Boston, United States
Sydney, Australia
4 June 2019 AEST

GI Dynamics 2019 Annual Meeting of Stockholders - Update

BOSTON and SYDNEY — 4 June 2019 — GI Dynamics® Inc. (ASX:GID) (Company or GI Dynamics), a medical device company that is developing EndoBarrier® for patients with type 2 diabetes and obesity, is pleased to provide the following update regarding the GI Dynamics 2019 Annual Meeting of Stockholders (Annual Meeting).

Details of Annual Meeting

At this stage, the Annual Meeting is expected to be held by the end of June 2019. The Company will provide stockholders with further details as soon as the actual date of the meeting has been determined.

A preliminary proxy statement and notice of the Annual Meeting will shortly be filed with the Australian Securities Exchange (ASX) and the U.S. Securities and Exchange Commission for review. Subject to completion of the relevant review periods, a final proxy statement and notice of Annual Meeting will be announced and subsequently mailed to all stockholders.

The Company will put forward a number of proposals for approval at the Annual Meeting, including seeking the approval of stockholders for the potential delisting of the Company from the Official List of the ASX (Official List) pursuant to ASX Listing Rule 17.11 (Delisting) should the Board of Directors of the Company (Board) subsequently resolve to seek a Delisting.

Potential Delisting

Given the financial position of the Company and the stage of the Company's development, the Board has been considering for some time whether it is in the best interests of the Company and stockholders to remain listed on the Official List. As a result, the Company has obtained in-principle advice from the ASX in relation to the potential removal of the Company from the Official List.

Investor Relations
United States:
Janell Shields
+1 (781) 357-3280
investor@gidynamics.com

Boston, United States
Sydney, Australia
4 June 2019 AEST

The ASX has confirmed that upon receipt of a formal request from GI Dynamics it is likely to agree to remove the Company from the Official List, subject to GI Dynamics complying with certain conditions, including, but not limited to obtaining stockholder approval for the Delisting.

It is very important to note, however, that the Board has not yet formed a final view as to whether the Company should seek a Delisting and it has only sought in-principle advice from the ASX in order to provide it and stockholders with guidance as to whether, and on what terms, the ASX would agree to the Company being delisted. In addition, even if stockholders approve the Delisting proposal at the Annual Meeting, the Board only intends to lodge a Delisting application with the ASX for its final approval if, after further detailed consideration, it believes that the Company should seek a Delisting.

While the Board has not yet formed a definitive view, it is the Board's current view that the Company may seek Delisting if it is unable to secure binding commitments for significant funding within the next two months that are conditional on the Company remaining listed on the Official List.

The main reasons for the Board considering a Delisting include:

- **Cost:** The Company incurs significant direct and indirect costs in complying with the filing and reporting requirements imposed on it as a result of being listed on the Official List. Professional fees of lawyers and accountants, printing, mailing, and other costs incurred by the Company in complying with ASX reporting and compliance requirements are substantial. Compliance with these requirements requires significant additional expenditures, including fees for compliance planning, assessment, documentation and testing, as well as a significant investment of time and energy by our management and employees. If our ASX reporting obligations cease, we would not incur these expenses. These costs are on-going, comprising a significant element of our

Investor Relations
United States:
Janell Shields
+1 (781) 357-3280
investor@gidynamics.com

Boston, United States
Sydney, Australia
4 June 2019 AEST

corporate overhead expenses, and are difficult to reduce. Becoming a non-listed company may also reduce the costs of an annual financial statement audit by a public accounting firm, given the reduced scope as a result of no longer being subject to ASX reporting requirements. The Company estimates that the costs of remaining listed on the Official List are at least $300 thousand per annum.

- **Benefits of being listed not able to be fully utilized**: In addition to the costs of a continued listing on the Official List, the Company is not able to utilize many of the benefits that are associated with a listing on the Official List. Most relevantly, the current trading price of our CDIs makes using our listing as a platform to raise capital or to provide acquisition consideration extremely dilutive to our stockholders.

- **Current nexus with Australia:** The Company is not currently conducting any clinical trials in Australia. The Company's current clinical trials and studies are due to occur in the USA and India. In addition, the majority of the recent investment in the Company has come from investors based in the United Kingdom and the USA (i.e., non-Australian based investment). As a result, it is difficult to attract Australian investors and many foreign investors are also not attracted to investing in an ASX listed entity with no business presence in Australia.

- **Ability to raise capital:** The Company needs to raise additional funds in order to fund the U.S. pivotal trial of EndoBarrier and the EndoBarrier study in India with Apollo Sugar. If there is a significant delay in obtaining the funding required, this could result in the Company having to scale back its clinical trial plans and it may also impact greatly on the Company's ability to continue to operate as a going concern. The failure to raise any additional funds may also impact the Company's ability to maintain compliance with its obligations under the existing convertible note and warrant agreements executed with Crystal Amber Fund Limited (Crystal Amber), including the Company's obligations to make payment to Crystal Amber on the senior secured promissory note that is due in July 2019. Based on exploratory discussions that management has had with certain

Investor Relations
United States:
Janell Shields
+1 (781) 357-3280
investor@gidynamics.com

Boston, United States
Sydney, Australia
4 June 2019 AEST

potential investors, it appears that there may be interest from some of these potential investors in investing in the Company if it is not listed on a securities exchange. There can be no assurance, however, that any such investment will occur if the Company proceeds with the Delisting. If the necessary funds cannot be raised, the Company may need to be wound up and dissolved.

- **Required disclosures may cause financial/competitive disadvantage:** As an ASX-listed company, the Company is required to disclose a considerable amount of business information to the public, some of which would be considered proprietary and would not be disclosed by a non-listed company. As a result, our actual or potential competitors, customers, lenders and vendors all have ready access to this information which could potentially help them to compete against us or make it more difficult for us to negotiate favorable terms with them, as the case may be. If the Company is able to implement its strategy, the details contained in publicly available financial statements (among other disclosures) may diminish its leverage in future contract negotiations and cause material complications. The Company may also initiate plans that would require public disclosure, which may reveal key strategies to competitors. These issues are less likely to arise in an unlisted environment.

- **Management time and effort:** A material portion of the Company's management time is dedicated to ASX listing related matters, which could be directed elsewhere if the Company were unlisted.

The Company's proxy statement and notice of the Annual Meeting will set out additional information regarding this proposal, including the Company's intentions post a Delisting (if it were to occur) and the advantages and disadvantages of a Delisting, together with other relevant considerations. Stockholders are encouraged to carefully review this information once it is issued.

Investor Relations
United States:
Janell Shields
+1 (781) 357-3280
investor@gidynamics.com

About GI Dynamics

Boston, United States
Sydney, Australia
4 June 2019 AEST

GI Dynamics®, Inc. (ASX:GID) is the developer of EndoBarrier®, the first endoscopically-delivered device therapy for the treatment of type 2 diabetes and obesity. EndoBarrier is not approved for sale and is limited by federal law to investigational use only. Founded in 2003, GI Dynamics is headquartered in Boston, Massachusetts. For more information please visit www.gidynamics.com.

Forward-Looking Statements

This announcement may contain forward-looking statements. These statements are based on GI Dynamics management's current estimates and expectations of future events as of the date of this announcement. Furthermore, the estimates are subject to several risks and uncertainties that could cause actual results to differ materially and adversely from those indicated in or implied by such forward-looking statements.

These risks and uncertainties include, but are not limited to, risks associated with our ability to continue to operate as a going concern; our ability to raise sufficient additional funds to continue operations and to conduct the planned pivotal trial of EndoBarrier in the United States (STEP-1); our ability to execute STEP-1 under FDA's Investigational Device Exemption; our ability to enlist clinical trial sites and enroll patients in accordance with STEP-1; the risk that the FDA stops STEP-1 early as a result of the occurrence of certain safety events or does not approve an expansion of STEP-1; our ability to maintain compliance with our obligations under our existing convertible note and warrant agreements executed with Crystal Amber Fund Limited, including our obligations to make payment on the relevant note that is due on 1 July 2019; our ability to restructure the terms of the convertible note with Crystal Amber Fund Limited that is due on 1 July 2019 if we are unable to raise sufficient funds to enable us to fully repay such note when due; obtaining and maintaining regulatory approvals required to market and sell our products; the possibility that future clinical trials will not be successful or confirm earlier results; the timing and costs of clinical trials; the timing of regulatory submissions; the timing, receipt and maintenance of regulatory approvals;

Investor Relations
United States:
Janell Shields
+1 (781) 357-3280
investor@gidynamics.com

Boston, United States
Sydney, Australia
4 June 2019 AEST

the timing and amount of other expenses; the timing and extent of third-party reimbursement; intellectual-property risk; risks related to excess inventory; risks related to assumptions regarding the size of the available market; the benefits of our products; product pricing; timing of product launches; future financial results; and other factors, including those described in our filings with the U.S. Securities and Exchange Commission.

Given these uncertainties, one should not place undue reliance on these forward-looking statements. We do not assume any obligation to publicly update or revise any forward-looking statements, whether as a result of new information or future events or otherwise, unless we are required to do so by law.

###

Investor Relations
United States:
Janell Shields
+1 (781) 357-3280
investor@gidynamics.com