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GI Dynamics Announces Extension of Maturity Date of US $5M Convertible Note with Crystal Amber

BOSTON and SYDNEY — 1 April 2020 — GI Dynamics® Inc. (ASX:GID) (GID or the Company), a medical device company that is developing EndoBarrier® for patients with type 2 diabetes and obesity, announces that it has reached an agreement with Crystal Amber Fund Limited (Crystal Amber) to extend the Maturity Date (and the associated final conversion date) of its 2017 Senior Secured Convertible Promissory Note (2017 Note) from 31 March 2020 to 1 May 2020. Crystal Amber is the Company's largest stockholder and is considered a related party of the Company for the purposes of the ASX Listing Rules.

The Company issued the 2017 Note to Crystal Amber in the aggregate principal amount of US$5m on 15 June 2017. The 2017 Note accrues annually compounded interest at a rate of 5% per year. The details of the 2017 Note, including a summary of its terms, were first announced by the Company on 16 June 2017[1].

On 31 December 2018, the maturity date of the 2017 Note was extended to 31 March 2019 and the Company agreed to pay Crystal Amber an amount of US$393,000 in cash, which was the total outstanding interest that had accrued on the 2017 Note as of 31 December 2018. The 2017 Note has therefore accrued interest since 1 January 2019 only.

The maturity date of the 2017 Note was then extended from 31 March 2019 to 1 October 2019 by agreement and again most recently further extended from 1 October 2019 to 31 March 2020.

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[1] https://www.asx.com.au/asxpdf/20170616/pdf/43jz949fmqqdlf.pdf

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If a further extension of the maturity date of the 2017 Note had not been agreed to, then all outstanding principal and interest would have been due and payable to Crystal Amber on 31 March 2020. The Company does not currently have sufficient cash to repay the total amount outstanding under the 2017 Note.

The Company plans to use the period of the extended term of the 2017 Note to:

- further to the Company's announcement dated 23 March 2020, continue to evaluate and pursue sources of additional capital required to support the Company's continued operations and to allow it to conduct its planned clinical trials in the United States (STEP-1) and India (I-STEP). In this regard the Company will, when it is in a position to do so, provide an update on its proposed funding activities and the status of the proposed amendments to existing note and warrant documentation with Crystal Amber. In connection with this update the Company is currently anticipating that it will be filing a revised proxy statement and notice of special meeting with both SEC and ASX; and
- evaluate operational impacts of the COVID-19 pandemic and develop strategies that will allow post-restriction resumption of clinical operations, including STEP-1 trial enrollment, which has been temporarily placed on hold.

This announcement has been authorized for release by Charles Carter, chief financial officer and company secretary of GI Dynamics.

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About GI Dynamics

GI Dynamics®, Inc. (ASX:GID) is the developer of EndoBarrier®, the first endoscopically delivered medical device for the treatment of type 2 diabetes and the reduction of obesity. EndoBarrier is not approved for sale and is limited by federal law to investigational use only. EndoBarrier is subject to an Investigational Device Exemption by the FDA in the United States and is entering concurrent pivotal trials in the United States and India.

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Founded in 2003, GI Dynamics is headquartered in Boston, Massachusetts. For more information please visit the Company website at www.gidynamics.com.

Forward-Looking Statements

This announcement may contain forward-looking statements. These statements are based on management's current estimates and expectations of future events as of the date of the press release. 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 COVID-19 related disruptions to the Company's operations and financing strategy; the Company's ability to continue to operate as a going concern; the ability of the Company, its critical vendors, and key regulatory agencies to resume operational capabilities subsequent to the removal of COVID-19 pandemic restrictions; the Company's ability to continue STEP-1 and I-STEP clinical trials as a result of COVID-19 restrictions; the Company's ability to raise sufficient additional funds to continue operations; the Company's ability to execute STEP-1 under the FDA's Investigational Device Exemption; the Company's ability to enlist additional 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; the Company's ability to enroll patients in accordance with I-STEP; the Company's ability to secure a CE Mark; the Company's ability to maintain compliance with its obligations under its existing convertible note and warrant agreements executed with Crystal Amber, including its obligations to make payment on the convertible note that is now due on 1 May 2020 and its ability to restructure the terms of the convertible note with Crystal Amber that is now due on 1 May 2020 if the Company is unable to raise sufficient funds to enable it to fully repay such convertible note when due; obtaining and maintaining regulatory approvals required to market and sell the Company's products; the possibility

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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; 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 the Company's products; product pricing; timing of product launches; future financial results; and other factors, including those described in the Company's filings with the SEC.

Given these uncertainties, one should not place undue reliance on these forward-looking statements. The Company does 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 it is required to do so by law.

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