



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

1. Information pursuant to Section 121 para. 3 No. 3 of the German Stock Corporation Act 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 of the German Stock Corporation Act (AktG) the inclusion of items on the agenda and the publication thereof. Each requested agenda addition must be accompanied by a reasoning 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 (CET) on Sunday, 25 December 2022. 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
Heussstrasse 25
52078 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 same manner as the convocation immediately upon receipt. They will also be published without delay on the internet at

<https://www.paion.com/medien-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.

b) Countermotions by shareholders pursuant to Section 126 para. 1 AktG

Every shareholder has the right to file countermotions to the proposals submitted by the Management Board and/or Supervisory Board regarding particular agenda items. Countermotions do not need to include a reasoning.

Countermotions received by the Company at the address below at least 14 days prior to the extraordinary 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 (CET) on Tuesday, 10 January 2023 at the latest, shall be published without delay on the Company's website at

<https://www.paion.com/medien-investoren/hauptversammlung/>

Information on counter motions and election proposals pursuant to Section 126 AktG as well as any statements of the administration may also be found at

<https://www.paion.com/medien-investoren/hauptversammlung/>

Counter motions will be made available together with the shareholder's name and, if any, a potential reasoning.

Section 126 para. 2 AktG stipulates reasons that might warrant a counter motion and its reasoning not being published on the Company's website. A reasoning can, in particular, be excluded from publication if it is more than 5,000 characters long.

Counter motions shall be sent to the following address:

PAION AG
Investor Relations Department
Heussstrasse 25
52078 Aachen
Germany

Email: investor.relations@paion.com

Counter motions and election proposals sent to any other address will not be published.

The right of each shareholder to file counter motions to agenda items during the extraordinary General Meeting without prior and timely submission to the Company remains unaffected. Counter motions which have been submitted to the Company timely in advance shall only be considered at the extraordinary General Meeting if they are filed verbally there.

The provisions of the AktG 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 reasoning 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 reasoning 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.

A reasoning 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.

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 extraordinary 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.

Pursuant to Section 26 para. 2 of the Articles of Association, the chairman of the meeting is authorized to place time restrictions on the right of shareholders to speak and ask questions; in particular, he is authorized 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 extraordinary general meeting.

The regulations on which the right to information is based are as follows:

Section 131 AktG Stockholder's right to request information

- (1) The management board is to inform each stockholder at the general meeting, upon a corresponding request being made, concerning matters pertaining to the company insofar as this is required in order to appropriately adjudge the item of business set out in the agenda. The obligation to provide information shall also extend to include the legal and business relations of the company with an affiliated enterprise. Where a company avails itself of the eased requirements pursuant to section 266 (1), third sentence, section 276, or section 288 of the Commercial Code (HGB), then each stockholder may request that, at the general meeting deliberating on the annual accounts, the annual accounts be made available to him in the form that they would have without these eased requirements. The obligation of the management board of a parent company to provide information (section 290 subsections (1) and (2) of the Commercial Code (HGB)) at the general meeting to which the consolidated financial statements and the consolidated management report are submitted shall also extend to cover the situation of the group and the enterprises included in the consolidated financial statements.

[...]

- (3) The management board may refuse a request for information:
 1. Inasmuch as the provision of the information, when adjudged applying prudent business judgment, is suited to cause a greater than insignificant disadvantage to the company or an affiliated enterprise;
 2. Inasmuch as it refers to carrying values for tax purposes or the amount of individual taxes;
 3. Regarding the difference between the value at which objects were stated in the annual balance sheet and a higher value of such objects, unless the general meeting approves and establishes the annual accounts;
 4. Regarding the accounting and valuation methods insofar as it suffices to cite these methods in the notes in order to accurately represent the company's assets, financial position, and revenue situation in keeping with its actual circumstances in the sense of section 264 (2) of the Commercial Code (HGB); this shall not apply if the general meeting approves and establishes the annual accounts;
 5. Inasmuch as the management board would be liable to punishment under law were it to provide the information;
 6. Inasmuch as, in the case of a credit institution, financial services provider or a securities trading firm, no information need be provided regarding the accounting and valuation methods applied, nor regarding the netting

performed in the annual accounts, management report, consolidated financial statements, or consolidated management report;

7. Inasmuch as such information is continuously accessible on the company's website for at least seven (7) days prior to commencement of the general meeting, and also in its course.

Any refusal to provide information for other than the grounds set out above is not permissible.

- (4) Where information has been provided to a stockholder because of his capacity as such, and this was done outside of the general meeting, it is to be provided to every other stockholder making a corresponding request at the general meeting, even if such information is not required in order to appropriately adjudge the item of business set out in the agenda. In the case of a virtual general meeting, it shall be ensured that each shareholder who is electronically connected to the meeting can submit his request pursuant to the first sentence by means of electronic communication. The management board may not refuse to provide the information in accordance with subsection (3), first sentence, nos. 1 to 4. The first to third sentence shall not apply if a subsidiary company (section 290 subsections (1) and (2) of the Commercial Code (HGB)), a joint venture (section 310 (1) of the Commercial Code (HGB)) or an associated enterprise (section 311 (1) of the Commercial Code (HGB)) issues the information to a parent company (section 290 subsections (1) and (2) of the Commercial Code (HGB)) for purposes of including the company in the consolidated financial statements of the parent company and the information is required for this purpose.
- (5) Where a stockholder's request for information is refused, he may demand that his question and the grounds for refusing to provide the information be included in the minutes of the meeting. In the case of a virtual general meeting, it shall be ensured that each shareholder who is electronically connected to the meeting can submit his request pursuant to the first sentence by means of electronic communication.