PRESS RELEASE

PAION GRANTS COSMO PHARMACEUTICALS REMIMAZOLAM LICENSE IN THE U.S. AND COSMO BECOMES LARGEST SHAREHOLDER OF PAION AG

- Cosmo to make EUR 10 million upfront license fee payment to PAION
- PAION entitled to receive up to EUR 42.5 million in milestone payments and significant double-digit tiered royalties
- PAION resolves issuance of 5,064,194 new shares to a subsidiary of Cosmo by way of a private placement and receives EUR 9.6 million

Aachen (Germany), 24 June 2016 – Today, PAION AG, a specialty pharma company (ISIN DE000A0B65S3; Frankfurt Stock Exchange Prime Standard: PA8), and Cosmo Technologies Ltd., a subsidiary of Cosmo Pharmaceuticals N.V., ("Cosmo") entered into a license agreement for remimazolam. The agreement grants Cosmo Technologies Ltd. an exclusive license for the development and commercialization of PAION's lead drug candidate, remimazolam, in the territory of the United States.

Under the license agreement, PAION will receive a EUR 10 million upfront licence fee payment. In addition, PAION is entitled to receive additional payments of up to EUR 42.5 million contingent upon certain milestones related to the U.S. regulatory approval process and, upon commercialization of remimazolam in the U.S., following regulatory approval, tiered royalties on net sales in the U.S. ranging from 20% to 25%, which may be adjusted under certain conditions but not to below 15% of net sales.

Under the terms of the license agreement, Cosmo has the right to further develop and commercialize remimazolam in the U.S., while bearing all future associated costs for market authorization and distribution. However, PAION will be responsible for and bear the cost associated with the completion of the ongoing U.S. trials in procedural sedation.

At the same time, Granell Strategic Investment Fund Limited ("Granell"), another subsidiary of Cosmo, entered into an investment agreement with PAION AG, pursuant to which it has committed to invest EUR 10 million in shares of PAION AG. In this context, PAION AG today resolved to issue 5,064,194 new shares of PAION AG at a price of EUR 1.90 per share (5-day VWAP) for a total of EUR 9.6 million to Granell under exclusion of shareholders' subscription rights. The remaining amount of EUR 0.4 million will be invested at a later date. The shares issued to Granell will be subject to a 12-month lock-up period. Upon completion of the private placement, which is expected to occur on 29 June 2016, Granell will hold approximately 9% in PAION AG's issued share capital. Under the Investment Agreement, PAION has undertaken, subject to approval by the Company's shareholders' meeting, to cause the appointment of one supervisory board member proposed by Cosmo to the Company's supervisory board.

Due to the significant impact of the license agreement and the investment agreement on PAION's net assets, financial position and results of operations, PAION will adapt the financial outlook for 2016 given on 22 March 2016 in connection with the publication of PAION's annual financial results 2015. A new outlook will be published later in the course of 2016.

Dr Wolfgang Söhngen, CEO of PAION AG, commented: *"Cosmo is an ideal industrial partner to share PAION's vision to improve procedural sedation specifically for patients undergoing gastrointestinal endoscopies. Remimazolam's potential for the U.S. lead indication procedural sedation is significant. We are convinced that Cosmo, with its innovations in gastrointestinal endoscopies is the ideal partner to maximize the potential of remimazolam in the U.S. We also expect this collaboration to have a positive effect on our and our partners' progress in other territories. With Cosmo becoming a strategic shareholder in PAION, our incentives will be fully aligned. We intend to proceed with U.S. development full steam to enable Cosmo to file for the NDA as planned."*

Alessandro Della Chà, CEO of Cosmo Pharmaceuticals added: "*The remimazolam Phase III data are very convincing. Given its fast onset and short wake-up time we believe that remimazolam will have a significant impact on how GI endoscopies are being performed in a rapidly changing reimbursement environment. Remimazolam is a perfect extension of our value proposition. In our view, remimazolam will allow the gastrointestinal endoscopist to sedate the patient faster and more safely, Methylene Blue MMX will help identify more dangerous adenomas and Eleview will allow the faster and safer excision of the lesions."*

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About remimazolam
Remimazolam is an ultra-short-acting intravenous benzodiazepine sedative/anesthetic, currently in Phase III clinical development for procedural sedation. In the human body, remimazolam is rapidly metabolized to an inactive metabolite by tissue esterases and not metabolized by cytochrome-dependent hepatic pathways. Like other benzodiazepines, remimazolam can be reversed with flumazenil to rapidly terminate sedation and anesthesia if necessary.

In clinical studies, remimazolam demonstrated efficacy and safety in over 1,000 patients. A Phase III program is currently in progress in procedural sedation in the U.S. Data so far indicate that remimazolam has a rapid onset and offset of action combined with a favorable cardio-respiratory safety profile.

A pediatric development plan has been agreed with the FDA and will be implemented following the development of remimazolam for adult patients. A full clinical development program for general anesthesia has been completed in Japan, and a Phase II study in general anesthesia has been completed in the E.U. Development for ICU sedation beyond 24 hours is considered following successful completion of development in procedural sedation and general anesthesia.

Remimazolam is available for licensing outside the U.S., China, Russia (CIS), Turkey, the MENA region, South Korea and Canada, where the compound is

partnered with Cosmo Pharmaceuticals, Yichang Humanwell, R-Pharm, TR-Pharm, Hana Pharm and Pharmascience (Pendopharm), respectively.

About Cosmo Pharmaceuticals
Cosmo is a specialty pharmaceutical company that aims to become a global leader in the field of optimized therapies for selected gastrointestinal disorders and endoscopic procedures. The company's proprietary clinical development pipeline specifically addresses innovative treatments for IBD (inflammatory bowel disease), such as ulcerative colitis and Crohn's disease, and colon infections. In addition, the company has developed a medical device for polyp excision and is developing a product for the detection of colon cancer and has a large shareholding in Cassiopea SpA, a clinical-stage specialty pharmaceutical company focusing on developing and commercializing innovative and differentiated medical dermatology products. Cosmo's MMX® products that have reached the market are Lialda®/Mezavant®/Mesavancol®, a treatment for IBD that is licensed globally to Nogra and Shire Limited and Uceris®, the first glucocorticosteroid indicated for the induction of remission in active, mild to moderate ulcerative colitis, licensed in the U.S. to Santarus/Salix/Valeant and in the rest of the world to Ferring. Cosmo's proprietary MMX® technology is at the core of the company's product pipeline and was developed from its expertise in formulating and manufacturing gastrointestinal drugs for international clients at its GMP (good manufacturing practice) facilities in Lainate, Italy. The technology is designed to deliver active ingredients in a targeted manner in colon. For further information on Cosmo, please visit the company's website: www.cosmopharmaceuticals.com.

About PAION
PAION AG is a publicly listed specialty pharmaceutical company headquartered in Aachen (Germany) with further sites in Cambridge (United Kingdom) and New Jersey (USA). PAION's lead substance, remimazolam, is an intravenous ultra-short-acting benzodiazepine sedative/anesthetic currently in Phase III clinical development for procedural sedation. Remimazolam is designed to complement and improve currently available treatment options for patients requiring sedation and anesthesia. PAION is focusing its clinical development activities on remimazolam according to PAION's vision to become an acknowledged "PAIONeer" in sedation and anesthesia.

For more information please visit www.paion.com or www.cosmopharmaceuticals.com

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