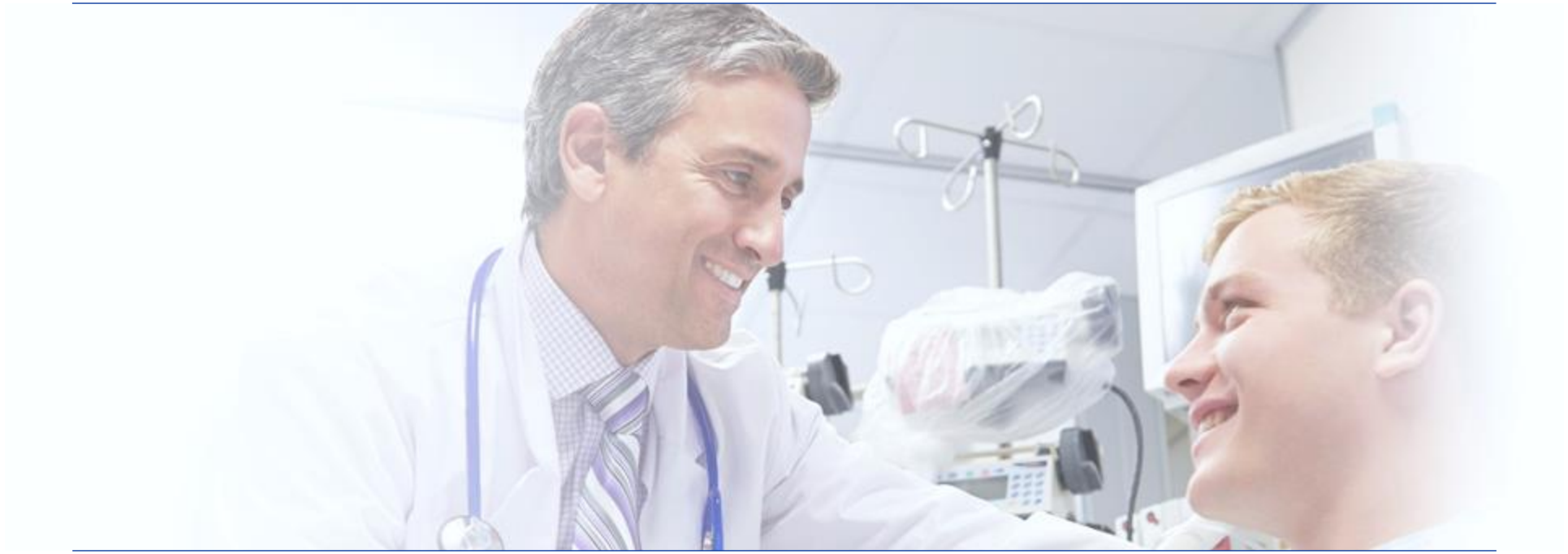
PAION Earnings Call

Financial Results H1 2021



Dr. Jim Phillips, CEO | Abdelghani Omari, CFO

Conference Call | 23 August 2021

PAION

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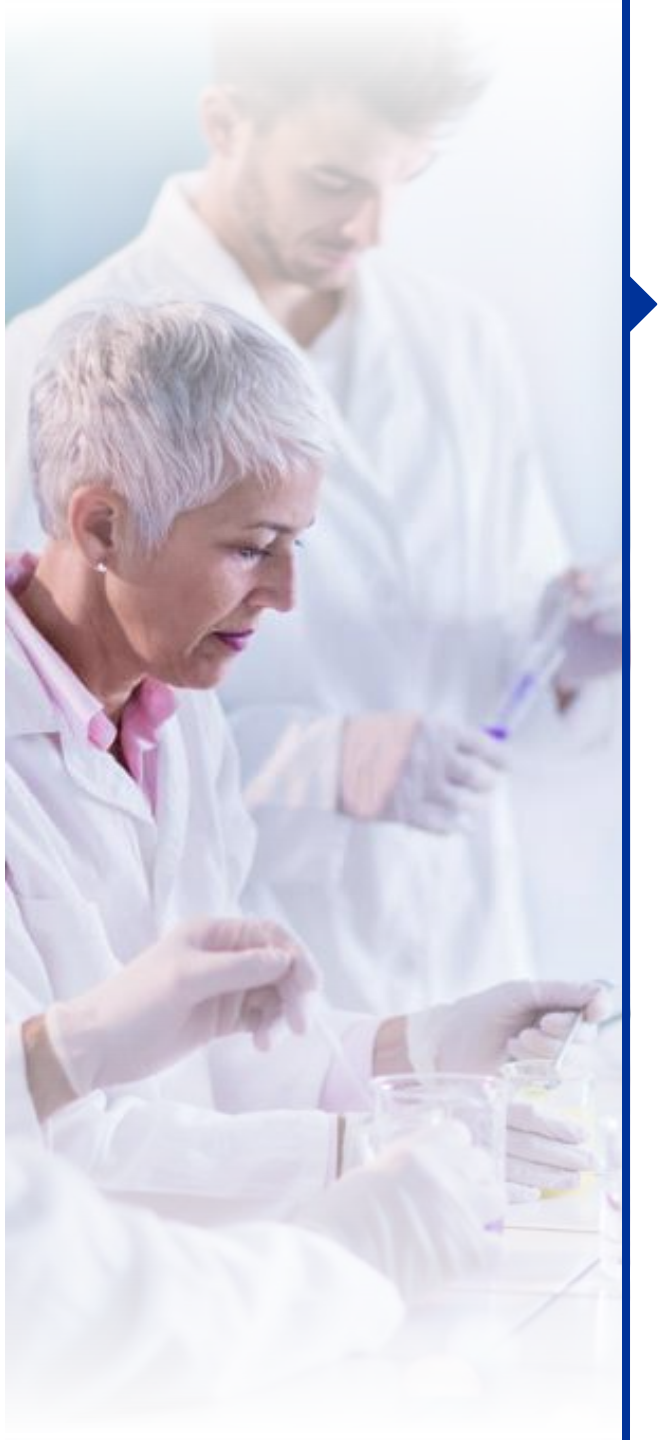


AGENDA

1 **Corporate Overview**

2 Products

3 Financials

4 Conclusion

PAION Mission Statement

“PAION’s mission is to be a leading specialty pharmaceutical company in the fields of anesthesia & critical care by bringing novel products to market to benefit patients, doctors & other stakeholders in healthcare.”

PAION Strategy

- Become a recognized innovative leader in Anesthesia & Critical Care within 3 years
- Create leading commercial capabilities in Europe in 2021-22
- Launch Byfavo®, GIAPREZA® and XERAVA® in key EU markets over 2021-22
- Drive rapid revenue growth & reach profitability end of 2023/beginning of 2024 as a leading specialty pharma company in our field
- Continue to explore synergistic opportunities and in-licensing to drive longer term growth

Corporate overview

PAION AG is a **specialty pharma company** with a focus on anesthesia and critical care products

Byfavo® (remimazolam), GIAPREZA® & XERAVA® are highly complementary fits for commercial optimization & buildout

PAION has commercial partners for Byfavo® in the U.S., China, South Korea, Southeast Asia, Canada, Russia + CIS, Turkey, Taiwan, Japan and the MENA region

EUR 21.2 million cash and cash equivalents (30 June 2021)

Management Board

Dr. James (Jim) Phillips, CEO

Dr. Jim Phillips was appointed Chief Executive Officer in 2019. He is a physician who also holds an MBA from the Cass Business School in London. Dr. Phillips holds a supervisory board directorship at Herantis Pharma.
Career: Managing Director Imexvax, CEO Midatech Pharma, President of EUSA Pharma Europe in its key growth phase prior to its sales to Jazz Pharma in 2012, CEO and founder of Talisker Pharma, Chairman of Prosonix, senior executive for Johnson & Johnson and Novartis

Abdelghani Omari, CFO

Mr. Abdelghani Omari holds a degree in Business Administration from the University Aachen and was appointed Chief Financial Officer in 2014. He joined PAION in 2008 as VP Finance and has more than 20 years experience in Finance.
Career: Before joining PAION he worked in different roles at KPMG where he adviced international clients on accounting, post-merger integration and financial reporting. He started his career in the audit department of KPMG where he worked several years with a focus on the chemical industry.

PAION AG is listed on Frankfurt Stock Exchange

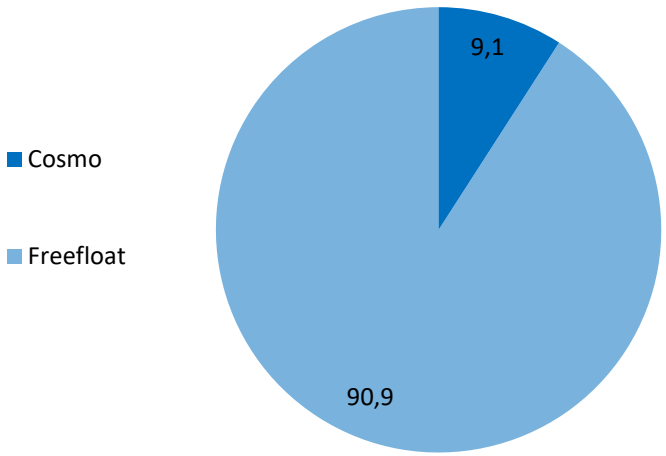
Listed on Frankfurt Stock Exchange, Prime Standard
(FSE: PA8)

Market capitalization:
cEUR130 m

Liquidity (last six months)
(Xetra, Tradegate & FRA stock markets):
c 30 million shares traded
(c 45% of Free Float)

Shareholder structure

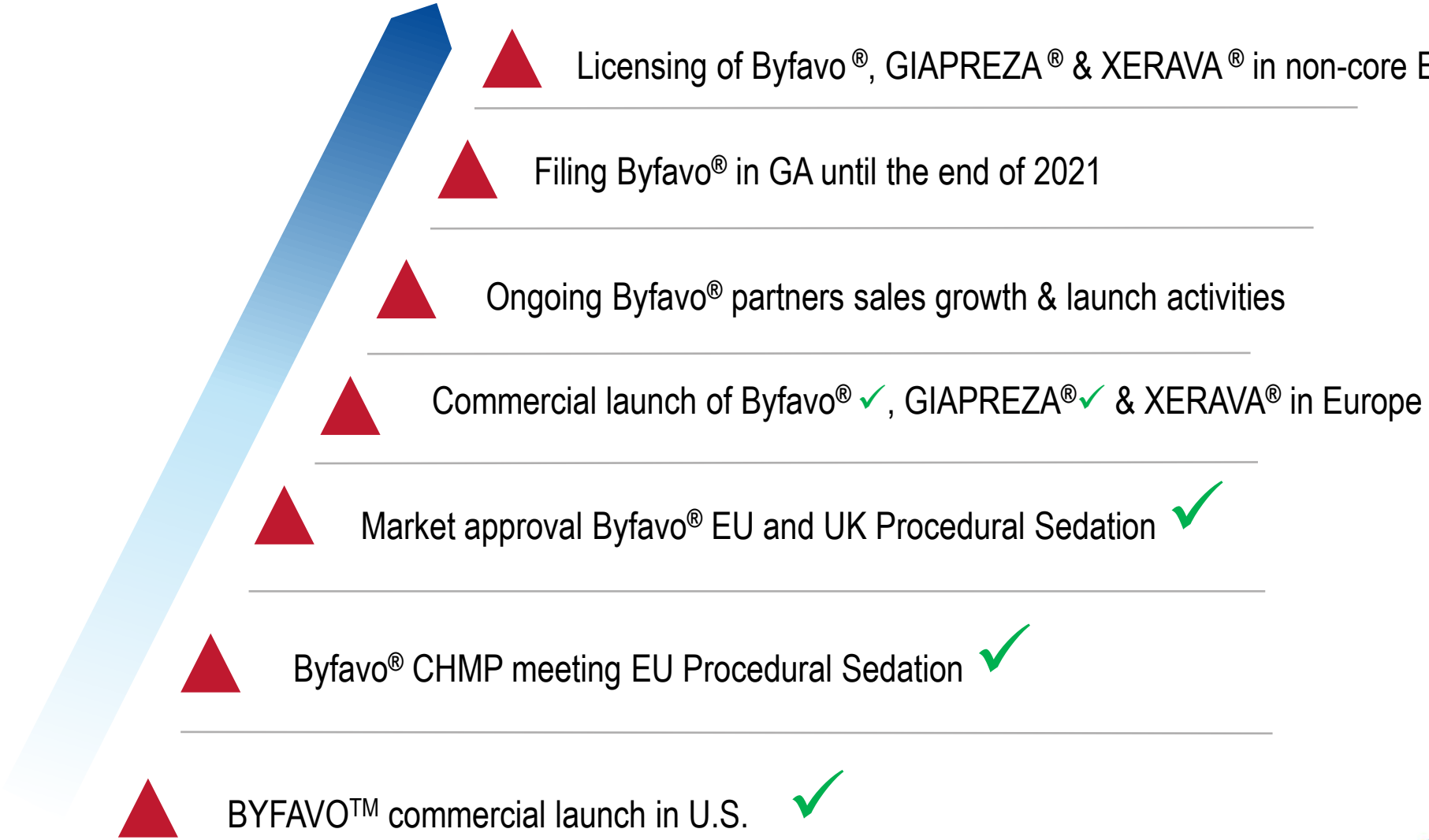
(According to the latest notifications)



Market Data

Capitalization (as of 23 August 2021)	
Current Share Price	€ 1.90
FD Shares Outstanding	71.3 million
Market Cap	c€ 130m
Mean target price of analyst reports (First Berlin, FMR, Oddo BHF, Stifel)	€ 4.01

Key targets and news flow for PAION in 2021



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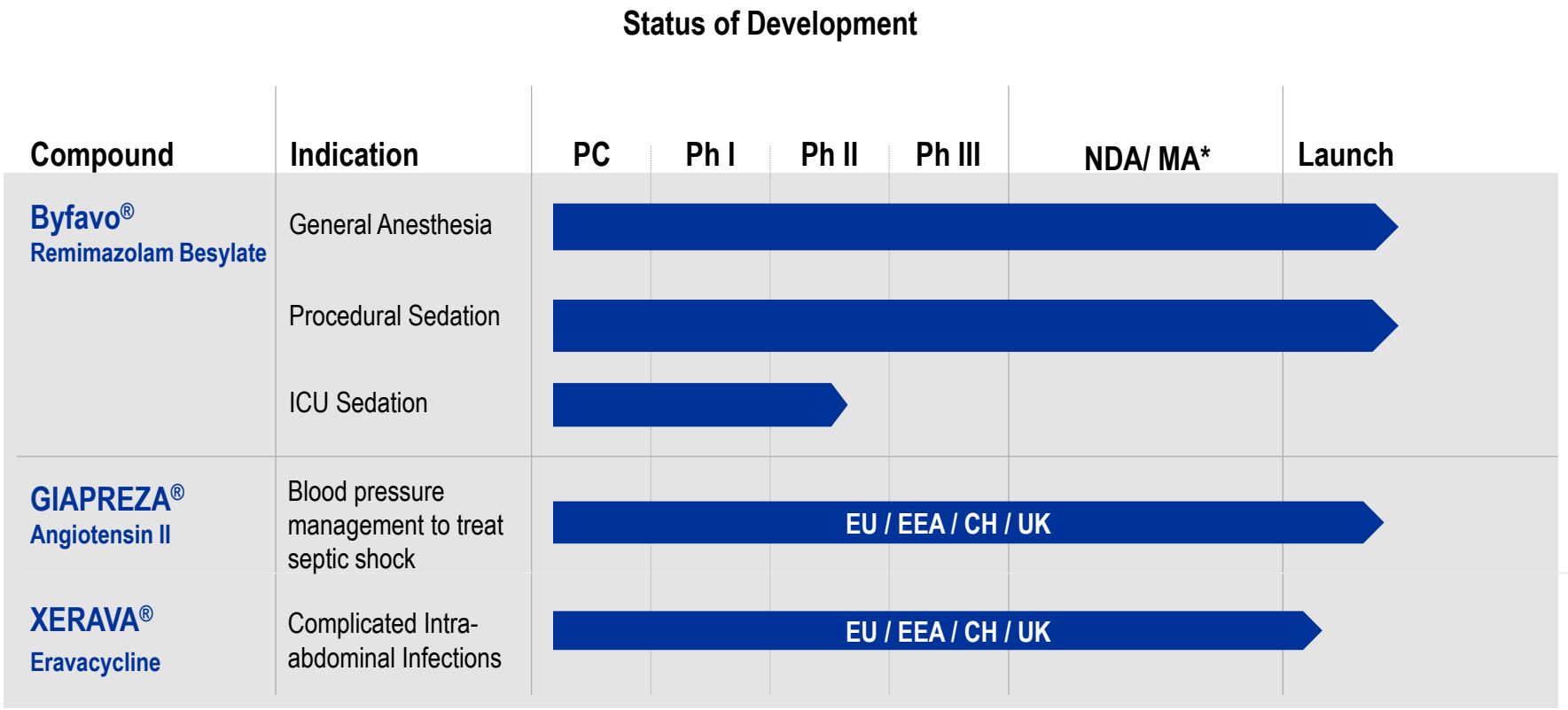
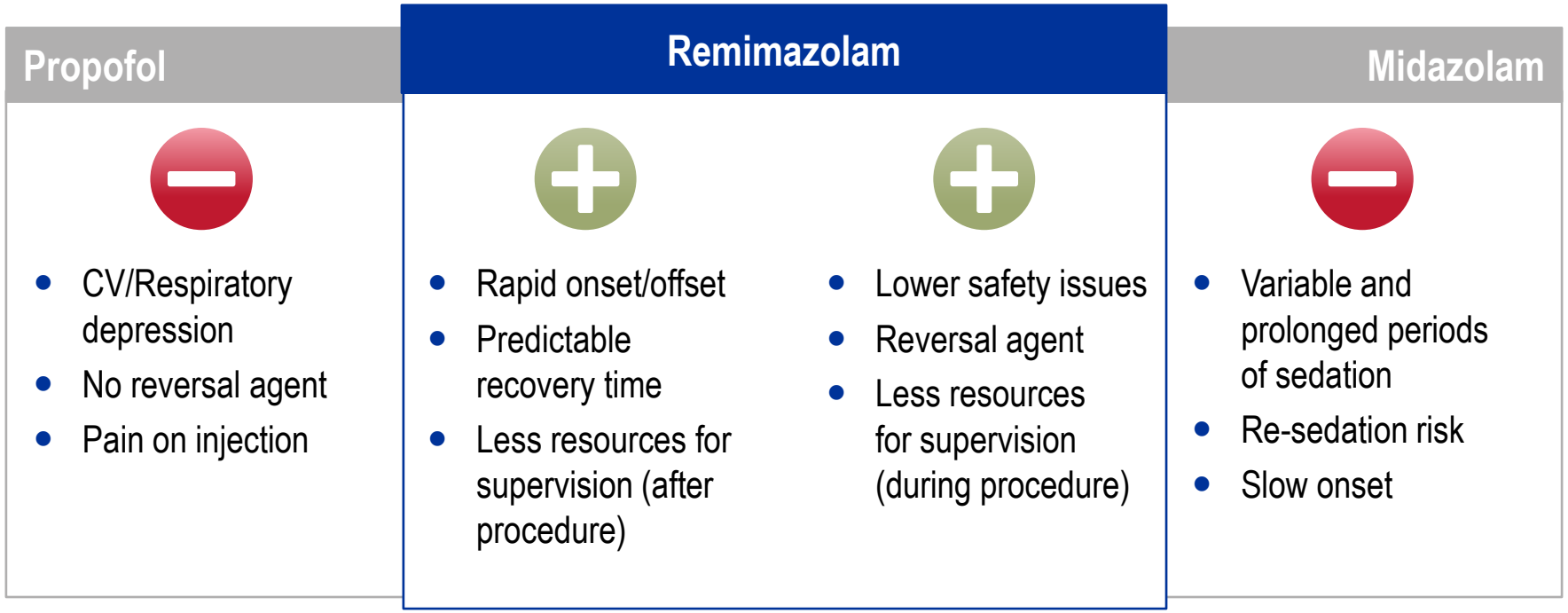
Pipeline overview



* NDA = New Drug Application; MA = Market Approval

Byfavo® / Remimazolam

The ideal drug would combine “the best of both worlds”*



Remimazolam offers the opportunity to substitute both midazolam and propofol in an attractive market setting

* said Physicians at the first ever Market Research performed in 2008 by the Company

Broad Label for Byfavo® provides ample opportunity

BYFAVO® (remimazolam besylate) is indicated in adults for procedural sedation

TIME INDEPENDENT

byfavo®
remimazolam besylate

PROCEDURE INDEPENDENT

Application does not require anaesthetist

PAION

Remimazolam (Byfavo® / Anerem® / Ruima®) – IP Status

- Besylate salt – Protection until at least 2031 in the U.S.
- Formulation patent – Protection until at least 2033 in the EU
- Dosing patent – Protection until at least 2033 in Japan
- Growing IP portfolio to secure attractive period of market exclusivity in major markets
- Paion now investing in lifecycle management

Commercialization strategy

Regions	Western Europe	Ex-EU + Southeast EU
Strategy	Own commercialization	Partnering
Rationale	• Own commercialization as the basis to develop the company to a specialty pharma company • Highest margin	• Search for local champions • “String of pearls”

Our Partnering strategy EX-EU

PAION's partners – product revenues in the amount of EUR 2.7 million in H1 2021

U.S. – Acacia Pharma

- **Lead indication: Procedural Sedation**
- Acacia launched BYFAVO™ in Jan 2021
- Royalty rate: 20-25%

Japan – Mundipharma

- **Lead indication: General Anesthesia**
- Mundipharma launched Anerem® in mid-2020
- Current royalty rate: 15.5%

Taiwan – TTY BIOPHARM

- License agreement signed in March 2021
- Supply of drug product at a percentage of net selling price

China – Yichang Humanwell

- **Indications General Anesthesia + Procedural Sedation**
- Yichang Humanwell launched Ruima® in July 2020
- Royalty rate: 5%

South Korea + Southeast Asia – Hana Pharm

- **Lead indication: General Anesthesia**
- Launched end of March 2021 in SK – positive feedback
- Extended license territory by adding Southeast Asia in January 2020
- Royalty rate: Low double-digit

Canada – Pharmascience

- **Lead indication: Procedural Sedation**
- Canada can use U.S. filing dossier for own filing
- Structured royalties

R-Pharm (Russia, Turkey, MENA Region)

- **Lead indication: General Anesthesia**
- R-Pharm successfully completed a Phase III trial in General Anesthesia in November 2018
- Royalty rate: Low double-digit

Japan (Anerem®) & China (Ruima®)

JAPAN

- NHI national reimbursed price of ¥2,218 per 50 mg vial (~ €17)
- 400 hospitals had product listed by year-end 2020

- Strong market but previous batch recall and therefore limited supply hindered the sales in market

CHINA

- Pricing at launch RMB139 / Vial (~ €17)
- Currently the strongest market globally
- Chinese KOLs supportive
  - "[…] four major advantages: low impact on blood pressure, heart rate and respiratory depression, and low injection pain." Professor Qulian Guo, Xiangya Hospital, Central South University
  - "Remimazolam besylate has the clinical advantages of "short", "flat" and "fast" […]" Professor Wang Dongxin, Peking University First Hospital

- Filed NDA in General Anesthesia in July 2021
- Yichang Humanwell won the annual drug innovation achievement award (Securities Times journal's "Drug Innovation Award") and remimazolam was selected for the "Annual Pharmaceutical Innovation Achievement Award"

BYFAVO™ U.S. launch

- 47 accounts open (30 June 2021) including Mayor Clinics, against an FY 2021 expectation of 150; this represents an increase of 40 accounts since March 2021
- A critical success factor was to avoid the necessity for administration by anesthesiologists or nurse anesthetists only, to provide the required economic differentiation from propofol
- However, access to clinics and prescribers has been severely limited in the first half of 2021 by Covid-19 effects on the healthcare system, and PAION is hoping to see growth accelerating in the second half of 2021

Report of early use in the USA – CRNA letter

Our practice has used BYFAVO (remimazolam) in more than 20 patients during the month of February, 2021, primarily focusing on geriatric patients who have had the concomitant need for short-duration amnesia/anxiolysis and rapid recovery. We care for more than 800 surgical patients per month in an area of the country where there's a large proportion of active men and women over the age of 65. Preventing delirium and other peri-operative neurological derangements in the elderly is a challenge for clinicians striving to provide a safe surgical experience while optimizing outcome. Of primary importance is ensuring brain health,[2] avoiding morbidity, mortality, excessive length of stay, and cost of care.

We've targeted remimazolam use in select, older patients where we felt propofol, ketamine, midazolam, or dexmedetomidine might have inferior clinical profiles. The procedures included cataract surgery, rigid laryngoscopy, bronchoscopy, intramedullary nailing, and hemiarthroplasty/hip fracture. The drug appears to be easily titrated and remimazolam is metabolized by tissue esterases to essentially inactive metabolites with little clinical significance, although there may be concerns in those with severe hepatic disease.[3]

In assessing the return of responsiveness (MOAA/S scores[4]) following administration of 5 mg to 20 mg over varying time intervals, we have appreciated a remarkably clear distinction compared to our historical pharmaceutical benchmarks. It has been our experience that BYFAVO (remimazolam) appears to cause less "insult" to our patients' neuropsychiatric function following their surgical procedures.

PAION

Paion commercial build up in Europe

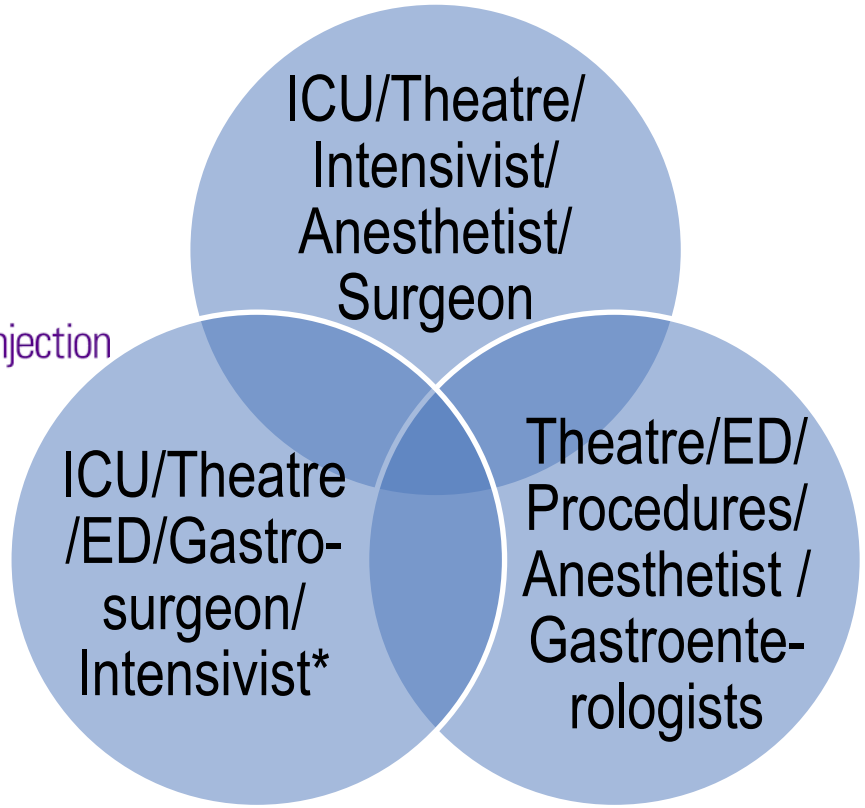
Early Partner launches provide education for EU launches

- Successful partner launches confirmed high market potential
- Targeted sales team approach has the highest risk/benefit ratio
- The launch comes at a time when COVID-19 has caused significant backlogs for elective surgeries and routine procedures
- With ongoing shortages for existing drugs in these therapeutic areas, puts PAION in a strong position as the Company enters these markets

Strong overlap in accounts and target groups

GIAPREZA™
(angiotensin II)
injection for intravenous infusion

XERAVA™
(eravacycline) for injection



byfavo®
remimazolam besylate

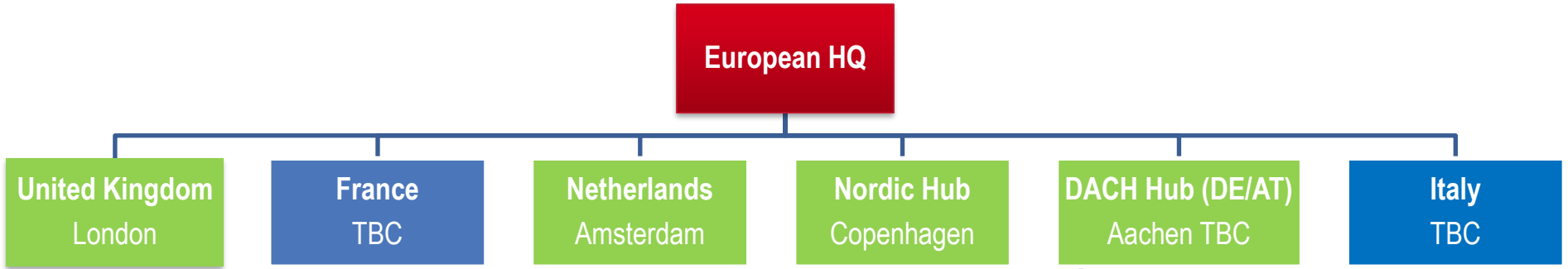
* Other specialties key for formulary listing, eg Inectious disease, Hospital antimicrobial stewardship

PAION

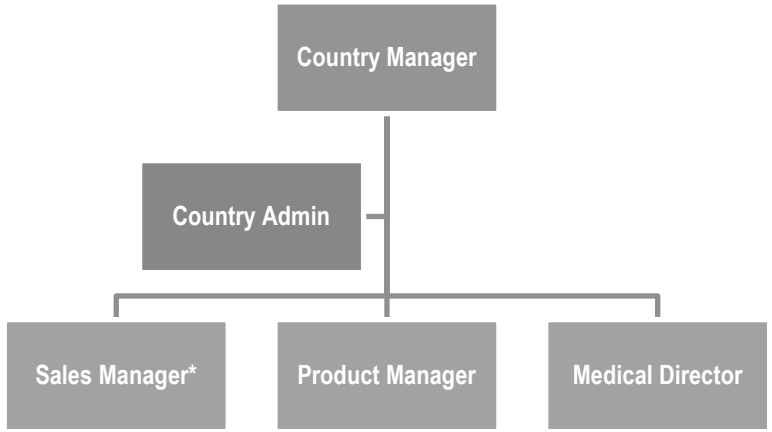
Commercial Organisation in Europe – investing for growth

EU Head Office structure:

1. Corporate Management & Finance
2. EU Marketing, Commercial & Market Access Support
3. Medical, Regulatory Affairs & PhV
4. Supply Chain
5. Quality Assurance
6. Ongoing R&D



Country structure:
Non-commercial functions outsourced or centrally managed



*Sales Manager in larger countries only

Dedicated field-based commercial team structure (green - in place)

Targeted approach from Key Account Manager (KAM) and Medical Science Liaison (MSL)

Country	KAMs	MSLs	Total
Netherlands	4	1	5
Denmark	2	1	3
Germany*	8	2	10
France*	8	2	10
UK	8	2	10
Italy*	8	2	10
Sweden	2	1	3
Norway	1	1	2
Finland	1	1	2
Austria*	2	1	3
Total	44	14	58

*Intention to launch to be confirmed towards end of 2021

PAION

Staggered launches of complete portfolio in 2021-22

Aligned with sales/profit expectations over time

- In July 2021, GIAPREZA® was launched in Germany
- In August 2021, Byfavo® was launched in UK

byfavo® remimazolam besylate	GIAPREZA™ (angiotensin II) injection for intravenous infusion	XERAVA™ (eravacycline) for injection
Aug 21 - Q2/22*	July 21- Q3/22*	Q4/21-Q4/22*

PAION will target nearly all mid- to large-sized accounts**

*Timelines subject to successful Pricing & Reimbursement processes

**Covering 100% of universe in Netherlands & Denmark, Covering majority of top-to-midsize accounts in EU Top4 and other EU territories

PAION

Overview of Byfavo® launch and market preparation – Launched in UK in August

2020 – 2021 REGULATORY

Jan 2021
CHMP Opinion

March 2021
EMA Authorization

2020 – 2021 ORGANISATIONAL BUILD UP

Activity	Date
Local management established. (UK/NL/Nordics)	03/21
Field force deployed	06/21
Supply Chain readiness	06/21
Work on formularies	07/21

2021 – 2022 LAUNCHES

*Other EU territories subject to licensing; Regulatory filing in CH planned; launch intentions in DE/FR/IT/AT to be further confirmed

Procedural Sedation: EU Market Opportunity

15-20 million

procedures involving procedural sedation each year in EUROPE5

~8.7 million

Gastrointestinal procedures*

>90%

Mean % GI procedures using procedural sedative

~1.2 million

Bronchoscopy*

~2.7 million

Cataract Surgery*

~2.7 million

Cardiac Procedures*
Catheterizations, ablations etc.

~1.9 million

Emergency Dept#

* Figures based on annual total number of procedures in EUROPE TOP5 (UK, FR, GE, IT, SP)

Figures based on annual total number of procedures, with PS. Procedures included are repair of lacerations, bone fracture reduction, wound care, extraction of foreign body and bladder catheterization

Reference: Remimazolam Global Value Dossier, 2021

Sources: Data on file [8]; QuintilesIMS 2009 model, HES online, ISD Scotland, NISRA, Welsh Assembly government, Insee France, DeStatis - Statistisches Budesamt, Ministero della Salute, Rapporto SDO 2015, Walnut Medical data, Eurostat.

PAION

Market Research

Suggests there is a high willingness to use Byfavo

Regarding the potential use for procedural sedation by you, please select the option(s) that apply:

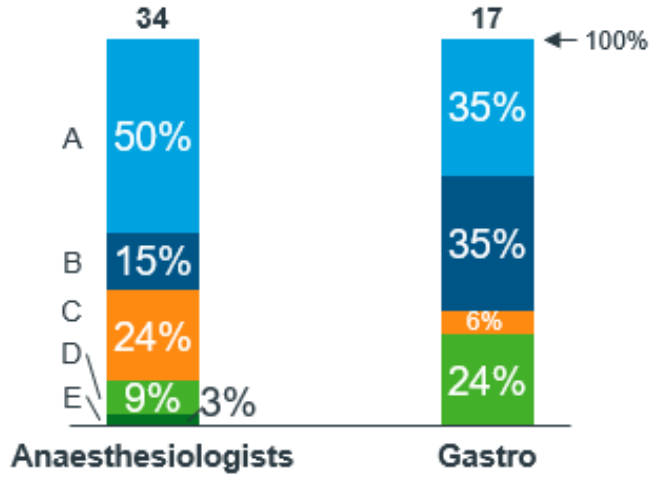
A. I would immediately start using it in some patients

B. I would wait for experience of some peers

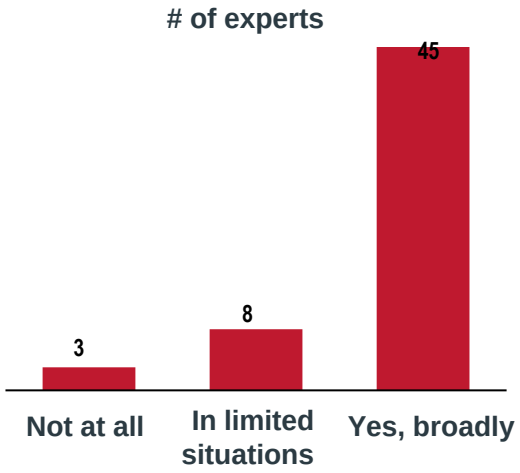
C. I would not use it before it is in my hospital formulary

D. I would rather wait until a lot more experience has been gathered in our country

E. I could hardly think of a situation where I would use it



Willingness to use Byfavo for procedural sedation:



Please note: Respondents were not informed about price of Byfavo

- IQVIA Market Prioritization Research 2019

GIAPREZA® & XERAVA®

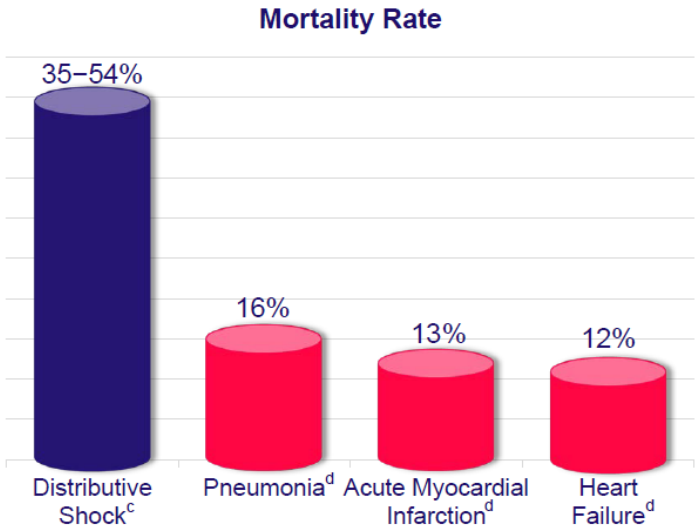
GIAPREZA® approved for septic shock in EU & U.S.

- GIAPREZA® is approved by the EMA as a vasoconstrictor indicated for the treatment of refractory hypotension in adults with septic or other distributive shock who remain hypotensive despite adequate volume restitution and application of catecholamines and other available vasopressor therapies
- Used in ICU
- Currently 3rd line therapy (life-saving)
- Pricing & Reimbursement work looks very supportive for premium pricing
- In July 2021, GIAPREZA® was launched in Germany and can be ordered and delivered to customers through direct sales

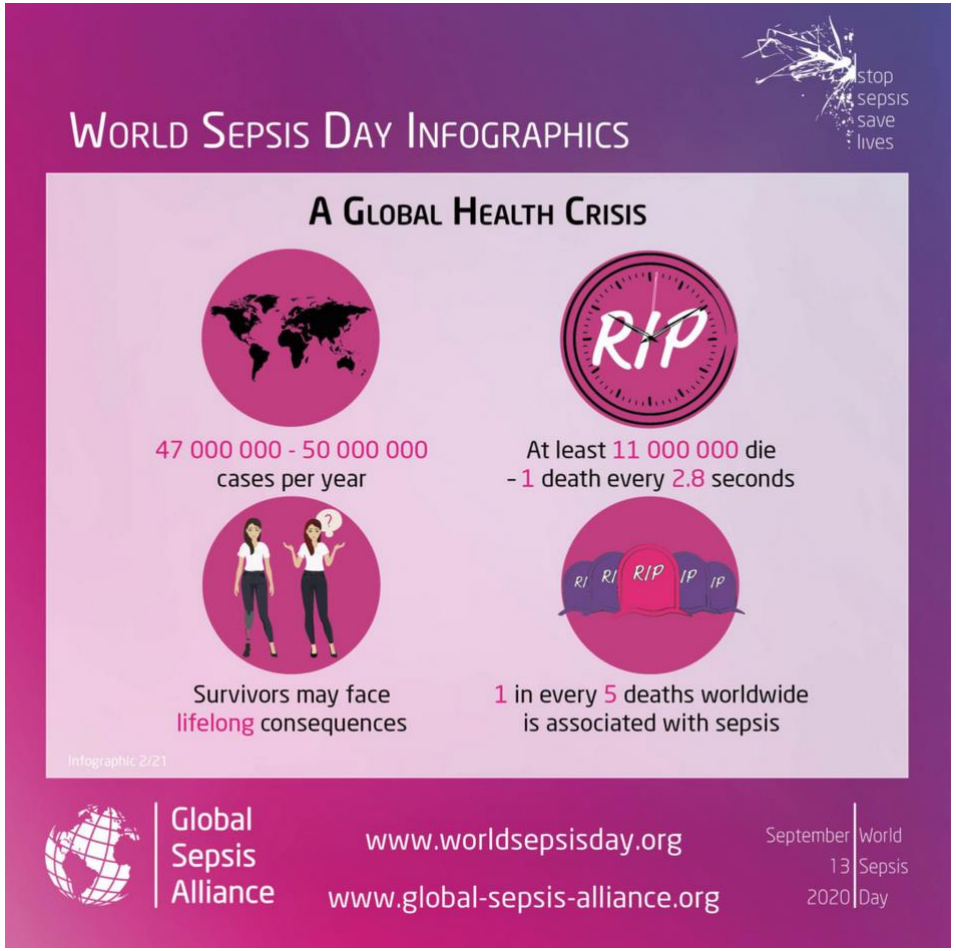
Distributive shock as a result of sepsis remains one of healthcare's major unmet medical needs

- Mortality rate exceeds that of most acute conditions requiring hospitalization
- Shock affects one-third of patients in the intensive care unit (ICU)[b]

Septic shock accounts for >90% of distributive shock[a]



[a] Vincent et al. *New England Journal of Medicine* 2013; 369(18):1726-1734
[b] Sakr et al. *Critical Care Medicine* 2006; 34:589–597
[c] Based on the 28-day mortality rates of: (i) 35% from Russell et al. *New England Journal of Medicine* 2008; 358:877-87; (ii) 49% from De Backer et al. *New England Journal of Medicine* 2010; 362:779-89; and (iii) 54% from Khanna et al. *New England Journal of Medicine* 2017; 377:419-430
[d] 30-day mortality rate from Medicare.gov



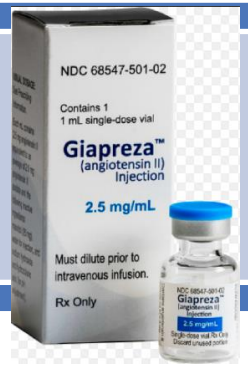
Market Environment in septic shock

1st Line Therapy

- Catecholamine (dopamine, adrenaline, norepinephrine)
- ~770k patients in EU

2nd line Therapy

- Vasopressors (Argipressin [Brandname: Empressin], Vasopressin*)
- ~ 300k patients in EU



Patients who do not adequately respond to 1st/2nd line

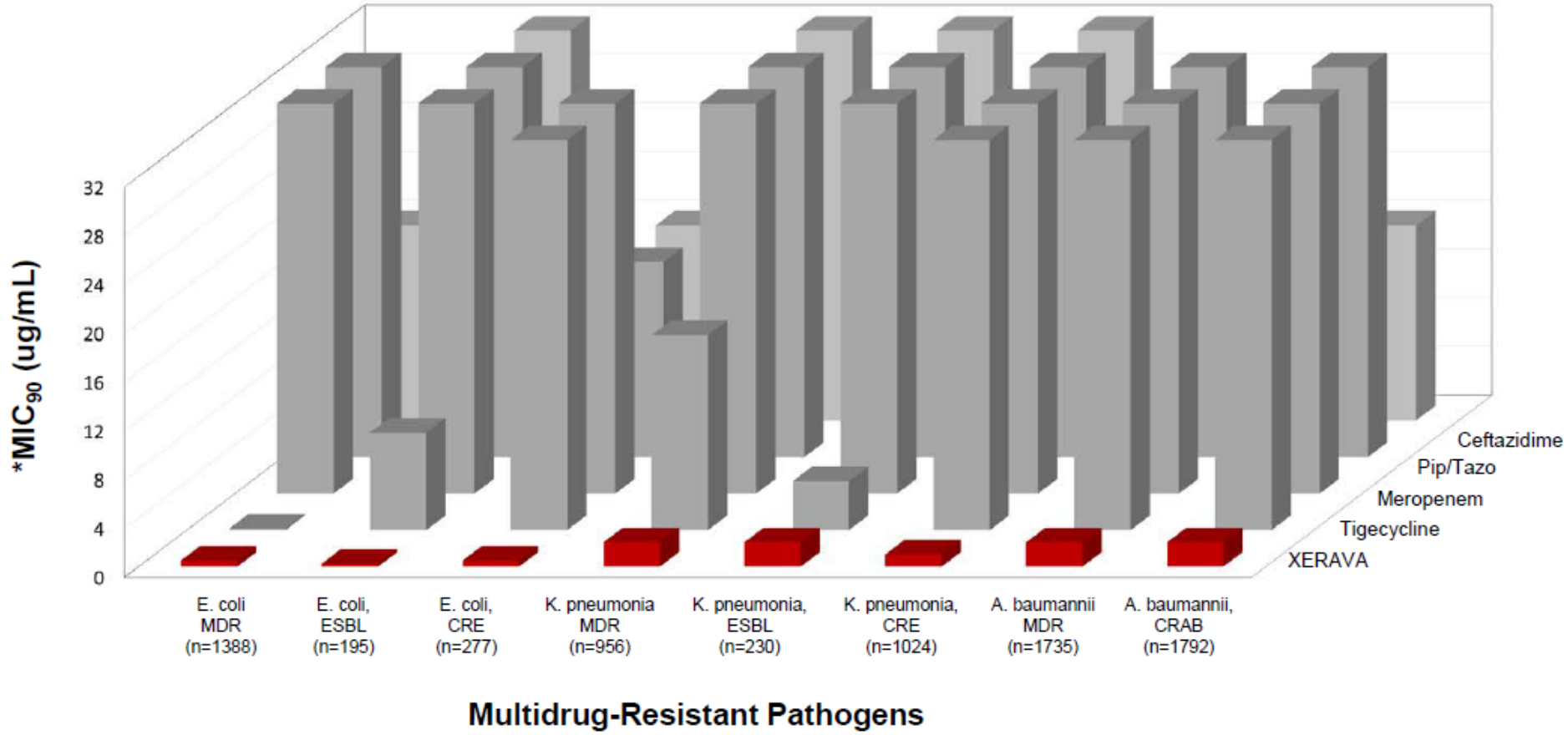
- GIAPREZA®
- ~ 100k – 150k patients in EU

*Other vasopressins than argipressin not indicated for septic shock

About XERAVA®

- XERAVA® (eravacycline) is approved by the European Commission for the treatment of complicated intra-abdominal infections in adults
- Novel broad-spectrum tetracycline initially developed by U.S.-based company Tetraphase
- Potential to become a first line therapy prior to bacterial identification
- Will be competitively priced compared to other novel antibiotics

XERAVA® effective against a wider range of AMR bacteria



*MIC_{90}: Minimum Inhibitory Concentration: Lowest concentration of the antibiotic at which 90% of the isolates were inhibited
Sources: CANWARD 2014, IHMA 2013-2014, IHMA 2015 and IHMA 2016

Market environment in complicated Intra-Abdominal Infections (cIAI)

1st line (empiric) therapy

- Carbapenems:
  - Imipenem
  - Ertapenem
  - Meropenem – indicated in cIAI
- Tigecycline - indicated in cIAI
- Amoxicillin
- Cefotaxime
- Cefuroxime
- Ciprofloxacin
- Gentamicin
- Piperacillin/tazobactam
- Others…..

generic molecules

2nd line (empiric) therapy

- Combination therapy of generic 1st line antibiotics
- Non-generic brands indicated in cIAI
  - ZAVICEFTA (AVIBACTAM/CEFTAZIDIME)
    Originator: Pfizer
    Marketing Authorization in EU: 06/2016

  - ZERBAXA (CEFTOLOZANE/TAZOBACTAM)
    Originator: Merck (MSD)
    Marketing Authorization in EU: 04/2016

  - VABOREM (MEROPENEM/VABORBACTAM)
    Originator: Menarini
    Marketing Authorization in EU: 11/2018

PAION

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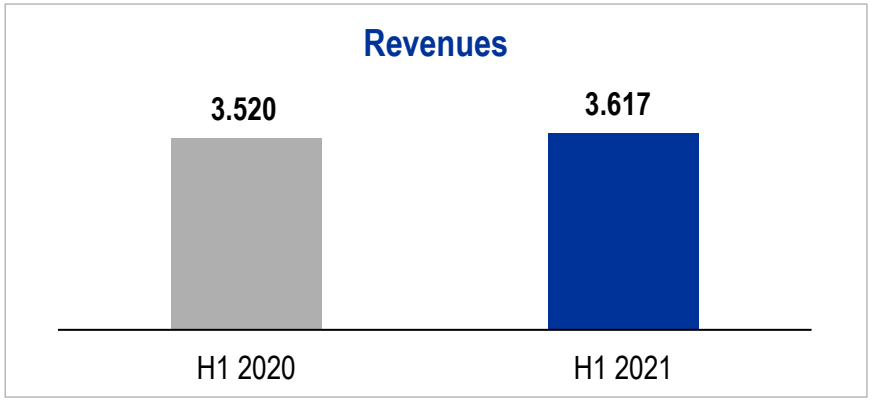
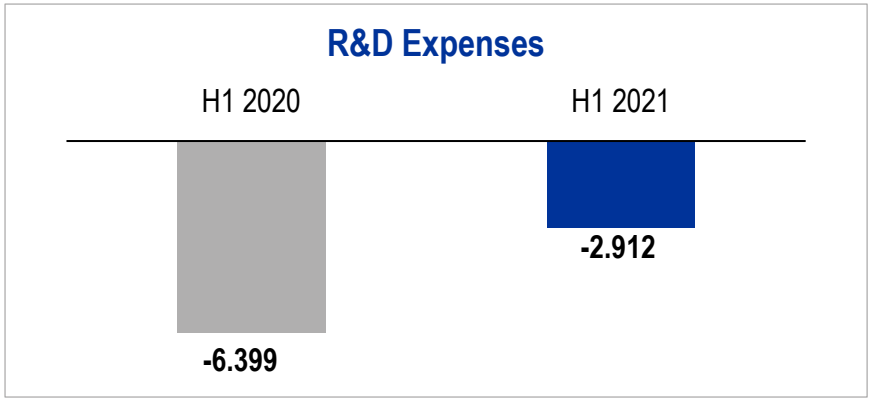
Cash position and financing

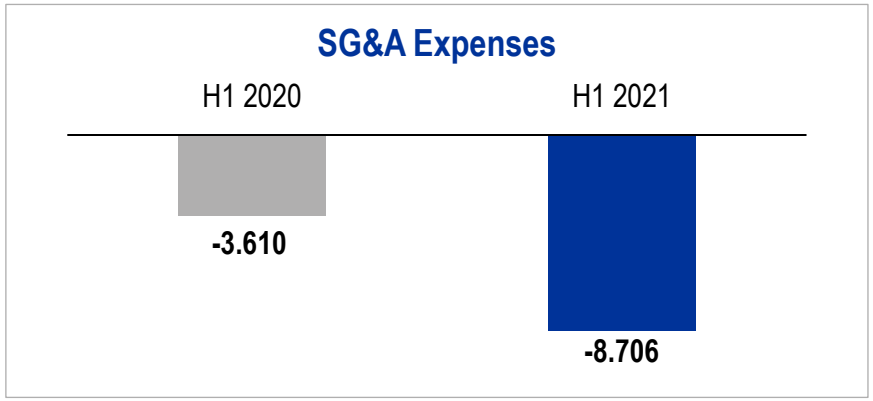
- Cash of EUR 21.2 million (as of 30 June 2021)
- EIB loan of EUR 20 million
  - The first two tranches totalling EUR 12.5 million drawn in February 2021
  - Third tranche of EUR 7.5 million drawn in June 2021
- Capital increase with subscription rights with gross proceeds of EUR 7.8 million completed in April 2021
  - 5,095,499 new shares issued
  - Subscription rate above 90%
  - Backstopped by a U.S.-based institutional investor
- Additional funds are required
  - Liquidity runway into H1/2022
  - PAION expects increasing revenues in the coming years, both from license agreements and from its own commercialization in parts of Europe
  - PAION has a financing requirement in the mid double-digit million range in the coming years until break-even (end of 2023 or beginning of 2024)
    - Could be raised through different financing measures and further partnerships

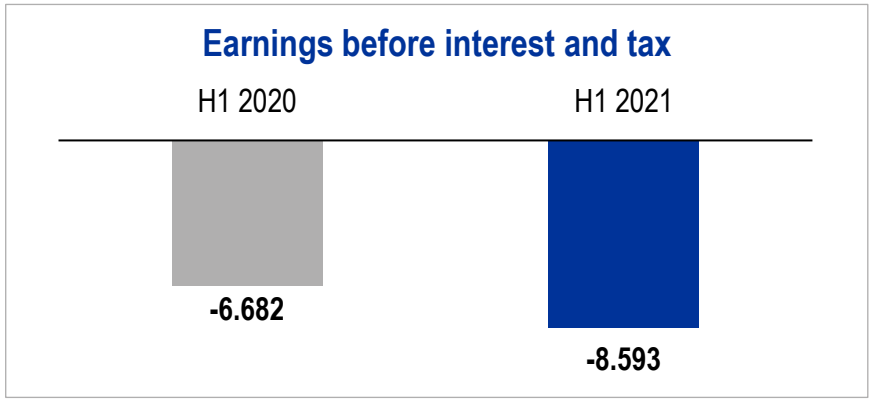
Consolidated statement of comprehensive income

In accordance with IFRS (all figures in EUR k)







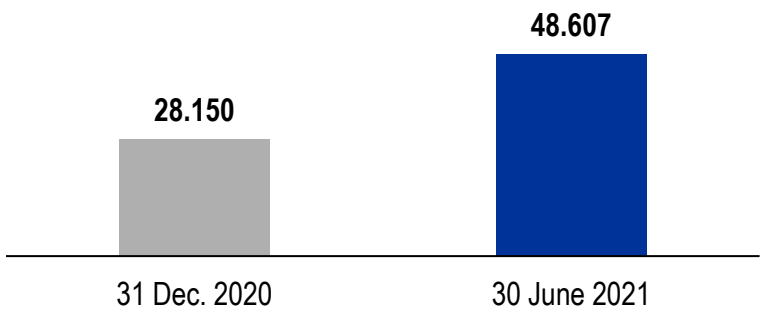


- R&D expenses decreased as planned, particularly due to completion of EU Ph III study in GA in 2020
- SG&A expenses: Selling expenses increased as planned mainly due to commercialization and supply chain activities in Europe; general and administrative expenses increased mainly due to financing activities and the expansion of IT systems and infrastructure

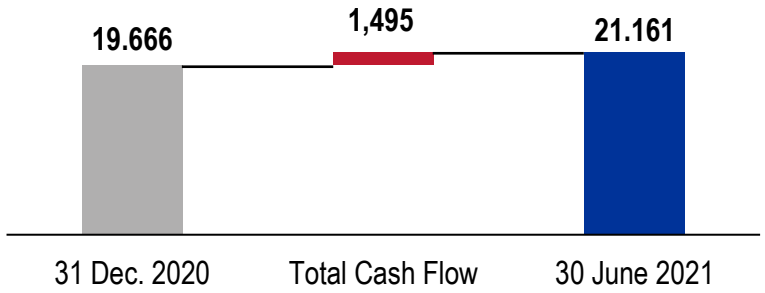
Consolidated balance sheet and employees

In accordance with IFRS (all figures in EUR k if not otherwise noted)

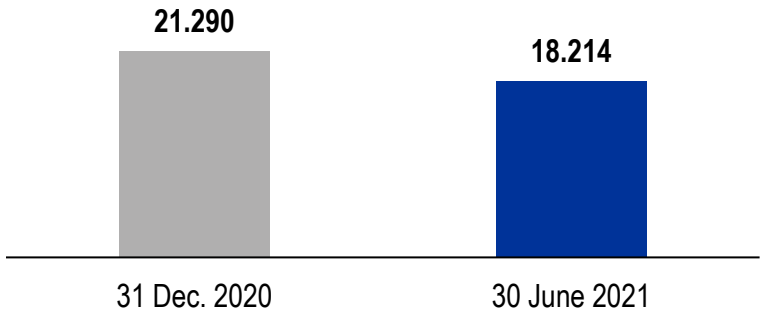
Total assets



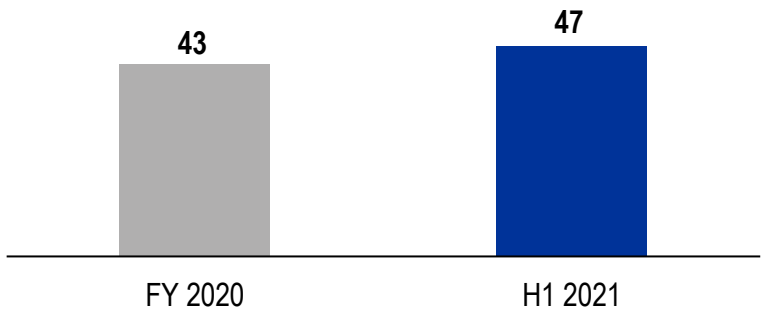
Cash and cash equivalents



Equity



Employees (avg.) in the Group



→ Equity ratio as of 30 June 2021 was 37.5%

Financial Outlook 2021

		Actual FY 2020 EUR million	Plan FY 2021 EUR million	Comments
Revenues		€ 19.7m	**€ 8m – € 9.5m**	€ 8m to € 9.5m from licensees *(previous guidance: € 7.5m to € 9m)* - € 4m to € 4.5m from royalties and sale of remimazolam API *(previous guidance: € 5m to € 6m)* - € 4m to € 5m from milestones and upfront payments *(previous guidance: € 2.5m to € 3m)* No revenues from own commercialization of Byfavo®, GIAPREZA® and XERAVA® in parts of Europe included in guidance (expected in an amount of up to € 0.2m) *(previous guidance: € 0.5m)*
Cost of revenues		-	**€ 3m**	*(previous guidance: € 3.5m to € 4m)*
Expenses	R&D	€ 10.3m	**€ 4.5m – € 5.5m**	Ongoing R&D expenses mainly in connection with market approval applications in the EU
	SG&A	€ 7.5m	**€ 18m – € 20m**	- SG&A expenses increase due to commercial build-up & launches - c10% non-cash (amortisation)
EBIT		€ 1.6m	**€ -16m – € -20.5m**	Negative EBIT expected *(previous guidance: € -16.5m to € -21.5m)*

PAION

AGENDA

1 Corporate Overview

2 Products

3 Financials

4 Conclusion

Conclusion

- PAION is now a commercial stage specialty pharma company
- 3 strong products exhibiting market need & use all over the world
- First commercial & profitable year was 2020
- Now investing for revenue growth in commercialization capabilities & launches
- We can become a high margin profitable business in the near to mid term

Q&A

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