

**Allium Takes a Further Step in Penetrating the  
Diabetes and Obesity Markets:**

**The Company has signed a strategic agreement regarding  
its minimally invasive system Allevetix**

**Under the agreement the Company's stake in the rights associated  
with development and marketing of Allevetix will increase from 50%  
to 100%**

**The system targets a huge and growing market which is expected to  
reach approximately \$2.3 billion by 2018**

**A first-in-man study is expected to commence in 2017 and the  
Company intends to partner with a leading strategic player once the  
project reaches maturity**

**Israel, Caesarea, May 9 2017 - Allium Medical (TASE:ALMD) - an  
Israeli medical device company**, which specializes in minimally invasive technologies, has signed a binding memorandum of understanding (MOU) with leading researchers from the National University of Singapore (NUS). Under the MOU, Allium is conferred 100% of the rights attached to the research and development, and the commercialization of the Allevetix system for treatment of type II diabetes and obesity.

Under the agreement, Allium is taking steps to establish a new special-purpose subsidiary and transfer all intellectual property and commercialization rights relating to the system to that subsidiary. The subsidiary shall grant restricted shares to a group of four senior personnel involved in the project, comprising the two directors of NUS' commercialization company, the commercialization director of the NTU university and a leading gastrologist from the National Hospital of Singapore (NHS). The said restricted shares constitute 7% of the equity of the special-purpose subsidiary on a fully diluted basis. NUS' directors

shall continue to support and advise the special-purpose subsidiary under advisory agreements and will draw on their extensive clinical experience and vast business relationships in doing so.

**Asaf Alperovitz, CEO of Allium group:** “We are extremely pleased with the new agreement, which steps-up our penetration into the enormous Type II diabetes and Obesity markets. Increasing the Company’s share in the intellectual property and commercialization rights of the system to 100% constitutes a significant business opportunity that will fully maximize shareholders’ value from the system. We are working to set up a scientific advisory board that will comprise leading world-renowned physicians. We are also seeking to partner with leading investors who specialize in life-sciences investments and expressed interest in investing in the special-purpose subsidiary. In that regard, we are considering the option of raising funds through an IPO of the special-purpose subsidiary”.

"Since the Type II diabetes and obesity markets are enormous markets, we believe that the Allevetix system holds great potential for the Company, especially after we demonstrated the successful functioning of the implant in large animals over the course of the defined follow-up period as well as the safety of the system and a significant reduction in calories absorption”.

The system development project is supported by the Singapore-Israel Industrial R&D Foundation (SIIRD) (45%) and it has been executed in collaboration with the National University of Singapore (NUS) at the technological, clinical, regulatory and commercial levels of the project. It should be noted that in the forthcoming weeks, SIIRD is expected to review whether development and pre-clinical trials were successfully completed. In light of the successful completion of the development and the Company’s meeting all the end-points of the large animals’ trials, the Company is of the opinion that probability is are high that the system will successfully pass the said review.

In view of the Company’s meeting all the end-points of the pre-clinical trials, it intends to conduct a first-in-man study towards the end of 2017, provided that all required regulatory approvals are obtained. The Company is currently assessing its options of collaborating with leading clinical centers in connection with the said trial.

The Company intends to continue the clinical activity with the aim of partnering with an international strategic partner once the project reaches maturity.

**About the target markets – Type II diabetes and obesity**

Over 320 million people around the world suffer from type II diabetes associated with obesity. The annual cost of medical care attributable to obesity in the USA alone is estimated at \$ 147 billion<sup>1</sup>. The global bariatric surgery devices market was estimated at \$1.2 billion in 2011 and is expected to grow at CAGR of 9.7% to \$2.3 billion in 2018<sup>2</sup>.

The Allevetix System offers a unique, non-invasive, reversible, effective and safe alternative to the bariatric surgery solutions (gastric bypass and gastric stapling). Those procedures are irreversible and often involve serious complications, side-effects and a relatively high recurrence rate.

The Company believes that the potential growth of the System’s target market may be even higher in view of new guidelines, which were recently reported by the American Diabetes Association<sup>3</sup>. Those guidelines recommend bariatric surgery as a treatment for diabetes patients with moderate obesity, whereas previously this surgical procedure was recommended only for patients with a BMI index higher than 35.

---

<sup>1</sup> CDC – Center for Disease Control and Prevention

<sup>2</sup> Global Data Report 2012

<sup>3</sup> <http://care.diabetesjournals.org/content/39/6/924>

### **About Allevetix**

The Allevetix System, which is currently in advanced development stages, is designed to significantly reduce the absorption of sugar in the blood by isolating the digested food from the nutrient absorption mechanism. This is achieved by using a unique sleeve – the Gastro Duodenal Sleeve (GDS) – which is attached to the interior wall of the small intestine and anchored into the stomach using an innovative anchoring mechanism. The System combines two principal mechanisms for treatment of obesity and type II diabetes: the GDS contributes to the reduction of sugar absorption in the blood (Mal-Absorptive) and the anchoring mechanism serves as a restrictive component.

### **About Allium Medical**

Allium specializes in minimally invasive medical devices and owns a range of technologies and product lines in this field. The Company's strategy is to create value by developing its own devices and technologies and by acquiring additional products and technologies that were developed by other parties. The Company is led by highly experienced professionals, who possess extensive knowledge and experience of accelerated promotion of products from the development stage to the commercial stage, whilst securing long-term funding and economy of scale.