126 AktG Proposals from shareholders

- (1) Proposals from shareholders, including the name of the shareholder, the reasoning and any statement by the administration, must be made available to the entitled parties specified in section 125 para. 1 to 3 if the shareholder has sent a counter motion at least 14 days before the meeting of the Company against a proposal by the Management Board and the Supervisory Board on a specific item on the agenda with the reasons to the address given for this in the convening notice. The day of receipt is not included. In the case of listed companies, access must be made via the company's website. Section 125 para. 3 applies accordingly.
- (2) A counter motion 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 counter motion 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 counter motion 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 counter motion 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 counter motion;
 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 counter motion or election proposal communicated by him.

A justification does not need to be made available if it amounts to more than 5000 characters in total.

- (3) If several shareholders submit countermotions on the same subject of the resolution, the Management Board can summarize the countermotions and their reasons.

Section 127 of the German Stock Corporation Act nominations from shareholders

Section 126 applies mutatis mutandis to the proposal of a shareholder for the election of Supervisory Board members or auditors. The nomination need not be justified. The Board of Directors does not need to make the election proposal accessible even if the proposal does not contain the information pursuant to section 124 para. 3 sentence 4 and section 125 para. 1 sentence 5. The Management Board must provide the following content for a shareholder's proposal for the election of members of the supervisory board of listed companies to which the Co-Determination Act, the Mining Co-Determination Act or the Co-Determination Supplement Act applies:

1. reference to the requirements of § 96 para. 2
2. Indication of whether total fulfillment has been contradicted in accordance with section 96 para. 2 sentence 3 and
3. Information on how many seats on the supervisory board must at least be occupied by women and men in order to meet the minimum shareholding requirement in accordance with section 96 para. 2 sentence 1.

c) Possibility to ask questions by means of electronic communication; Declaration of contradiction

Possibility to ask Questions

In accordance with section 1 para. 1 and para. 2 of the COVID-19-Act, shareholders are given the opportunity to ask questions using electronic communication. The Management Board has stipulated that shareholders registered for the Annual General Meeting can submit their questions to the company by electronic communication via the AGM shareholders' portal by Monday, 25 May 2020, 24:00 CEST, at the latest.

There is no right to information for shareholders during the virtual Annual General Meeting.

The Management Board will decide, at its own dutiful discretion, which questions it answers and how.

The regulations on which the opportunity to ask questions in the form of electronic communication is based (section 1 para. 2 sentence 1 no.3, sentence 2 of the COVID-19-Act) are as follows:

The Management Board can decide that the meeting will be held as a virtual Annual General Meeting without the physical presence of the shareholders or their proxies, provided that [...]

3. The shareholders is granted the opportunity to ask questions via electronic communication

[...]

The Management Board decides at its own discretion which questions it answers and how; he can also stipulate that questions must be submitted by electronic communication no later than two days before the meeting.

Declaration of contradiction

Shareholders who have exercised their voting rights by postal vote or through a proxy, as explained above, have the option, contrary to Section 245 No. 1 of the AktG, to declare an objection to one or more resolutions of the Annual General Meeting by electronic communication without appearing at the Annual General Meeting to the notary. In addition to the requirement to cast a vote, a valid declaration of the objection requires that the shareholder or the proxy, by specifying the resolution against which the objection is directed, send an e-mail to the following e-mail by the end of the Annual General Meeting:

peters@muesgen-peters.de

When declaring the objection, the corresponding access card number must also be provided as proof of shareholder status.

The regulation on which this shareholder right is based (Section 1 para. 2 No. 4 of the COVID-19-Act) is as follows:

(2) The Management Board can decide that the meeting will be held as a virtual Annual General Meeting without the physical presence of the shareholders or their proxies, provided that

[...]

4. In deviation from section 245 number 1 of the AktG, the shareholders who have exercised their voting rights in accordance with number 2 are given the opportunity to object to a resolution of the Annual General Meeting, waiving the requirement to appear in the Annual General Meeting.