

## To our stockholders,

Thank you for your continued support of Cardiovascular Systems.

Once in a great while, tragic circumstances present us with a challenge for which we cannot prepare and today we are confronted by an unprecedented crisis caused by the Coronavirus pandemic.

We entered fiscal 20 with momentum in our core atherectomy businesses, we launched new product offerings and continued our international expansion. Prior to the pandemic, we delivered seven straight quarters of double-digit growth and through the first eight months of the fiscal year, we were on track to achieve our key financial, clinical and product development goals.

In March, the U.S. healthcare system rapidly pivoted resources to address and treat an increasing number of patients suffering from the effects of the Coronavirus. As a result, we experienced a material negative impact on our business during the last four months of fiscal 20.

The ravages of this crisis do not, however, reduce the incidence of peripheral and coronary artery disease (PAD, CAD). Due to the rising rates of diabetes and obesity, PAD is a pandemic in its own right and heart disease remains the #1 cause of death in the U.S. The profound burden of complex coronary and peripheral disease demands an aggressive response, and we play an important role in improving the quality of care for these patients. We are a patient-centric and customer-focused organization, and we strive to be partners in healthcare, collaborating with our customers to deliver the high-quality products, services, and relationships that are required to assure the best possible outcomes for their patients.

## Extending our market leadership

As the effects of the pandemic subside and our healthcare system normalizes, we are positioned to extend our market leadership, supported by a strong balance sheet, financial discipline, expanded medical evidence, new product launches, and international expansion.

We were very proactive in responding to the Coronavirus crisis. CSI came together as a community to assure that our customers knew we stood with them throughout this difficult time. We continued to operate our manufacturing facilities, supplied product and supported cases under very difficult circumstances. We adjusted our inventory management and contract programs to help our customers faced with near-term financial constraints and we expanded our digital presence to enhance our customer support and patient outreach.

Our updated Take A Stand Against Amputation® website, [www.standagainstamp.com](http://www.standagainstamp.com), includes a physician finder so that patients can locate physicians in their community performing limb salvage procedures. Importantly, 3,200 individuals used this system to identify a physician during the last three months of fiscal 20 alone. We increased our virtual education programs, reaching over 1,200 physicians (three times our normal course attendance) during the fourth quarter. In many cases, we partnered with medical societies to develop



Scott R. Ward  
Chairman, President and  
Chief Executive Officer

## CSI Goals During the Coronavirus Pandemic

### Assure continued ability to serve customers and support patients

- No material disruption to manufacturing or supply chain
- Source and distribute personal protective equipment to field sales employees
- Support cases in person or virtually where possible

### Protect health of employees while retaining the strength and capacity of the business

- Safeguard facilities. Most office-based employees are telecommuting
- Deploy screen, test, trace and isolate protocols
- No layoffs or involuntary furloughs

### Ensure business continuity

- Maintain financial strength and discipline: Pursue equity financing
- Adjust spending in anticipation of an acute decline in procedure volumes
- Prepare business for return to growth

specialized pandemic-related content. We will expand these efforts and increase our virtual education programs to reach larger audiences in the future.

Each of these actions extend our market leadership and demonstrate to our customers that CSI is an important and trusted partner in the care of their patients. We enhanced our brand during this crisis and our customers have been exceedingly grateful for our support.

### Strong financial foundation

We take pride in demonstrating strong financial discipline. In fiscal 20, we took actions to reduce our variable expenses as the impact of the pandemic reduced procedure volumes. We maintained our investments in R&D and sales, but reduced our fourth quarter operating expenses by 12% compared to the prior year period. We will continue to closely manage our expenses as our business recovers.

In March, we amended our credit facility and increased the amount available to \$50 million. We have never drawn on this credit facility but we believe it is prudent to maintain access to low cost capital. And in June, we completed an equity financing that raised \$135 million in capital to further solidify our balance sheet and ensure that we emerge from this crisis with enhanced flexibility and a sound financial foundation.



Dr. Foluso Fakorede

From left: CSI Executive District Sales Manager Maurice Hampton, patient Charlie Capps, Dr. Foluso Fakorede

## Physician treats racial disparities in the Mississippi Delta

During a simple trip to the grocery store in Bolivar County, one can expect to see at least one fellow shopper with either an amputation of the leg or a dialysis catheter placed in the neck.

In 2015, when Dr. Foluso Fakorede moved to this county in the Mississippi Delta, he made it his mission to address the diabetes epidemic head on.

Prior to moving, Dr. Fakorede befriended CSI sales representative Maurice Hampton, who had grown up in the region. Hampton explained that for many in the Delta, the state's poorest region with the worst health outcomes, conditions like diabetes had come to seem like an unavoidable part of life.

## Expanding medical evidence, new products and international expansion

We are making strong progress on our key growth drivers and we are well positioned to emerge from the Coronavirus crisis as a stronger and broader company. Over the past two years, we have launched 12 new products and we expanded our evidence base significantly with greater than 70 manuscripts published in peer reviewed journals. Our products have been highlighted in over 100 podium presentations at major medical conferences and we have expanded internationally with a presence now in 13 countries, including Japan where we have rapidly gained market share.

CSI has assumed an important leadership role in generating medical evidence supporting peripheral atherectomy, generating unprecedented medical evidence that sets us apart from all competitors. More than 4,800 real-world patients and over 7,000 lesions treated in clinical studies have proven that our CSI® orbital atherectomy system (OAS) is a safe, durable, life changing and life sustaining, cost-effective solution.

Our portfolio includes data from the LIBERTY 360 clinical trial, the largest real world study of endovascular device interventions. We will continue to leverage the impressive outcomes observed in LIBERTY 360 to increase adoption of peripheral OAS. This year a new LIBERTY 360 publication will provide further

Dr. Fakorede made the move to the region at a time when the state had the nation's lowest number of physicians per capita, and he has served as Bolivar County's only cardiologist.

Nationwide, more than half of patients with diabetes do not receive an angiogram to help identify potential solutions prior to an amputation procedure. In the Delta, according to Dr. Fakorede, this reality was even more grim and had been disproportionately affecting the Black community.

As part of his mission, Dr. Fakorede was determined to make sure that no one in the Delta would lose a limb before getting an angiogram. Since arriving in the Delta, he has served as a lifesaving resource to more than 10,000 cardiovascular patients from the region.

Thanks to his work, between 2014 and 2017, the hospital where he practiced recorded that major amputations had been reduced by 75 percent.

**“I am determined to make sure that no one in the Mississippi Delta loses a limb before gaining access to quality care — which includes a comprehensive approach from optimal medical therapy to obtaining an angiogram prior to amputation.”**

— Dr. Foluso Fakorede

### Cash 5-year data

Dollars in millions



evidence to support the economic benefits associated with the use of OAS demonstrating that OAS lowers costs at one and two years post-procedure.

In coronary, CSI is pursuing level one medical evidence necessary to change guidelines for the treatment of patients suffering from severe coronary artery disease. We paused enrollment in our 2,000 patient randomized ECLIPSE clinical trial in March due to the pandemic. We intend to resume patient enrollment in the trial when the disruption caused by the pandemic further subsides.

We have also demonstrated how innovation can help physicians effectively treat their patients during a pandemic. Our low-profile devices that allow for a variety of vascular access points are resonating with physicians seeking to treat peripheral lesions while reducing procedure time and bleeding complications related to traditional femoral access. As a result, we are seeing increased interest in the use of radial access and other alternate sites of access that reduce bleeding complications, shorten recovery time and accelerate time to ambulation. Our extended length OAS is the only atherectomy device that can treat peripheral lesions using radial access. In addition, our new Exchangeable platform is designed to enable full leg revascularization in an efficient, single procedure as opposed to scheduling multiple interventions. All of these are key factors required to improve procedural efficiency and patient satisfaction during this pandemic.

Looking ahead, we will continue to increase our revenue per procedure by expanding our product offering to include peripheral angioplasty balloons, wires, catheters, embolic protection and radial access support devices. We know this strategy works. During the last six months of fiscal 20, we sold over \$500 of support products for every coronary OAS sold. Of course, the opportunity to generate incremental revenue per procedure is much larger in our peripheral franchise. Nearly 80% of our units sold are for peripheral interventions. This new portfolio of peripheral support products could generate an additional \$1,800 of revenue during our peripheral procedures and will be an important growth driver for business in the future.

Internationally, we continue to execute our expansion strategy. In fiscal 20, international revenues increased 33% to \$10.5 million. Japan remains a strong market for our technology and we have now achieved nearly 40% market share.

Our international revenue expectations in the near-term are tempered due to the Coronavirus. Travel restrictions have prevented us from training new physicians and opening new accounts since January 2020. Nevertheless, we continue to make progress gaining regulatory approvals that will position us to resume growth post-pandemic. For instance, we anticipate CE Mark approval for our coronary OAS in Europe during the first half of fiscal 21. And we recently submitted our coronary and peripheral OAS for approval in Canada. There are many patients worldwide that could benefit from our technology and we look forward to resuming our international expansion very soon.

### Resilience

I am pleased that we are managing this crisis exceptionally well.

Although the pandemic has changed many aspects of how we do business, it has not changed our strategic intent to become an innovative, global medical device company focused on treating the most complex patients living with peripheral and coronary artery disease.

We continue to invest in sustaining our market leadership and achieving attractive consistent growth in our core business, driving incremental growth by expanding our product portfolio and delivering higher revenue per procedure, and accelerating the growth of our core business through a steady cadence of commercial launches globally.

In closing, I want to assure you that the strength, capacity and key growth drivers for our business remain vibrant and robust. With a strengthened balance sheet, no long-term debt and strong gross margins, we look forward to resuming our double-digit growth trajectory as the impact of this pandemic subsides and the healthcare system recovers.

I would like to thank all of our CSI employees for their perseverance and dedication in delivering exceptional support to our customers and patients during this extraordinary time.

Our confidence is rooted in the resilience of our employees, CSI's culture and our collective dedication to our Mission — To Save Limbs, Save Lives, Every Day.

Scott R. Ward  
Chairman, President and Chief Executive Officer

September 29, 2020

## Corporate Information

### Headquarters

Cardiovascular Systems, Inc.  
1225 Old Highway 8 NW  
St. Paul, Minnesota 55112  
www.csi360.com

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877.CSI.0360  
F: 612.677.3355

### Transfer Agent and Registrar

For change of name, address, or to replace lost stock certificates, contact: Broadridge Corporate Issuer Solutions, Inc. P.O. Box 1342 Brentwood, NY 11717  
shareholder@broadridge.com  
www.shareholder.broadridge.com  
877.830.4936

### Independent Accountants

PricewaterhouseCoopers LLP  
Minneapolis, Minnesota

### Corporate Counsel

Fredrikson & Byron, P.A.  
Minneapolis, Minnesota

### Investor Relations

Jack Nielsen  
651.202.4919  
j.nielsen@csi360.com

### Annual Meeting

The annual meeting of the stockholders of Cardiovascular Systems, Inc. will be held November 11, 2020, at 10:00 a.m. CT, as a virtual meeting at [www.virtualshareholdermeeting.com/CSII](http://www.virtualshareholdermeeting.com/CSII).

## Board of Directors

### Scott R. Ward

*Chairman of the Board,  
President and CEO*  
Cardiovascular Systems, Inc.

### Martha G. Aronson

*Director*  
Former Executive Vice President and President – Global Healthcare Ecolab, Inc.

### Edward Brown

*Lead Independent Director*  
Operating Partner  
Five Arrows Capital Partners

### William E. Cohn, M.D.

*Director*  
Vice President of Medical Devices and Director of the Center for Device Innovation  
Johnson & Johnson  
Professor of Surgery  
Baylor College of Medicine

### Augustine Lawlor

*Director*  
Managing Partner  
HealthCare Ventures LLC

### Erik Paulsen

*Director*  
Former Member, United States House of Representatives  
Minnesota – 3rd Congressional District

### Stephen Stenbeck

*Director*  
Former Partner  
Ernst & Young LLP

### Kelvin Womack

*Director*  
Vice President for Diversity and Inclusion  
St. Jude Children's Research Hospital

## Executive Officers

### Scott R. Ward

Chairman of the Board,  
President and CEO

### Ryan D. Egeland, M.D., PhD

Chief Medical Officer

### John M. Hastings

Vice President, Manufacturing and Operations

### Jack E. Nielsen

Vice President, Investor Relations and Corporate Communications

### Jeffrey S. Points

Chief Financial Officer

### Stephen J. Rempe

Chief Human Resources Officer

### Rhonda J. Robb

Chief Operating Officer

### Alexander Rosenstein

General Counsel and  
Corporate Secretary

### Sandra M. Sedo

Chief Compliance Officer

### David S. Whitescarver

Vice President, Corporate Development and Intellectual Property



CARDIOVASCULAR  
SYSTEMS, INC.

## Forward-Looking Statement

Certain statements herein are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and are provided under the protection of the safe harbor for forward-looking statements provided by that Act. For example, statements herein regarding (i) CSI's strategy and goals; (ii) markets, market share and market leadership; (iii) future medical education efforts; (iv) future expense management and financial flexibility; (v) growth drivers and the position of the company following the pandemic; (vi) the development and introduction of new products, including the specific products, the number of new products, the anticipated timing thereof, and the anticipated revenue generated therefrom; (vii) planned investments in research and development and product development; (viii) international expansion, including the anticipated timing thereof; (ix) our clinical trials, including enrollment, results and the announcement of results; (x) anticipated regulatory approvals, including the timing thereof; and (xi) CSI's future growth trajectory, are forward-looking statements. These statements involve risks and uncertainties that could cause results to differ materially from those projected, including, but not limited to, the ongoing Coronavirus pandemic; regulatory developments, clearances and approvals; approval of our products for distribution in foreign countries; approval of products for reimbursement and the level of reimbursement in the U.S., Japan and other foreign countries; dependence on market growth; agreements with third parties to sell their products; the ability of OrbusNeich to successfully launch our products outside of the United States and Japan; our ability to maintain third-party supplier relationships and renew existing purchase agreements; our ability to maintain our relationships with Medikit and OrbusNeich; the experience of physicians regarding the effectiveness and reliability of the products we sell; the reluctance of physicians, hospitals and other organizations to accept new products; the potential for unanticipated delays in enrolling medical centers and patients for clinical trials; actual clinical trial and study results; the impact of competitive products and pricing; our ability to comply with the financial covenants in our loan and security agreement and to make payments under and comply with the lease agreement for our corporate headquarters; unanticipated developments affecting our estimates regarding expenses, future revenues and capital requirements; the difficulty of successfully managing operating costs; our ability to manage our sales force strategy; actual research and development efforts and needs, including the timing of product development programs; our ability to obtain and maintain intellectual property protection for product candidates; fluctuations in results and expenses based on new product introductions, sales mix, unanticipated warranty claims, and the timing of project expenditures; our ability to manage costs; our actual financial resources and our ability to obtain additional financing; investigations or litigation threatened or initiated against us; court rulings and future actions by the FDA and other regulatory bodies; international trade developments; the impact of federal corporate tax reform on our business, operations and financial statements; shutdowns of the U.S. federal government; unanticipated developments during the manufacturing transfer process for the WIRION system; general economic conditions; and other factors detailed from time to time in CSI's SEC reports, including its most recent annual report on Form 10-K and subsequent quarterly reports on Form 10-Q. CSI encourages you to consider all of these risks, uncertainties and other factors carefully in evaluating the forward-looking statements contained herein. As a result of these matters, changes in facts, assumptions not being realized or other circumstances, CSI's actual results may differ materially from the expected results discussed in the forward-looking statements contained herein. The forward-looking statements made herein are made only as of the date hereof, and CSI undertakes no obligation to update them to reflect subsequent events or circumstances.

## About CSI

Cardiovascular Systems, Inc., based in St. Paul, Minn., is a medical device company focused on developing and commercializing innovative solutions for treating vascular and coronary disease. The company's orbital atherectomy system treats calcified and fibrotic plaque in arterial vessels throughout the leg and heart and addresses many of the limitations associated with existing surgical, catheter and pharmacological treatment alternatives. For additional information, please visit [www.csi360.com](http://www.csi360.com) and connect on Twitter @csi360.