Boston, United States
Sydney, Australia
15 July 2020 AEST

Conversion of June 2017 Convertible Note

BOSTON and SYDNEY — 15 July 2020 — GI Dynamics® Inc. (ASX:GID) (the "Company"), a medical device company that is developing EndoBarrier® for patients with type 2 diabetes and obesity, advises that it has received a notice of conversion from Crystal Amber Fund Limited ("Crystal Amber") (a Related Party for Australian Securities Exchange ("ASX") purposes) of the Senior Secured Convertible Promissory Note that was issued to Crystal Amber on 15 June 2017 ("June 2017 Note"). All dollar amounts referred to in this announcement are in U.S. Dollars.

Conversion of the June 2017 Note

Crystal Amber has provided a notice to convert all of the outstanding principal and accrued interest owed under the June 2017 Note, totaling $5,390,240. As a result of the conversion, a total of 51,497,468 shares of common stock representing 2,574,873,400 CHESS Depositary Interests ("CDIs") are to be issued to Crystal Amber (using the specified conversion rate of $0.002093 per CDI or $0.104 per share of common stock).

Presently, the Company is only authorized under its Amended and Restated Certificate of Incorporation to issue a total of 75,000,000 additional new shares of common stock (representing 3,750,000,000 CDIs). As a result of this restriction, the Company is not able to issue all of the resulting shares of common stock / CDIs to Crystal Amber at this time and is therefore proposing to:

- initially issue to Crystal Amber a maximum of 1,920,085,200 CDIs (representing 38,401,704 shares of common stock) ("Tranche 1 Allotment"), being the maximum number of securities that the Company can issue at this time; and
- subject to obtaining stockholder approval for the necessary increase in the Company's authorized share capital, issue the remaining 13,095,764 shares of common stock to Crystal Amber immediately following receipt of such stockholder approval ("Tranche 2 Allotment"). As the Tranche 2 Allotment will occur

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subsequent to the delisting of the Company from the Official List of the ASX (which is due to occur on 22 July 2020 AEST), the Company will directly issue shares of common stock to Crystal Amber. This may necessitate some minor amendments to be made to the underlying note documents to allow for this to occur.

Stockholders previously approved the conversion feature of the June 2017 Note at the 2018 Annual Meeting of Stockholders and there have been no previous conversion notices provided by Crystal Amber and no CDIs have been issued to Crystal Amber pursuant to the June 2017 Note.

An Appendix 3B will be lodged shortly for the proposed allotment of the Tranche 1 Allotment and a further announcement and Appendix 2A will be lodged with ASX once the Tranche 1 Allotment has been completed. The CDIs issued in the Tranche 1 Allotment are not transferrable within 12 months after their issuance except as permitted by the Corporations Act 2001 (Cth).

This announcement is being made in accordance with Rule 135c of the Securities Act of 1933, as amended, and is not intended to and does not constitute an offer to sell nor a solicitation for an offer to purchase any securities of the Company.

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 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 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 to operate as a going concern; the Company's ability to raise sufficient additional funds to continue operations, including the successful closing of the currently contemplated financing and a delisting from the ASX; the Company's ability to conduct the planned pivotal trial of EndoBarrier in the United States (STEP-1); the Company's ability to execute STEP-1 under the FDA's Investigational Device Exemption; the Company's 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; the Company's ability to enroll patients in accordance with I-STEP; the Company's ability to secure a CE Mark; 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

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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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