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**Ad hoc Announcement
Inside information according to Article 17 Market Abuse Regulation**

**PAION SIGNS AGREEMENT WITH YORKVILLE ABOUT THE ISSUE OF
CONVERTIBLE NOTES OF UP TO EUR 15 MILLION**

Aachen (Germany), 30 August 2019 – The specialty pharmaceutical company PAION AG (ISIN DE000A0B65S3; Frankfurt Stock Exchange Prime Standard: PA8) today signed an agreement with U.S. investment firm Yorkville Advisors Global LP ("Yorkville") for a growth financing via convertible notes of up to EUR 15 million to be drawn in probably up to three tranches. The first tranche of EUR 5 million each is expected to be drawn shortly. This financing enables PAION to further implement its commercial strategy and R&D program.

Under the terms of the agreement, Yorkville is obligated to purchase convertible notes in a total nominal amount of up to EUR 15 million at an issue price corresponding to 95% of the nominal amount until June 2022. PAION may, at its own discretion, issue the next tranche of convertible notes to Yorkville under certain conditions each time once 75% of the previous tranche have been converted.

The unsecured convertible notes each have a term of 15 months and are convertible into PAION shares during the term by the holder of the convertible notes. PAION can extend the term of the notes by up to 24 months against a cash fee. The conversion price shall be determined taking into account a 5% discount on the volume-weighted 5-day average trading price of the PAION share immediately prior to conversion but may not be lower than 80% of the volume-weighted 10-day average price of the PAION share prior to PAION's Management Board's resolution to issue the convertible notes. Interest is not paid during the term of the notes.

To the extent permitted by the authorization of the PAION Annual General Meeting of 22 May 2019, the convertible notes are issued without subscription rights for existing shareholders. For the full utilization of the nominal amount of EUR 15 million under exclusion of subscription rights, additional authorizations may be required by the Annual General Meeting.

End of inside information

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Abdelghani Omari, CFO of PAION AG, commented: *"We are happy about this transaction with Yorkville. The combination of this financing together with the loan agreement with the European Investment Bank, which we have closed recently, gives us greater flexibility for implementing our strategy and increased independence from larger fluctuations in the capital markets. The*

first tranche of EUR 5 million from Yorkville and the first tranche of EUR 5 million from the European Investment Bank together cover our short-term financing requirements. We will decide on the possible draw of further tranches from Yorkville in due course and under consideration of the available options."

Saad Gilani, Head of Healthcare Investments Yorkville, commented: *"We have followed PAION's success story intensively over the past years and are pleased to be able to provide this financing which supports PAION in further advancing the implementation of its strategy for remimazolam."*

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This release may not be published, distributed or transmitted in the United States, Canada, Australia, Japan or any other jurisdiction in which the distribution or release would be unlawful. This release does not constitute an offer of securities for sale or a solicitation of an offer to purchase securities (the "Shares") of PAION AG (the "Company") in the United States, Germany or any other jurisdiction. The Shares may not be offered or sold in the United States absent registration or an exemption from registration under the U.S. Securities Act of 1933, as amended (the "Securities Act"). The Shares have not been, and will not be, registered under the Securities Act.

This release contains certain forward-looking statements concerning the future business of PAION AG. These forward-looking statements contained herein are based on the current expectations, estimates and projections of PAION AG's management as of the date of this release. They are subject to a number of assumptions and involve known and unknown risks, uncertainties and other factors. Should actual conditions differ from the Company's assumptions, actual results and actions may differ materially from any future results and developments expressed or implied by such forward-looking statements. Considering the risks, uncertainties and other factors involved, recipients should not rely unreasonably upon these forward-looking statements. PAION AG has no obligation to periodically update any such forward-looking statements to reflect future events or developments.

About PAION

PAION AG is a publicly listed specialty pharmaceutical company developing and aiming to commercialize innovative drugs for out-patient and hospital-based sedation, anesthesia and critical care services. PAION's lead compound is remimazolam, an intravenous, ultra-short-acting and controllable benzodiazepine sedative/anesthetic drug candidate for which PAION has completed the clinical development for use in procedural sedation in the U.S. and its local licensee Cosmo Pharmaceuticals submitted a New Drug Application in April 2019. In Japan, licensee Mundipharma filed for market approval for remimazolam in general anesthesia in December 2018. In China, licensee Yichang Humanwell filed for market approval for remimazolam in procedural sedation in November 2018.

In Europe, PAION is seeking approval for remimazolam in the indications general anesthesia and procedural sedation. For the development of

remimazolam in general anesthesia, PAION is currently conducting a Phase III trial in Europe. The submission of a Market Approval Authorization in procedural sedation in the EU is planned based on the U.S. development program.

Development of remimazolam for intensive care unit (ICU) sedation is part of the longer-term life-cycle plan for remimazolam.

PAION's vision is to become an acknowledged "PAIONeer" in sedation and anesthesia. PAION is headquartered in Aachen (Germany) with an additional site in Cambridge (United Kingdom).

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