



## **Additional Information - Appendix 4C: Quarter Ended 31 March 2020**

Boston, United States  
Sydney, Australia  
4 May 2020 AEST

**BOSTON and SYDNEY – 4 May 2020** – GI Dynamics<sup>®</sup> Inc. (**ASX:GID**), a medical device company that is developing EndoBarrier<sup>®</sup> for patients with type 2 diabetes and obesity, today released additional information pertaining to its Appendix 4C — Quarterly Cash Flow Report for the quarter ending 31 March 2020.

### **Key Financial Information**

Appendix 4C was prepared in U.S. dollars under U.S. GAAP, lodged on 28 April 2020 and the results are unaudited. In accordance with Rule 4.7B of the Australian Stock Exchange, companies lodging Appendix 4C must use a revised template. The revised 4C accompanies this announcement and has been updated to reflect the new requirements of question 8.

As of 31 March 2020, the Company had cash and cash equivalents of \$3.9 million compared to \$2.5 million on 31 December 2019. The change in the cash and cash equivalents balance for the quarter is primarily comprised of \$3.2 million of net cash used in operating activities offset by net cash from financing activities of \$4.6 million.

This announcement has been authorized for release by Charles Carter, Chief Financial Officer and Corporate Secretary

### **About GI Dynamics**

GI Dynamics<sup>®</sup>, Inc. (ASX:GID) is the developer of EndoBarrier<sup>®</sup>, 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. Founded in 2003, GI Dynamics is headquartered in Boston, Massachusetts. For more information please visit the Company website at [www.gidynamics.com](http://www.gidynamics.com).

#### **Investor Relations**

United States:  
Janell Shields  
+1 (781) 357-3280  
[investor@gidynamics.com](mailto:investor@gidynamics.com)



## Forward-Looking Statements

Boston, United States  
Sydney, Australia  
4 May 2020 AEST

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 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;

### Investor Relations

United States:  
Janell Shields  
+1 (781) 357-3280  
[investor@gidynamics.com](mailto:investor@gidynamics.com)



Boston, United States  
Sydney, Australia  
4 May 2020 AEST

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.

###

**Investor Relations**

United States:

Janell Shields

+1 (781) 357-3280

[investor@gidynamics.com](mailto:investor@gidynamics.com)

## Appendix 4C

### Quarterly cash flow report for entities subject to Listing Rule 4.7B

**Name of entity**

GI Dynamics, Inc.

**ABN**

151 239 388

**Quarter ended ("current quarter")**

31 March 2020

| <b>Consolidated statement of cash flows</b>               | <b>Current quarter<br/>\$A'000</b> | <b>Year to date<br/>(3 months)<br/>\$A'000</b> |
|---|------------------------------------|--|
| <b>1. Cash flows from operating activities</b>            |                                    |  |
| 1.1 Receipts from customers                               |                                    |  |
| 1.2 Payments for  |                                    |  |
| (a) research and development                              | (677)                              | (677)  |
| (b) product manufacturing and operating costs             |                                    |  |
| (c) advertising and marketing                             |                                    |  |
| (d) leased assets   |                                    |  |
| (e) staff costs   | (955)                              | (955)  |
| (f) administration and corporate costs                    | (872)                              | (872)  |
| 1.3 Dividends received (see note 3)                       |                                    |  |
| 1.4 Interest received                                     |                                    |  |
| 1.5 Interest and other costs of finance paid              |                                    |  |
| 1.6 Income taxes paid                                     | (5)                                | (5)  |
| 1.7 Government grants and tax incentives                  |                                    |  |
| 1.8 Other (provide details if material)                   | (723)                              | (723)  |
| <b>1.9 Net cash from / (used in) operating activities</b> | <b>(3,232)</b>                     | <b>(3,232)</b>                                 |
| <b>2. Cash flows from investing activities</b>            |                                    |  |
| 2.1 Payments to acquire:                                  |                                    |  |
| (a) entities  |                                    |  |
| (b) businesses  |                                    |  |
| (c) property, plant and equipment                         |                                    |  |
| (d) investments   |                                    |  |
| (e) intellectual property                                 |                                    |  |
| (f) other non-current assets                              |                                    |  |

| Consolidated statement of cash flows |   | Current quarter<br>\$A'000 | Year to date<br>(3 months)<br>\$A'000 |
|--------------------------------------|---|----------------------------|---------------------------------------|
| 2.2                                  | Proceeds from disposal of:  |                            |                                       |
|                                      | (a) entities  |                            |                                       |
|                                      | (b) businesses  |                            |                                       |
|                                      | (c) property, plant and equipment   |                            |                                       |
|                                      | (d) investments   |                            |                                       |
|                                      | (e) intellectual property   |                            |                                       |
|                                      | (f) other non-current assets  |                            |                                       |
| 2.3                                  | Cash flows from loans to other entities   |                            |                                       |
| 2.4                                  | Dividends received (see note 3)   |                            |                                       |
| 2.5                                  | Other (provide details if material)   |                            |                                       |
| <b>2.6</b>                           | <b>Net cash from / (used in) investing activities</b>                                   | -                          | -                                     |
| <b>3.</b>                            | <b>Cash flows from financing activities</b>   |                            |                                       |
| 3.1                                  | Proceeds from issues of equity securities (excluding convertible debt securities)       |                            |                                       |
| 3.2                                  | Proceeds from issue of convertible debt securities                                      | 4,597                      | 4,597                                 |
| 3.3                                  | Proceeds from exercise of options   |                            |                                       |
| 3.4                                  | Transaction costs related to issues of equity securities or convertible debt securities |                            |                                       |
| 3.5                                  | Proceeds from borrowings  |                            |                                       |
| 3.6                                  | Repayment of borrowings   |                            |                                       |
| 3.7                                  | Transaction costs related to loans and borrowings                                       |                            |                                       |
| 3.8                                  | Dividends paid  |                            |                                       |
| 3.9                                  | Other (provide details if material)   |                            |                                       |
| <b>3.10</b>                          | <b>Net cash from / (used in) financing activities</b>                                   | <b>4,597</b>               | <b>4,597</b>                          |
| <b>4.</b>                            | <b>Net increase / (decrease) in cash and cash equivalents for the period</b>            |                            |                                       |
| 4.1                                  | Cash and cash equivalents at beginning of period  | 2,499                      | 2,499                                 |
| 4.2                                  | Net cash from / (used in) operating activities (item 1.9 above)                         | (3,232)                    | (3,232)                               |
| 4.3                                  | Net cash from / (used in) investing activities (item 2.6 above)                         |                            |                                       |

| <b>Consolidated statement of cash flows</b> |  | <b>Current quarter<br/>\$A'000</b> | <b>Year to date<br/>(3 months)<br/>\$A'000</b> |
|---|--|------------------------------------|--|
| 4.4   | Net cash from / (used in) financing activities (item 3.10 above) | 4,597                              | 4,597  |
| 4.5   | Effect of movement in exchange rates on cash held                | (10)                               | (10)   |
| <b>4.6</b>                                  | <b>Cash and cash equivalents at end of period</b>                | <b>3,854</b>                       | <b>3,854</b>                                   |

| <b>5.</b>  | <b>Reconciliation of cash and cash equivalents</b><br>at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | <b>Current quarter<br/>\$A'000</b> | <b>Previous quarter<br/>\$A'000</b> |
|------------|---|------------------------------------|-------------------------------------|
| 5.1        | Bank balances   | 3,854                              | 2,499                               |
| 5.2        | Call deposits   |                                    |                                     |
| 5.3        | Bank overdrafts   |                                    |                                     |
| 5.4        | Other (provide details)   |                                    |                                     |
| <b>5.5</b> | <b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>  | <b>3,854</b>                       | <b>2,499</b>                        |

**6. Payments to related parties of the entity and their associates**

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

| <b>Current quarter<br/>\$A'000</b> |
|------------------------------------|
| 156                                |
|                                    |

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

**Expenses incurred at wholly owned subsidiaries of GI Dynamics, Inc.**

## Quarterly cash flow report for entities subject to Listing Rule 4.7B

**7. Financing facilities**

*Note: the term "facility" includes all forms of financing arrangements available to the entity.*

*Add notes as necessary for an understanding of the sources of finance available to the entity.*

- 7.1 Loan facilities
- 7.2 Credit standby arrangements
- 7.3 Other (please specify)
- 7.4 **Total financing facilities**

| Total facility amount at quarter end \$A'000 | Amount drawn at quarter end \$A'000 |
|--|-------------------------------------|
|  |                                     |
|  |                                     |
|  |                                     |
|  |                                     |

**7.5 Unused financing facilities available at quarter end**

- 7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

| <b>8. Estimated cash available for future operating activities</b>                | <b>\$A'000</b> |
|---|----------------|
| 8.1 Net cash from / (used in) operating activities (Item 1.9)                     | (3,232)        |
| 8.2 Cash and cash equivalents at quarter end (Item 4.6)                           | 3,854          |
| 8.3 Unused finance facilities available at quarter end (Item 7.5)                 | 0              |
| 8.4 Total available funding (Item 8.2 + Item 8.3)                                 | 622            |
| 8.5 <b>Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b> | 0.19           |

- 8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: If the company cannot arrange additional financing with the second quarter, net operating cash flows will decline to conserve cash until financing can be arranged.

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: The Company is currently in discussions with an investor fund who has presented a term sheet for a significant amount of funding. The Company is working with existing investors to gain support for the financing deal. The Company believes it will be successful.


3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Close of the financing currently being negotiated will allow continuation of operations and business objectives attainment. Close of a smaller funding from another source may allow a limited and focused continuation of operations and a deferral of some business objectives. Should no funding be available on acceptable terms, the Company may cease operations

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 4 May 2020

Authorised by:   
(Name of body or officer authorising release – see note 4)

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.