

## **Allium is penetrating into a new market:**

### **The Company signed a strategic distribution agreement in Russia for minimum revenues of at least 48 million NIS over a five years period**

- **The agreement includes Allium's urological and biliary stents and the fixation devices for pelvic floor prolapse repair.**
- **The distributor in Russia will bear 50% of all regulatory registration costs.**
- **Sales will commence in 2016 subject to regulatory authorizations approvals.**

**Israel, Caesarea, February 10, 2015:** Allium Medical Solutions Ltd. (TASE: ALMD), a medical device company specializing in minimally invasive technologies, announced today that it signed a strategic distribution agreement with Expanco Medical ("Expanco"). The agreement is exclusive for a period of five years starting when regulatory approval is obtained for sales in Russia. Under this agreement, Expanco has undertaken to purchase Allium's urological and biliary stents, as well as the fixation devices for pelvic floor prolapse repair, for an amount of at least NIS 48 million over a period of five years, in accordance with the minimum purchase requirements set forth in the agreement. Expanco is a medical device company established in 2001, specializing primarily in the distribution of devices and products in the fields of urology, gynecology, cardiology, oncology, gastroenterology, and invasive abdominal operations, liver operations and products to treat spine defects. The various products distributed by Expanco include products manufactured by leading international companies in the field of medical equipment.

**Asaf Alperovitz, CEO of Allium:** "The momentous agreement with Expanco is strategic, both in terms of its potential for income and profitability, as well as the penetration it facilitates into new, attractive markets. The distribution agreement to market the company's products in Russia corresponds with our business strategy of creating new generators of growth for the company. Our assessment is that launching the products in Russia, given its population and the distributor's strong presence in Russia, will constitute a significant step in the company's efforts to market its products on new, major markets, in addition to the markets where the company is already active.

The agreement signed is the result of a joint evaluation process of the market and its potential for the company's products conducted by us together with Expanco. We believe that the agreement reinforces the innovation and unique advantages embodied by the company's products, and demonstrates the size of the potential market for these products. Looking forward, the cooperation with Expanco could constitute an anchor for broadening our commercial activity on other central markets. We intend on advancing additional distribution agreements, based on the innovative products offered by the company, with the objective of generating value for our shareholders."

In the case that the distributor does not meet the minimal purchase requirements set for each year, the company can terminate the distribution agreement or the exclusivity, according to terms set forth in the distribution agreement.

The Russian population is one of the largest populations in the world with approximately 142.5 million people<sup>1</sup>. To the best of the company's knowledge, the medical device market in Russia is one of the largest markets in the world and was estimated in 2013 at approximately 6.7 billion dollars<sup>2</sup>.

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<sup>1</sup> As of 2014.

<sup>2</sup> <http://www.espicom.com/russia-medical-device-market.html>